



Thompsons Road Medical and Retail Facilities

St Germain Village Employment and Location Assessment

August 2013

DISCLAIMER

This report is prepared on the instructions of the party to whom or which it is addressed and is thus not suitable for use other than by that party. As the report involves future forecasts, it can be affected by a number of unforeseen variables. It represents for the party to whom or which it is addressed the best estimates of Urbis Pty Ltd, but no assurance is able to be given by Urbis Pty Ltd that the forecasts will be achieved.

URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

Director	Rhys Quick and Simon Newberry
Senior Consultant	Mark Dawson
Job Code	MPE1-1921
Report Number	Final Report

© Urbis Pty Ltd
ABN 50 105 256 228

All Rights Reserved. No material may be reproduced without prior permission. While we have tried to ensure the accuracy of the information in this publication, the Publisher accepts no responsibility or liability for any errors, omissions or resultant consequences including any loss or damage arising from reliance in information in this publication.

URBIS
Australia Asia Middle East
urbis.com.au

Executive Summary	i
Introduction.....	1
1 Development Context.....	3
1.1 Regional Context	3
1.2 Site Context	3
2 Retail Market Analysis	5
2.1 Thompsons Road Trade Area	5
2.2 Resident Population.....	5
2.3 Forecast Resident Retail Expenditure	9
3 Retail Centre Hierarchy	12
3.1 Centre Hierarchy Classification	12
4 Retail Market Potential Assessment.....	14
4.1 Methodology and Assumptions	14
4.2 Supermarket Capacity Assessment	14
4.3 Ultimate Retail (shop) Scale and Composition	16
4.4 ‘Western Site’ Impact on Planned Centre Hierarchy	17
5 Other Retail Considerations	19
5.1 Additional Employment	19
5.2 Consumer Benefits	19
6 Medical Centre Employment Generating Potential	21
6.1 Employment Capacity – Western Portion of Site	21
6.2 Employment Capacity – Remainder of Development.....	23
6.3 Broader Employment & Community Outcomes.....	24
7 Medical Centre Wider Social and Community Benefit.....	25
8 Prospects for Industrial Land Use	29
8.1 Regional Industrial Land Supply	30
8.2 Urbis Industrial Vacant Land Report.....	32
9 Medical Centre Need and Locational Considerations	33
10 Conclusions	37
Appendix A Clyde North PSP.....	39
Appendix B Development Site Plan (August 2013)	41

Executive Summary

STUDY OBJECTIVES

The GAA presented an initial location for the future Thompsons Road Local Town Centre (LTC), to be known as St Germain Village, located on the eastern side of the Gill landholding, whilst Gordon Gill has put forward an alternative location, 400 metres west of the GAA's preliminary proposed location, on the basis that this would enable a large medical facility to be co-located with a supermarket anchored LTC. Gordon Gill is also investigating the potential to locate an advanced medical facility (hospital) on the far western portion of his landholding in future as part of an expanded medical precinct and mixed use development.

The principal objectives of this study are to:

- Assess the scale of supportable retail floorspace at both the eastern and western site within the Gill landholding; and to estimate the impact on the local retail hierarchy of locating retail facilities at each respective site;
- To investigate the economic and community benefits associated with co-locating retail and medical facilities at the site
- To review the employment impacts of re-designating the far western portion of the site from industrial use to a medical-led mixed use development, taking into account demand and supply of industrial land in the region; and industry benchmarks in employment densities for alternative uses, including the envisaged advanced medical facilities.

In undertaking this assessment, the following specific development options have been considered for the site, in order to ascertain the impact of each development scenario.

- **Development Option 1 (GAA Base Case)** – Development of a Local Town Centre (LTC) at the proposed eastern site (proposed by the GAA), not co-located with medical use and retaining the western portion of the site under industrial use (preventing future expansion of the medical precinct).
- **Development Option 2** – Development of a LTC at Gill's preferred location 400m west of the GAA proposed location; co-located with a medical centre; but retaining the western portion of the site under industrial use (preventing future expansion of the medical precinct).
- **Development Option 3** – Development of a LTC at Gill's preferred western site location; co-located with a medical centre; with land use flexibility enabling development of an advanced medical facility on the far western portion of the site with accompanying mixed use development.

STUDY CONCLUSIONS

Table 1 summarises the main findings of the research which highlight a range of economic benefits associated with providing planning flexibility to allow co-location of retail and medical facilities as well as enabling future expansion of a medical-led mixed use precinct in place of industrial land use.

The results assume that the development will have a trade area population approaching 15,000 at capacity not long after 2031; which would generate a total retail spending market in the region of \$215 million (\$2012) in 2031; with a food and grocery market of \$71.1 million (\$2012).

The key findings of this research are that:

- **Under Development Option 1 (GAA Base Case)**, the market could support a 4,000 sq. m full-line supermarket at some time between 2021 and 2026 and a further 3,200 sq. m of specialty floorspace. Combining retail jobs, a separate medical centre on Thompsons Road; and assuming the western portion of the property attracts jobs from an industrial use, this would result in **total employment of 1,765** from development option 1. However, given the availability of better located vacant industrial land elsewhere in the region, it would be very unlikely to attract industrial uses to this location (meaning total employment would **more likely be lower at around 1,385 jobs**).

- **Under Development Option 2**, co-locating the retail and medical uses would increase the retention of trade area retail spending and the proportion of trade from beyond the trade area, which would support a greater amount of retail floorspace and facilitate development within a shorter time frame. We estimate that under development option 2, there is capacity, by 2021, for a total of 10,300 sq. m of retail floorspace.

Development option 2 has the potential to deliver **1,880 – 2,020 jobs** (retail, medical, mixed use and industrial) in total. As in development option 1, the ability to attract industrial uses in the medium term is questionable, which could reduce the overall employment total to around **1,500 – 1,640**.

- **Under Development Option 3**, the retail outcomes match those in Development Option 2. Under this option, there is potential to generate a greater quantum and diversity of employment opportunities by expanding the medical precinct to include a hospital on the far western end of the site as part of a broader mixed use development.

Our assessment indicates that on employment grounds alone, development option 3 allows for the greatest outcome, potentially generating in the region of **3,450 – 3,590 jobs** if the Gill landholding is built out in line with the latest development plans. This represents more than 1,500 additional jobs from the proposed rezoning of the far western part of the site. Directly comparing the jobs assumed to be realised under an industrial zoning (21 per hectare), the proposed rezoning for mixed use including medical (109 jobs per hectare) has the capacity to deliver five times more jobs per hectare.

It is our view that locating the LTC at the western site, as preferred by Gill, will not affect the GAA's planned retail hierarchy with respect to other local retail centres. This is based on the net additional impact on other supermarkets which in our view would be easily sustained by supermarkets at either site without diminishing the role or function of other town centres.

Further benefits under development option 3 are achieved for the local community through convenience and sustainability, with co-located facilities increasing the opportunity to undertake linked trips; and the future expansion of the medical precinct providing a wider range of employment opportunities than would otherwise be available.

TABLE 1 - SUMMARY OF DEVELOPMENT OPTIONS

	OPTION 1 EASTERN SITE (NOT CO-LOCATED - RETAINING INDUSTRIAL)	OPTION 2 WESTERN SITE (CO-LOCATED - RETAINING INDUSTRIAL)	OPTION 3 WESTERN SITE (CO-LOCATED WITH EXPANDED MEDICAL & MIXED USE PRECINCT)
Supermarket Supportability Timing	2021-26	2021 or earlier	2021 or earlier
Supermarket Supportability Floor-space	4,000 sq. m	5,000 sq. m	5,000 sq. m
Total Supportable Retail Floor-space	7,200 sq. m	10,300 sq. m	10,300 sq. m
Total Site Industrial Employment	0 - 380	0 - 380	0
Total Mixed Use Employment	1,385	1,500 – 1,640	3,450 – 3,590
Jobs Per Hectare - Western Part of Site (Proposed for Rezoning)	21 jobs per hectare	21 jobs per hectare	109 jobs per hectare
Total Development Ongoing Employment Potential	1,765 (1,385 without industrial)	1,880 – 2,020 (1,500 – 1,640 without industrial)	3,450 – 3,590

Figures may not sum due to rounding

Introduction

Urbis understands that whilst the GAA has presented an initial location for the Thompsons Road Local Town Centre (LTC), Gordon Gill has put forward an alternative location, 400 metres west of the GAA's preliminary proposed location; on the basis that this would enable a large medical facility to be co-located with a supermarket anchored LTC.

This study therefore provides advice on the following related to retail facilities:

- The scale and timing of retail floor space that can be supported at both the GAA proposed site (not co-located with medical facilities) and Gill's preferred site (co-located with medical facilities);
- The impact on the planned centre hierarchy of the proposed supportable retail centre at the two respective sites;
- Employment and consumer impacts from the retail centre at the two respective sites.

Urbis also understands that, in order to enable future expansion of the proposed medical precinct to include an advanced medical facility at the western end of the subject site, this would entail a change of use on part of the land currently proposed by the GAA for future industrial use.

The study therefore also assesses the market and economic development case for changing the land use designation from business use to medical and associated uses. In particular, the study:

- Compares the employment generating potential of both industrial and medical uses on the western part of the site;
- Reviews the social and community benefits of providing medical use compared to industrial use;
- Assesses the demand and supply of industrial zoned land in Casey and the wider Melbourne South industrial area in order to establish the prospect of industrial uses eventuating at the site;
- Reviews the location requirements of medical facilities in light of emerging development trends and their relevance to this site.

The report findings reflect the Urbis project team's professional opinion, based on available data and our experience advising on development in Melbourne's growth areas. Conclusions are presented for three development options at the site, regarding:

- **Development Option 1 (GAA Base Case)** – Development of the LTC at the GAA proposed eastern site, not co-located with medical use and retaining the western portion of the site under industrial use (preventing future expansion of the medical precinct).
- **Development Option 2** – Development of the LTC at Gill's preferred location 400 metres west of the GAA proposed location; co-located with the medical centre; but retaining the western portion of the site under industrial use (preventing future expansion of the medical precinct).
- **Development Option 3** – Development of the LTC at Gill's preferred western site location; co-located with the medical centre; with land use flexibility enabling development of an advanced medical facility on the far western portion of the site with additional surrounding uses in future.

The remainder of this report is set out as follows:

- Section 1 - Development context
- Section 2 - Retail market analysis
- Section 3 - Retail centre hierarchy
- Section 4 - Retail market potential assessment

- Section 5 - Other retail considerations
- Section 6 - Medical centre employment generating potential
- Section 7 – Medical centre wider social and community benefit
- Section 8 – Prospects for industrial land use
- Section 9 – Medical centre need and locational considerations
- Section 10 – Conclusions

1 Development Context

1.1 REGIONAL CONTEXT

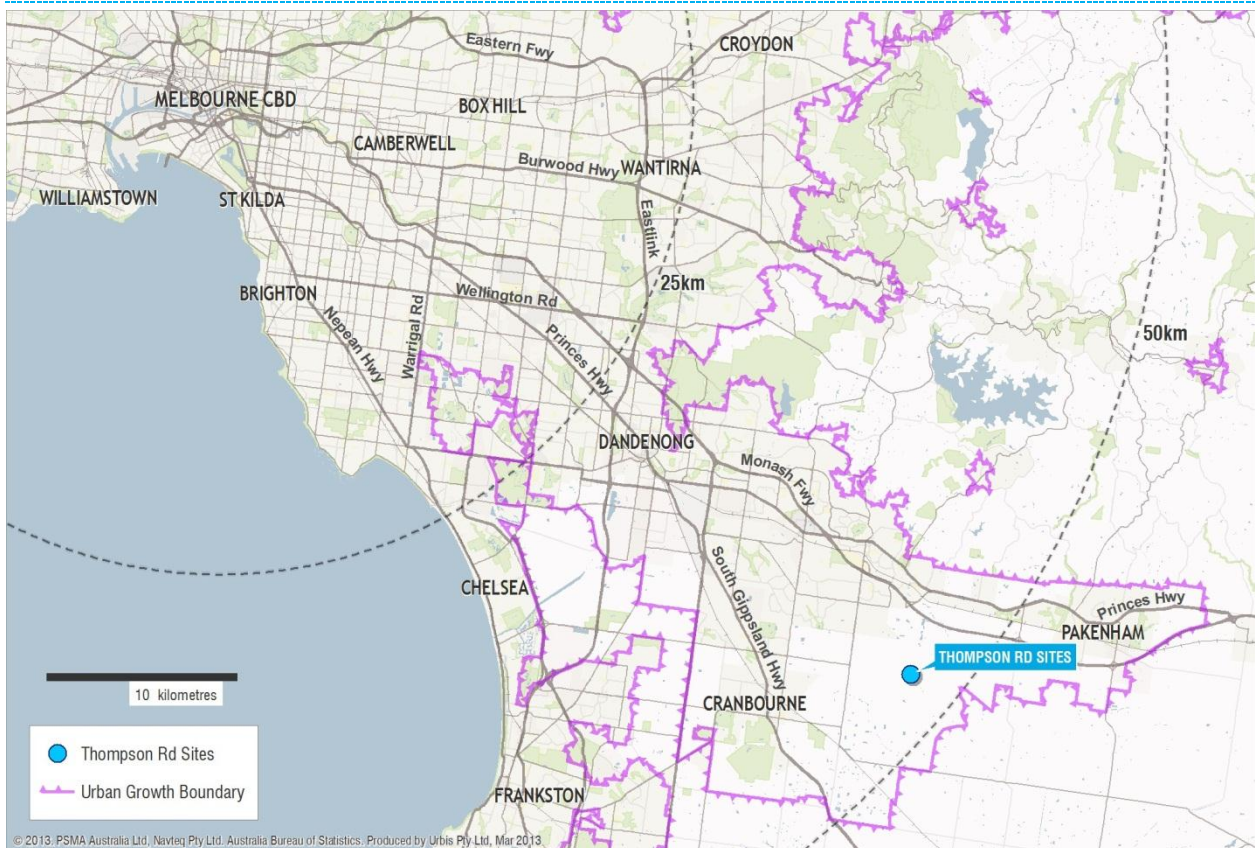
The future site of the Thompsons Road LTC is located within the Thompsons Road Precinct Structure Plan area, a currently undeveloped area within Melbourne's south-eastern growth corridor, some 50 km south-east of Melbourne's CBD, just beyond the current urban fringe.

The Precinct is entirely within Melbourne's Urban Growth Boundary, and is subject to a Precinct Structure Plan (PSP) that is yet to be completed. The immediately surrounding areas are also subject to a PSP as indicated in Map 2.1 in the next section, however at this stage only one – Clyde North – is complete (Appendix A). Other precincts outside of Thompsons Road and Clyde North are expected to be developed over the long term.

The area, while currently undeveloped, is expected to contribute significantly to strong population growth in Melbourne's south-east.

REGIONAL CONTEXT

MAP 1.1



1.2 SITE CONTEXT

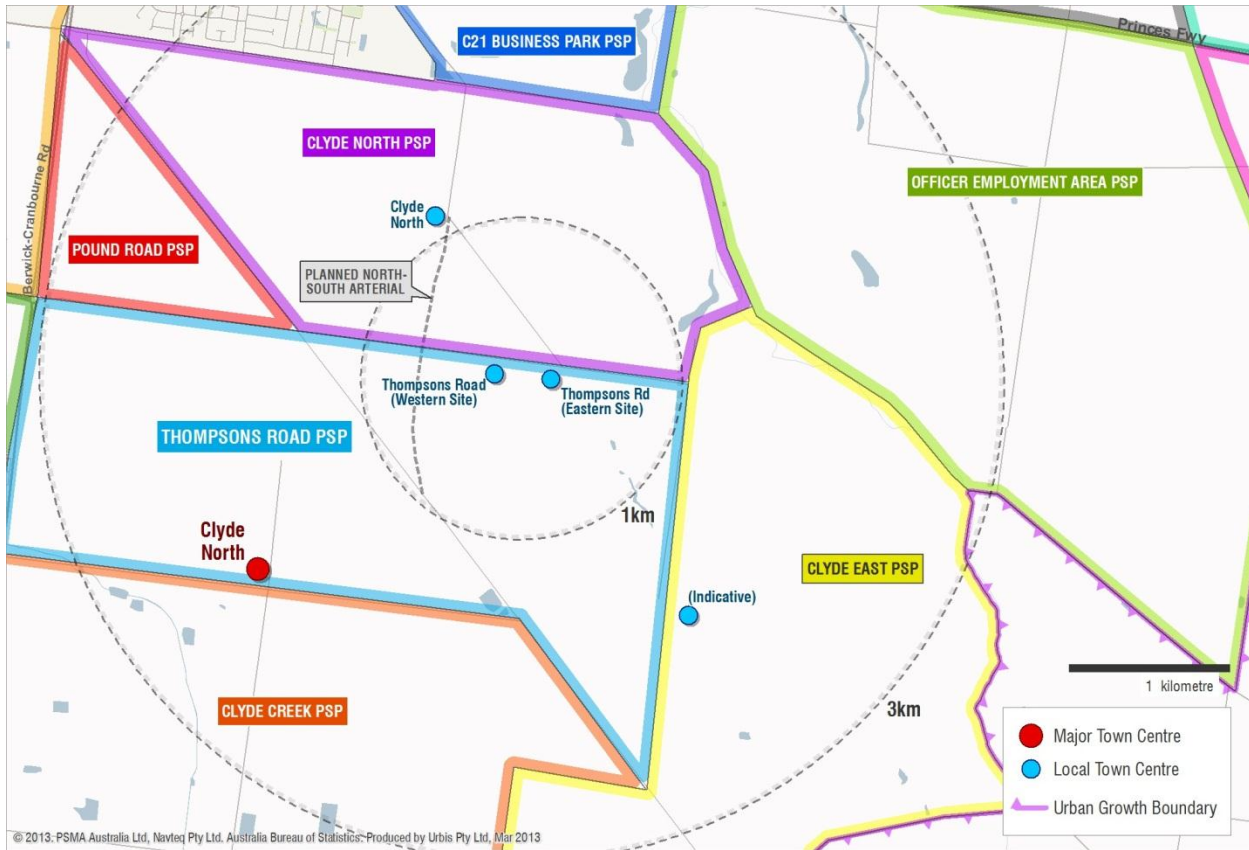
The Thompsons Road LTC, as it is currently proposed by the GAA, is located as indicated in Map 1.2 below.

As the PSP is currently in early planning, its exact composition and layout is as yet undefined, however, it is expected, based on the GAA's Growth Corridor Plans (2012), that it will be similar in composition to the neighbouring Clyde North Precinct i.e. a mix of residential, recreational, and town centre uses. This will include transport infrastructure, for which a major north-south arterial road is expected to be developed as shown in the map.

Also indicated on Map 1.2 is the location of an alternative site for the Thompsons Road LTC. This site is envisioned by G&MS Gill – the current landholder – to be a superior location as it would enable it to potentially be co-located with a major medical facility, provide the town centre with superior access via the north-south arterial, and generally enhance the broader town centre precinct's vibrancy and vitality. Both sites, however, have direct frontage onto Thompsons Road's southern side.

SITE CONTEXT

MAP 1.2



2 Retail Market Analysis

2.1 THOMPSONS ROAD TRADE AREA

Thompson's Road LTC potential trade area catchment is illustrated in Map 2.1. The boundary of the trade area has been defined based on the typical draw of local town centres and local conditions in terms of road access, location of other activity centres and natural and physical barriers.

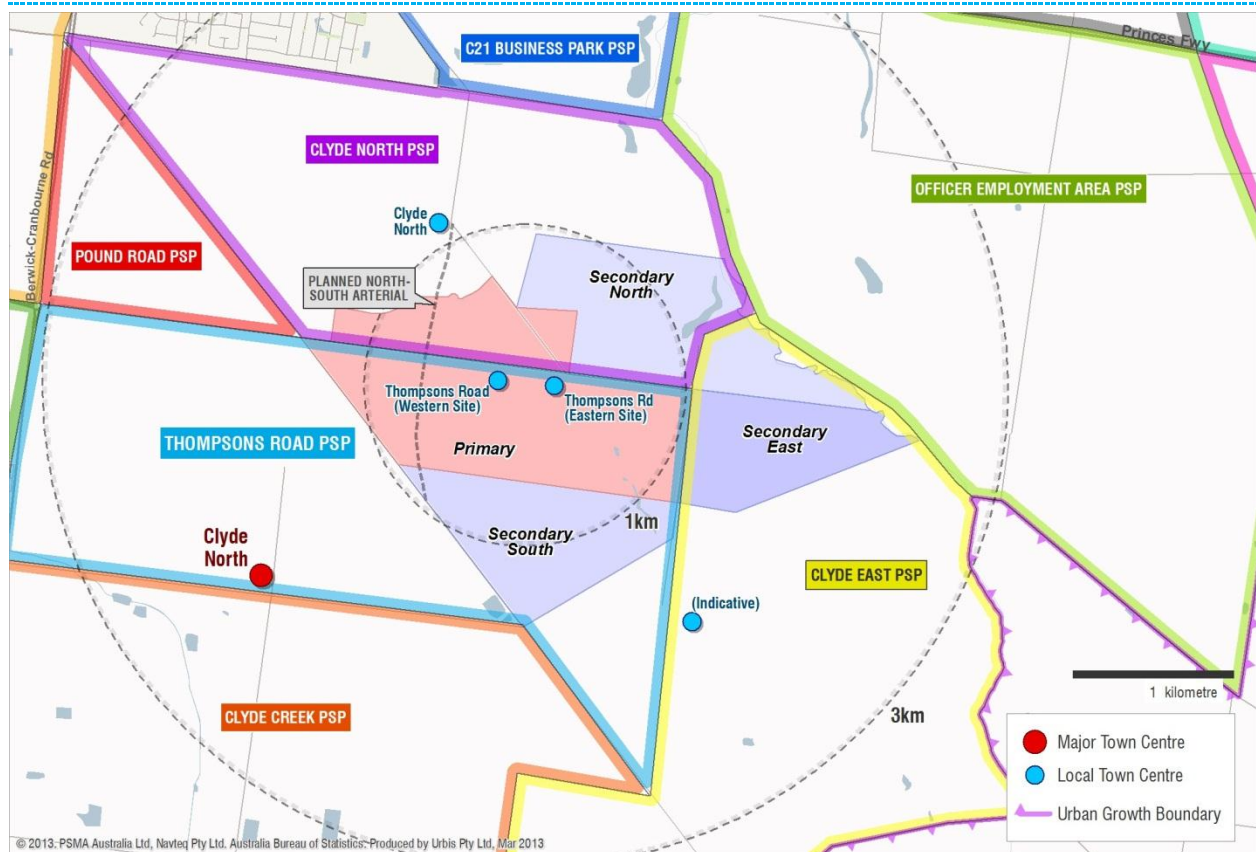
As part of this analysis, two sites are assessed – an 'eastern site' and a 'western site', as indicated in the map below. Considering the distance between the two sites (approximately 400 metres), the planned centre hierarchy and road network, and the likely pattern of urban development, both sites are likely to serve essentially the same catchment, although the share of each sector captured may differ.

The trade area straddles three separate Precincts – one approved (Clyde North), and two in early planning stages (Thompsons Road and Clyde East), and comprises what is currently undeveloped Urban Growth Zone land.

The extent of the trade area is limited by the planned Clyde North LTC to the north, and the Clyde Major Town Centre (MTC) to the south-west.

THOMPSONS ROAD LTC TRADE AREA

MAP 2.1



2.2 RESIDENT POPULATION

This section provides an assessment of the trade area's ultimate population capacity, and provides an indicative timeline of the growth required to achieve it.

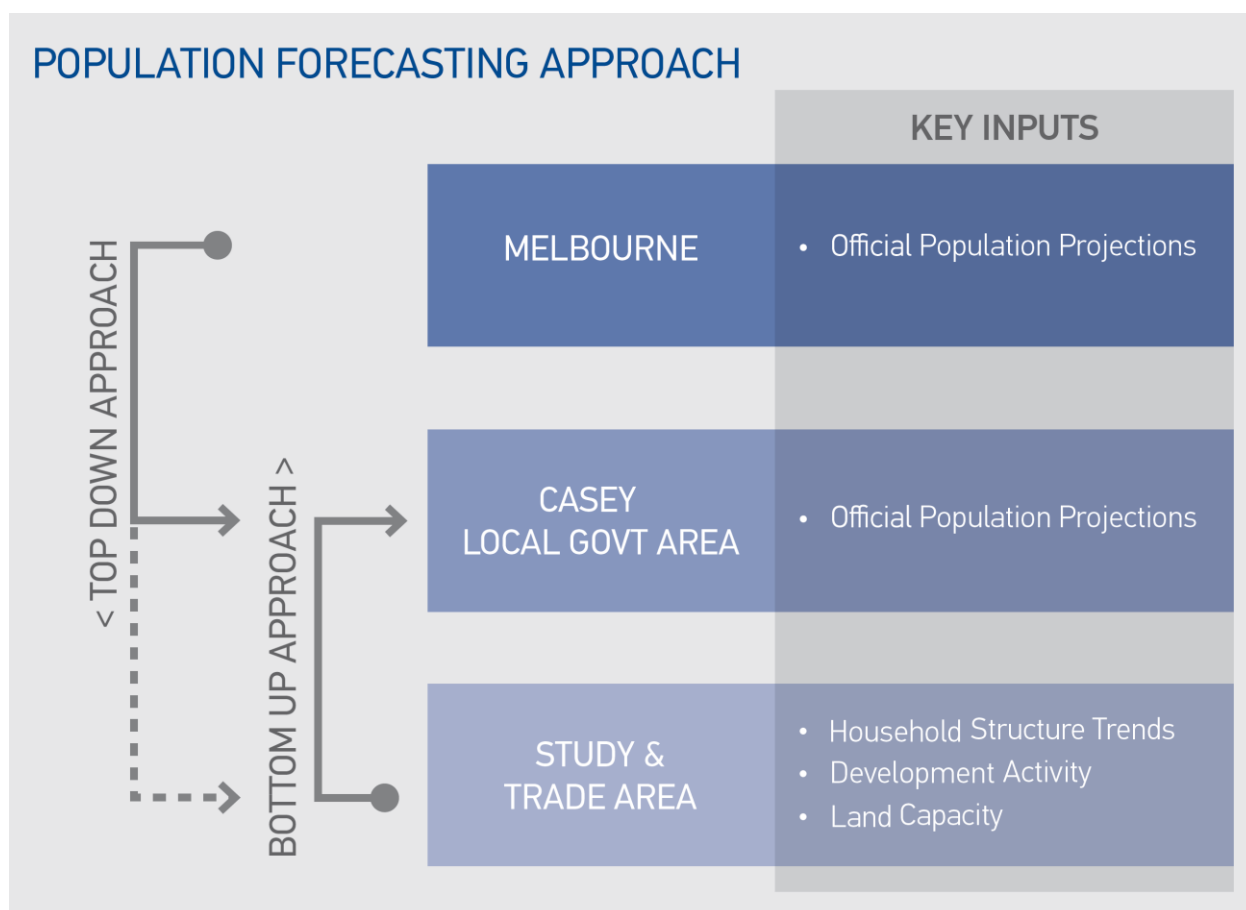
New residential growth areas on the urban fringe typically have similar characteristics, particularly in Melbourne, where developable land is typically flat and largely featureless. Undeveloped areas within the Urban Growth Boundary (UGB) generally develop in a predictable way, and good estimates of residential capacity can be made based on simple assumptions regarding net developable area, lots per hectare, and dwelling yields. Nevertheless, a great deal of variables – such as government policy, economic growth, and sometimes conflicting interests of landholders – can have significant implications for growth in these areas.

2.2.1 METHODOLOGY

The approach undertaken to determine the future residential population growth in the trade area is outlined in Figure 1.1. This methodology estimates the trade area's future resident population based on the concordance of both a 'top-down' and 'bottom-up' approach, described below:

- **'Top-down' approach** - Based on official projections by the State Government that have been prepared for relevant municipalities. Melbourne's population is projected out to 2051, and a share of that growth is allocated to the relevant LGA, SLA, and trade area.
- **'Bottom-up' approach** - utilises expected dwelling yields for the relevant PSPs and urban growth areas and, taking into account current and expected rate and pattern of residential development within the area, the municipal level forecasts are adjusted to arrive at a 'balanced' population projection for the trade area; in line with the 'top-down' projection.

FIGURE 1.1 – FORECAST METHODOLOGY



2.2.2 POPULATION CAPACITY

The Thompsons Road LTC trade area potential will largely be determined by its ultimate residential population, which is assessed based on the following assumptions:

- Dwellings yields for the components of the trade area that lie within the Clyde North Precinct have been estimated based on numbers provided within Clyde North's Precinct Structure Plan (September 2011). Within the Clyde North Precinct, 292 dwellings are estimated in the primary trade area sector, and 1,095 in the secondary north-east trade area sector. These dwelling numbers are added in the table below (under "Plus Clyde North").
- The rest of the trade area comprises approximately 336 hectares of developable land, all located within either existing, or planned PSPs. Industry benchmarks, suggest that in newly developing outer areas, approximately 70% of gross land area can be expected to be developed for residential purposes. The remaining 30% is typically comprised of open spaces/parks/reserves, easements for infrastructure such as overhead utilities, as well as roads and other forms of urban infrastructure.

This rate has been applied to the trade area's 336 hectares; therefore the trade area comprises an estimated 235 hectares of developable residential land.

- We assume, in line with developments of a comparable nature across Melbourne's growth fronts, 15 dwellings per hectare to be an accurate reflection of the ultimate dwelling yield for areas within the UGB.
- In line with current household sizes in developing areas, household sizes in Melbourne's east, and the overall trend in residents per household across the Melbourne metropolitan region, we have assumed household sizes to average approximately 3 people per dwelling.

The additional population, at ultimate capacity, is therefore estimated as it appears in Table 2.1 below. Approximately 14,800 additional residents could be accommodated within the trade area, when fully developed. This assumes that the trade area has no residential population currently.

These estimates have been prepared in early stages of planning for the PSP areas, meaning that the quantum and configuration of residential land is yet to be fully determined. We note that while some areas of the primary sector will be allocated for mixed use development, this will likely be offset by areas of higher density residential development as indicated by the latest development plans.

Trade Area Population Capacity

THOMPSONS ROAD LOCAL TOWN CENTRE

TABLE 2.1

Trade Area Sector	Area ¹ (ha)	Developable Land		Dwellings		Plus Clyde North ² Dwellings	Population	
		(%)	(ha)	(Per ha)	Total		HH Size	Total
Primary Trade Area	145	70%	102	15.0	1,523	1,815	3.0	5,400
Secondary Trade Area								
• North-East	28	70%	20	15.0	294	1,389	3.0	4,200
• East	75	70%	53	15.0	788	788	3.0	2,400
• South	88	70%	62	15.0	924	924	3.0	2,800
Total Secondary	191	70%	134	15.0	2,006	3,101	3.0	9,400
Main Trade Area	336	70%	235	15.0	3,528	4,915	3.0	14,800

¹ Land area of each trade area that is not within the Clyde North PSP

² Includes estimate of dwelling yield in Clyde North Precinct based on the 2011PSP

Source : GAA, Clyde North PSP 2011; Urbis

2.2.3 FORECAST POPULATION GROWTH

This section provides analysis of the expected pattern of population growth within the trade area between 2012 and 2041. This forecast growth – based on the methodology illustrated in Figure 1.1 – considers factors such as the usual pattern of urban development in growth areas, development intentions of current landholders, the planning process, and general market influences. The forecast is, however, ultimately underpinned by data and assumptions described below:

- Across the broader regions of Melbourne, the City of Casey and Casey (C) – South SLA, official forecasts by the Victorian Department of Planning and Community Development *Victoria In Future Population Projections, 2012* have been used.
- Forecast ID population projections, prepared on behalf of the City of Casey in February 2013, which provide suburb level projections used to forecast the pattern of population growth within the trade area.

As indicated in Table 2.2, Melbourne has grown at a relatively strong rate of 1.9% per annum between 2006 and 2011. Over time, growth rates are expected to diminish, from 1.6% per annum between 2011 and 2021, progressively falling to an eventual 1.0% per annum over the period 2031 - 2041. Melbourne's resident population by 2041 is estimated to reach nearly 6 million.

Casey's projected share of Melbourne's growth is also outlined in Table 2.2. As Casey will remain one of Melbourne's key growth fronts, it is likely to contribute around one-tenth of Melbourne's total population growth over the forecast period.

Considering it comprises much of the current urban growth areas within Casey, the City of Casey's South SLA, which includes the Thompsons Road LTC trade area, will account for an increasingly large share of the LGA's total growth.

Suburb level forecasts prepared by Forecast ID provide an indication as to the level of population growth within the trade area, also shown in Table 2.2.

Table 2.3 provides an indicative schedule of population growth in each trade area sector. As Clyde North's PSP is currently approved, growth is expected to occur initially in the primary and secondary sectors. In time, this growth is expected to shift south as the Thompsons Road Precinct develops. Growth will be stronger in the primary trade area where density is expected to be higher due to the planned intensity of land use. The secondary east, located in the as yet unplanned Clyde East Precinct, will grow over the longer term.

The key points to consider regarding forecast resident population growth in the Thompsons Road LTC trade area are as follows:

- Population is expected to reach capacity by approximately 2031.
- The ultimate population in the trade area will be around 15,000 people.
- The majority of the trade area growth will occur between 2016 and 2021, with a sizable population anticipated to develop in the primary and secondary north sectors initially, in close proximity to the Thompsons Road LTC.

These projections depend upon the assumed pattern and intensity of population growth across the Clyde area. Growth could be understated if higher densities are achieved within the trade area. In this context, the development timing and staging (scale and mix) of the Thompsons Road LTC and other centres should be afforded flexibility given the uncertain nature of the future long term rates of population growth in the region.

Future Population Growth

HISTORIC AND PROJECTED GROWTH, VARIOUS REGIONS, 2006 – 2051

TABLE 2.2

	2006	2011	2021	2031
Melbourne				
Population	3,743,015	4,107,945	4,808,836	5,411,938
Growth p.a. (%)		1.9%	1.6%	1.2%
Growth p.a. (no.)		72,986	70,089	60,310
Casey (C)				
Population	222,681	260,404	328,504	404,498
Growth p.a. (%)		3.2%	2.4%	2.1%
Growth p.a. (no.)		7,545	6,810	7,599
Share of Melbourne		10.3%	9.7%	12.6%
Casey (C) - South				
Population	13,934	18,714	29,129	62,153
Growth p.a. (%)		6.1%	4.5%	7.9%
Growth p.a. (no.)		956	1,042	3,302
Share of Casey (S) - South		12.7%	15.3%	43.5%
Trade Area				
Population		0	10,240	14,730
Growth p.a. (%)		n.a.	n.a.	3.7%
Growth p.a. (no.)		n.a.	1,024	449
Share of Casey (S) - South		n.a.	98.3%	13.6%

Source : ABS Census of Population; VIF Populations Projections 2012;

Forecast i.d. - City of Casey, Population and Household Forecasts, February 2013; Urbis

Trade Area Population Growth

THOMPSONS ROAD TRADE AREA, 2011 - 31

TABLE 2.3

Trade Area Sector						Capacity	
	2011	2016	2021	2026	2031	Total	% at 2031
Primary Trade Area	0	1,690	5,200	5,400	5,400	5,400	100%
Secondary Trade Area							
• North-East	0	1,530	4,060	4,200	4,200	4,200	100%
• East	0	0	0	1,490	2,360	2,400	98%
• South	0	0	980	2,640	2,770	2,800	99%
Total Secondary	0	1,530	5,040	8,330	9,330	9,400	99%
Main Trade Area	0	3,220	10,240	13,730	14,730	14,800	100%

Source : Urbis

2.3 FORECAST RESIDENT RETAIL EXPENDITURE

Per capita retail spending estimates have been derived using MarketInfo 2010, a widely used micro-simulation model by MDS Market Data Systems Pty Ltd. This model is based on information from the national ABS Household Expenditure Survey (HES), the Census of Population and Housing, as well as other information sources such as the ABS National Accounts. The model combines propensity to spend on particular commodities with the socio-economic characteristics of individuals to derive spending estimates per capita on a small area basis (i.e. the Census Collection District (CCD) level).

The per capita retail spending rates derived are shown in Table 2.4, as are their future rates of growth in Table 2.5. As it is not possible, at this time, to assess the spending rates of an area with little to no current residential population, we have assumed the trade area's future per capita spending rates will be in line with those of residents of the broader Casey LGA.

Retail Spending Rates Per Capita

CITY OF CASEY RESIDENTS, 2012, \$2012, EXCLUDING GST

TABLE 2.4

Product Group	Aust.	Melbourne	Casey (C)	Var'n From Benchmarks (%)	
				Aust.	Melbourne
Food Retail	5,321	5,190	5,062	-5%	-2%
Food Catering	1,387	1,632	1,356	-2%	-17%
Apparel	1,145	1,208	1,057	-8%	-12%
Homewares	857	848	757	-12%	-11%
Bulky	1,104	1,150	1,147	4%	-0%
General/Leisure	1,462	1,631	1,464	0%	-10%
Services	438	465	375	-14%	-19%
Total Retail Spending	11,715	12,125	11,219	-4%	-7%
DSTM Spending	4,568	4,838	4,425	-3%	-9%
Food	6,709	6,822	6,418	-4%	-6%
Non-Food	5,006	5,303	4,801	-4%	-9%

Source: MDS, MarketInfo 2010; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

Retail Spending Rates Per Capita

CITY OF CASEY RESIDENTS, 2012 – 2031, \$2012, EXCLUDING GST

TABLE 2.5

Year	Food Ret.	Catering	Apparel	H'wares	Bulky	General/ Leisure	Services	Total	Food	Non-Food
2012	5,062	1,356	1,057	757	1,147	1,464	375	11,219	6,418	4,801
2021	5,225	1,531	1,201	1,011	1,393	1,790	455	12,606	6,756	5,850
2031	5,384	1,740	1,399	1,482	1,783	2,345	596	14,728	7,123	7,604

Average Annual Growth¹

2012-21	0.4%	1.4%	1.4%	3.3%	2.2%	2.3%	2.2%	1.3%	0.6%	2.2%
2021-31	0.3%	1.3%	1.5%	3.9%	2.5%	2.7%	2.7%	1.6%	0.5%	2.7%
2012-31	0.3%	1.3%	1.5%	3.6%	2.3%	2.5%	2.5%	1.4%	0.6%	2.5%

1. Assumes per capita growth of 0.4% in 2013, 1% in 2014, 17% in 2015, 15% in 2016, & 15% thereafter, with different rates for each product group.

2. Current year is financial year; Forecast years are financial years

Source: MDS, MarketInfo 2010; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

Table 2.6 and Table 2.7 provide forecasts for both the total retail and food and grocery markets, respectively, over 5 year intervals until 2031. The food and grocery market is the market of most relevance to a supermarket, as the anchor tenant of LTCs. The largest (volume) growth occurs between 2016 and 2021, and reflects the strength of population growth in this period. By 2031, trade area residents will generate more than \$200 million in expenditure on retail goods and services (expressed in constant \$2012).

While these figures are indicative of the total retail and food and grocery expenditure generated by trade area residents, the actual performance of the proposed Thompsons Road LTC retail facilities, and supermarket facilities in particular, will depend on the following factors:

- The proportion of this market that is directed to supermarkets.
- The proportion of this market that is directed to supermarkets *within the trade area* (i.e. the subject site).

- The amount of turnover that can be generated from markets beyond the trade area.

These factors are dependent on issues discussed in the upcoming sections, and broadly include:

- The strength of competing development.
- The type and intensity of other uses occurring in the vicinity (i.e. medical), and at other Town Centre locations.
- The area's transport and civic infrastructure, and the associated work/travel patterns of its residents.
- The size, strength and positioning of the development itself.

Total Retail Spending Market

PROJECTION FOR TRADE AREA SECTORS, 2012 – 2031, \$2012 MILLION, EXCLUDING GST

TABLE 2.6

Trade Area Sector	2012	2016	2021	2026	2031
Primary Trade Area	1.9	17.9	61.2	73.2	79.5
Secondary Trade Area					
• North-East	1.7	16.2	48.0	56.9	61.9
• East	0.0	0.0	0.0	18.2	33.5
• South	<u>0.0</u>	<u>0.0</u>	<u>11.1</u>	<u>33.7</u>	<u>40.6</u>
Total Secondary	1.7	16.2	59.1	108.8	136.0
Main Trade Area	3.6	34.1	120.3	182.0	215.5

Source: MDS, MarketInfo 2010; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

Total Food and Grocery Spending Market

PROJECTION FOR TRADE AREA SECTORS, 2012 – 2031, \$2012 MILLION, EXCLUDING GST

TABLE 2.7

Trade Area Sector	2012	2016	2021	2026	2031
Primary Trade Area	0.8	7.1	22.9	25.8	26.2
Secondary Trade Area					
• North-East	0.7	6.4	17.9	20.0	20.4
• East	0.0	0.0	0.0	6.4	11.1
• South	<u>0.0</u>	<u>0.0</u>	<u>4.2</u>	<u>11.9</u>	<u>13.4</u>
Total Secondary	0.7	6.4	22.1	38.3	44.9
Main Trade Area	1.5	13.5	45.0	64.1	71.1

Source: MDS, MarketInfo 2010; ABS, Australian National Accounts: National Income, Expenditure and Product Accounts (5206.0); Urbis

3 Retail Centre Hierarchy

3.1 CENTRE HIERARCHY CLASSIFICATION

According to the *Growth Corridor Plans* document, and as adopted in the PSP framework, the centre hierarchy classification, as it is relevant to this analysis, is as follows:

- **A Major Town Centre (MTC)** should accommodate a wide range of shopping, employment, community, health, education, and housing options. The MTC should also have good access to the arterial road network allowing it to serve a sub-regional centre catchment. Other key characteristics are:
 - The centre is to be the potential location for regional services such as post-compulsory education and health and community services, as well as entertainment and shopping.
 - The centre will contain a diverse range of housing options including medium and high density housing.
- **A Local Town Centre (LTC)** should be accessible to every neighbourhood as the focal point. They are to provide a good range of local jobs and services for residents. The LTC should serve the local needs for residents. Other key characteristics include:
 - The centre is to serve a catchment of approximately 8,000 – 10,000 residents.
 - The centre is to contain a diversity of accommodation types (e.g. medium density housing and potentially aged care).
 - The centre is to be anchored by a supermarket and a range of specialty shops as well as supporting non-retail activities such as child care, health services, community meeting spaces, recreational and entertainment facilities.
 - The centre is to be served by a local bus route.
 - The centre will be located on a connector street with access to an arterial road.

The Thompsons Road LTC's ultimate potential will be influenced by other planned town centres in adjoining areas, as indicated in Map 2.1 in Section 2. Namely, the Clyde North LTC and the Clyde North MTC, which are detailed in Table 3.1 below (based on available information from the GAA).

The geographical network of planned centres is relatively tight, however each centre is assumed to serve a different function and, particularly in the case of the smaller centres, a different catchment. Our market potential assessment (next section) makes assumptions regarding the strength and function of each of these centres, and the degree to which they draw upon the Thompsons Road LTC trade area.

It is worth noting here that all centres will serve overlapping catchments to some degree, be it two LTCs being accessible to people in certain areas, or the catchment of LTCs being wholly contained within that of MTCs. Hence, while an LTC is nominally designed to serve a dedicated catchment of 8,000 – 10,000 residents, they will often be accessible to far more as they overlap the catchments of other centres.

For example, the trade area of the Thompsons Road LTC has been defined in the previous section to serve around 15,000 people at capacity; parts of this trade area are also served by other LTCs, while all of it is within the catchment of the MTC. This overlapping of catchments occurs with every centre within the retail hierarchy. There is no imperative to ensure each centre serves a discrete area, rather that there is capacity at a broader level to support the range of retail and other facilities needed in all centres.

TABLE 3.1 – PLANNED CENTRE HIERARCHY

CENTRE	USES
Clyde North MTC (Thompsons Road Precinct)	The Growth Areas Authority (GAA) have specified, in their Growth Corridor Plans publication (2011), the Clyde North MTC to the south-west of the subject site. While the exact composition of this town centre is yet to be determined, based on MTCs elsewhere throughout Melbourne's growth areas, its retail composition is likely to include at least one Discount Department Store, at least one if not two to three supermarkets, and a broad specialty shop component. This would be in addition to a range of community, commercial and non-retail uses.
Clyde North LTC – Medium (Clyde North Precinct)	<ul style="list-style-type: none"> ▪ Retail floorspace of up to 8,000 sq.m, comprising one supermarket, a variety of shops, and potentially a tavern. ▪ Office provision of 2,000 sq.m to 4,000 sq.m. ▪ Includes opportunity to develop a second anchor tenant. ▪ Includes community facilities such as a community, medical, and childcare centres.
Clyde North LTC - Small (Clyde North Precinct)	<ul style="list-style-type: none"> ▪ Indicative retail floorspace of up to 2,000 - 2,500 sq.m. ▪ To contain a small supermarket and several small specialty shops. ▪ Located on Grices Road in the west of the precinct.
Clyde North Local Centres (Clyde North Precinct)	<ul style="list-style-type: none"> ▪ Two minor centres located within the Clyde North PSP

Source: GAA Growth Corridor Plans 2012 ; Clyde North PSP 2011 ; Urbis

4 Retail Market Potential Assessment

The following section provides a high level assessment of the supportability of retail floorspace of both the 'eastern site' and the 'western site'.

4.1 METHODOLOGY AND ASSUMPTIONS

The methodology used to estimate the timing and composition of the shop component of the Thompsons Road LTC takes the following approach:

- Capacity for the trade area to support supermarket floorspace is determined based on estimates of demand – i.e. retention of trade area residents' food and grocery expenditure, how much of that expenditure is retained by stores within the trade area, as well as estimates of turnover sourced from beyond the trade area.

These assumptions differ between the two proposed sites in line with each site's relative strengths, proximity to future competition, and proposed co-located uses.

- The subsequent 'pool' of expenditure is then assessed against a threshold range of average trading levels – in this case \$8,000 – \$8,500 per sq.m (\$2012, excluding GST), which provides an indicative measure of a long term supportable floorspace for a supermarket. That is not to say that additional floorspace could not be viable below that threshold trading level, simply that it would potentially trade at below average levels initially.
- With the scale of supermarket provision determined through the above process, the quantity of supportable mini-major and specialty shop uses is then assessed based on comparable centre developments and scale and mix benchmarks.

4.2 SUPERMARKET CAPACITY ASSESSMENT

This section assesses the market potential of the two sites – the 'eastern site', *not* co-located with medical facilities, and the 'western site', which would be co-located with medical facilities – in order to demonstrate the differences in the market potential between the two.

4.2.1 'EASTERN SITE' (NOT CO-LOCATED MEDICAL FACILITIES)

Table 4.1 provides an indication as to the Thompsons Road LTC trade area capacity to support supermarket floorspace, given the centre is located as demonstrated in Map 2.1, and not co-located with medical facilities. The following assumptions are made regarding the role of supermarkets within the trade area Food and Grocery (F&G) market, which include:

- The market grows in line with spending forecasts provided in Section 2.3.
- Supermarkets compete with other forms of F&G retail such as specialty stores, markets, convenience stores and higher order retail (such as DDSs). Based on national and state benchmarks, and the trade area's relative isolation from other substitutable uses, it is expected that approximately 75% of the trade area F&G spending is directed toward supermarkets.
- With supermarket shopping usually a localised activity, but taking into account the accessibility of supermarkets in areas just beyond the trade area, long term just over 60% of supermarket demand will likely be retained to supermarkets in the trade area. This retention rate also allows for the following:
 - The proposed Clyde North LTC and Clyde North MTC
 - Development of an as yet unspecified LTC to the south-east in 2026
 - The lack of integration with other, activity intensive uses

- The distance of the site from the Precinct's planned major north-south arterial road
- Approximately 10% of supermarket turnover is expected to be derived from beyond the trade area, and that of all turnover available to supermarkets, 7% is derived from the sales of general merchandise.

Based on these assumptions, the findings suggest that development of at least one full-line supermarket would be feasible sometime between 2021 and 2026.

Supermarket Capacity

THOMPSONS ROAD LTC TRADE AREA – EASTERN SITE (NO CO-LOCATED MEDICAL FACILITIES)

TABLE 4.1

Factor	Unit	2012	2016	2021	2026	2031
Total Available F&G Spending	\$M	1.5	13.5	45.0	64.1	71.1
TA Spending Available to Smkts	\$M	1.1	10.1	33.7	48.0	53.3
Spending Retained by TA Smkts	\$M	0.6	5.8	18.6	25.4	28.2
Plus Turnover from Beyond TA (@ 10%)	\$M	<u>0.1</u>	<u>0.6</u>	<u>2.1</u>	<u>2.8</u>	<u>3.1</u>
Available to TA Smkts (F&G)	\$M	0.7	6.5	20.7	28.2	31.3
Plus Gen. Merch. Turnover (@ 7%)	\$M	<u>0.1</u>	<u>0.5</u>	<u>1.6</u>	<u>2.1</u>	<u>2.4</u>
Turnover Available to TA Smkts	\$M	0.8	7.0	22.3	30.4	33.7
Supportable Supermarket Floorspace (\$8,000 per sq.m)	Sq.m	95	871	2,783	3,794	4,213
Supportable Supermarket Floorspace (\$8,500 per sq.m)	Sq.m	90	820	2,619	3,571	3,966

Source : Urbis

4.2.2 'WESTERN SITE' (CO-LOCATED MEDICAL FACILITIES)

Table 4.2 presents the same analysis as the previous sub-section, albeit with some changes to assumptions to account for the site differences and co-location with other land uses that would exist for the western site. These differences are outlined as follows:

- The 'western site' will be co-located with the planned 'super clinic'. This will strengthen the town centre's role, and drive increased visitation from both within the trade area (and beyond). This is because a medical centre, in particular a hospital, would be expected to have a wider catchment area than retail facilities in isolation. It would be expected that hospital and medical staff as well as visitors would add to the level of business at the retail centre. These assumptions are reflected in the analysis through greater expectation of business from beyond the trade area.
- The site will be better located than the 'eastern site' relative to the planned major north-south arterial, enabling greater retention of local market spending.
- Better access and visitation will enable the site to potentially support a second small format supermarket such as ALDI, which will further enhance the site's usability and attractiveness to a broad range of people in the community, in turn adding to the vitality of the activity centre.

Based on these factors, the long-term retention rate is expected to be higher than in the 'eastern site' (just over 63%). Approximately 15% of supermarket turnover is expected to be derived from beyond the trade area, due to the increased draw the centre will have beyond its immediate trade area due to the activity created by the medical facilities.

Based on these assumptions, the findings suggest that development of at least one full-line supermarket would be feasible prior to 2021, perhaps before that given a major tenant will be willing to establish a store earlier to gain market position and benefit from continued population growth. By the time population capacity is reached in the trade area, at least 5,000 sq.m of supermarket floorspace could be supportable, which could potentially comprise a full-line supermarket and a smaller store such as ALDI. Alternatively, a "super" format supermarket, similar to those recently developed by Coles, could occupy the full 5,000 sq.m.

Factor	Unit	2012	2016	2021	2026	2031
Total Available F&G Spending	\$M	1.5	13.5	45.0	64.1	71.1
TA Spending Available to Smkts	\$M	<u>1.1</u>	<u>10.1</u>	<u>33.7</u>	<u>48.0</u>	<u>53.3</u>
Spending Retained by TA Smkts	\$M	0.7	6.6	21.2	28.8	31.7
Plus Turnover from Beyond TA (@ 15%)	\$M	<u>0.1</u>	<u>1.2</u>	<u>3.7</u>	<u>5.1</u>	<u>5.6</u>
Available to TA Smkts (F&G)	\$M	0.8	7.7	24.9	33.8	37.3
Plus Gen. Merch. Turnover (@ 7%)	\$M	<u>0.1</u>	<u>0.6</u>	<u>1.9</u>	<u>2.5</u>	<u>2.8</u>
Turnover Available to TA Smkts	\$M	0.9	8.3	26.8	36.4	40.1
Supportable Supermarket Floorspace (\$8,000 per sq.m) Sq.m		114	1,040	3,345	4,548	5,018
Supportable Supermarket Floorspace (\$8,500 per sq.m) Sq.m		107	979	3,148	4,281	4,723

Source : Urbis

4.3 ULTIMATE RETAIL (SHOP) SCALE AND COMPOSITION

The scale and composition of retail facilities is ultimately a product of the expenditure market available to them. There are, however, several other factors that also have influence, including:

- The size, nature, and performance of the major tenants, both in the subject centre and competing developments
- Trade area demographics
- The physical constraints of the site
- Other activity generating uses in proximity (schools, medical facilities, recreation etc.).
- The need to allow for the long term evolution of retail facilities i.e. changing anchor store types and sizes.

4.3.1 'EASTERN SITE' (NOT CO-LOCATED MEDICAL FACILITIES)

The potential scale and composition of retail floorspace at the Thompsons Road LTC, without co-located medical facilities, takes into consideration the following:

- The supermarket capacity analysis indicates that at 2031, one full-line supermarket of minimum 4,000 sq.m will be supportable at the Thompsons Road LTC.
- Based on the 2011/12 Urbis Retail Averages for single supermarket anchored centres, on average approximately 43% of a single supermarket centre's shop floorspace is accounted for by mini-majors and specialty shops. This includes non-retail shop uses such as lotto, travel agents and banks.
- The centre anchored by a full-line supermarket of approximately 4,000 – 4,200 sq.m could support approximately 3,200 – 3,400 sq.m of mini-major and specialty shop uses.
- The total shop floorspace that is considered appropriate in the context of the market, location and comparable centres is somewhere in the order of 7,500 sq.m.

4.3.2 'WESTERN SITE' (CO-LOCATED MEDICAL FACILITIES)

With the site co-located with medical facilities, the amount of supportable supermarket floorspace is assessed to be between 4,700 and 5,000 sq.m. This is assumed to include a smaller format store such as ALDI in addition to a full-line supermarket, or alternatively, a single larger "super" format supermarket. Either way, this will support a greater specialty shop offer.

- Based on 2011/12 Urbis Retail Averages for double supermarket anchored centres on average approximately 51% of total shop floorspace is accounted for by mini-majors and specialty shops. This includes non-retail shop uses such as lotto, travel agents and banks.
- The centre anchored by approximately 4,700 - 5,000 sq.m supermarket space could support between 5,000 sq.m and 5,300 sq.m of mini-major and specialty shop uses sometime on completion on this basis.
- Based on the range of supportable floorspace provided in the table below, the total shop floorspace that is considered appropriate in the context of the market, location and comparable centres is approximately 10,000 sq.m.

Indicative Floorspace Capacity

THOMPSONS ROAD LTC TRADE AREA

TABLE 4.3

	'Eastern Site'	'Western Site'
Tenants		
Supermarket	4,000 - 4,200	4,700 - 5,000
Mini-majors	700 - 700	1,100 - 1,100
Specialty Shops ¹	<u>2,500</u> - <u>2,700</u>	<u>3,900</u> - <u>4,200</u>
Mini-major and Specialty Shops	3,200 - 3,400	5,000 - 5,300
Total Shop Uses	7,200 - 7,600	9,700 - 10,300

Source : Urbis

4.4 'WESTERN SITE' IMPACT ON PLANNED CENTRE HIERARCHY

A key question when considering the relative merits of the east and west sites is whether the development of retail facilities would adversely impact other planned centres within the hierarchy (i.e. Clyde North LTC and Clyde North MTC). As there will be some effect from locating a centre on either site, when considering the relative effects of one site over the other, the effect of locating retail facilities at the 'western site' must be viewed only in terms of the additional turnover that would be generated relative to the 'eastern site'. As detailed below, we conclude that, even though the 'western site' would achieve a higher turnover, it would not significantly impact any planned centres within the hierarchy:

- At 2031, as the trade area is nearing capacity, the 'western site' supermarket could potentially achieve a turnover \$6.4 million higher than that of the 'eastern site'.
- Approximately \$2.5 million of this additional turnover would be sourced from residents living outside of the trade area due to the greater draw created by co-location with the medical facilities. This turnover will, to some extent, be drawn from areas beyond either Clyde North LTC or MTC potential catchments, based on the location of the site relative to either centre (i.e. the centre will, in the long term, draw trade from the region immediately east of the trade area, beyond either centre's catchments). Assuming that half of this 'beyond' turnover came from areas exclusive to either Clyde North LTC or MTC catchments, the total amount of spending redirected to the Thompsons Road MTC from the planned centre hierarchy would be highly diluted. Table 4.4 provides an indication of how that turnover impact may be split between centres.

TABLE 4.4 – 'WESTERN SITE' NET 'BEYOND' INDICATIVE TURNOVER IMPACT ON CENTRE HIERARCHY

(%) DIRECTED FROM			\$ IMPACT		
Clyde North MTC	Clyde North LTC	Other centres	Clyde North MTC	Clyde North LTC	Other centres
25%	25%	50%	\$0.31M	\$0.31M	\$0.62M

- The other share of the additional supermarket turnover (\$4.0 million) would be drawn from within the trade area, but would also be drawn from several centres. As shown in the table below, even if approximately 30% of the additional trade area turnover was drawn from either the Clyde North LTC or MTC, the resulting impact would be only \$1.2 million on each.

TABLE 4.5 – 'WESTERN SITE' NET ADDITIONAL TURNOVER IMPACT ON CENTRE HIERARCHY

(%) DIRECTED FROM			\$ IMPACT		
Clyde North MTC	Clyde North LTC	Other centres	Clyde North MTC	Clyde North LTC	Other centres
30%	30%	40%	\$1.2M	\$1.2M	\$1.6M

- The total net additional impact on other supermarkets within the planned centre hierarchy would therefore be approximately \$1.5 million for each of the Clyde North LTC and MTCs on the basis of the assumptions in the table above and approximately \$2.2 million on other centres. This would easily be sustained by supermarkets at either site, and would neither affect the sustainability, nor diminish the role and function, of either town centre.

5 Other Retail Considerations

This section provides an assessment of the additional benefits of locating the proposed retail facilities at the 'western site' for the community, consumers, and retailers.

5.1 ADDITIONAL EMPLOYMENT

The proposed supermarket centre will have a positive impact on employment levels, both locally and in the broader economy. Table 5.1 provides an indication as to the net additional ongoing employment that would be generated from the operation of the centre on the 'western site', both in the supermarket and in the speciality shops. There would also be some additional flow-on employment (multiplier effects) generated by increased demand for goods and services as a result of increased consumption by the employees at the centre (not quantified here).

The employment generated in the running of centre will vary according to each use at the centre (refer Table 5.1). Based on employment surveys undertaken by this firm in other centres, we estimate that the retailers at the centre on the 'western site' would employ an additional 153 full-time and part-time workers compared to the 'eastern site'. These employment positions would be available to residents in the region, which could particularly assist youth employment, and would include employment in non-retail components of the centre such as management and cleaning.

There would also be multiplier effects resulting from the additional employment at the centre. Using employment multipliers from the ABS Australian National Accounts Input-Output tables, 1996-97 (the latest publicly available), an estimated 122 additional indirect jobs would be generated by the new ongoing employment at the subject site.

Total net additional ongoing employment generated by the 'western site' development, compared to the 'eastern site', would therefore be in the order of 275 jobs.

Direct Net Employment Impact of the 'Western Site' Development

THOMPSONS ROAD

TABLE 5.1

Type of Use	Employment Per '000 Sq.m	Thompsons Road LTC 'Western Site' Net Additional ¹	
	Industry Average	GLA (Sq.m)	Employment (Persons)
Supermarket(s)	40.8	1,000	41
Mini-Majors	23.5	400	9
Specialty Shops	60.7	1,700	103
Total Property		3,100	153
Supplier Employment			122
Total Additional Jobs			275

¹ Compared to supportable development at the 'eastern site'

Source : Urbis

5.2 CONSUMER BENEFITS

A key aim from the consumer perspective is that shoppers should have easy access to the widest range of retail facilities at the earliest possible time. The additional facilities located at the 'western site' would reduce the need for residents to travel outside the region to satisfy their convenience shopping needs, without any significant impact on the planned centre hierarchy. Additionally, this site provides the opportunity to supply a greater range of retail facilities at an earlier time.

Specifically, the key benefits to consumers in the trade area from this proposal will be:

- Ability to conduct **more multipurpose trips**, particularly with co-location of the medical facilities.

- **More access** to convenience shopping needs. The centre will be the trade area's only major retail facility.
- **Enhanced integration of facilities with the community.** Co-located facilities serving a range of purposes will result in a more vibrant town centre.
- **Increased consumer choice.** The 'western site', with a second major anchor and additional specialty stores, will provide consumers within the trade area with a greater mix of retailers. The additional allocation of specialty stores would facilitate development of superior food catering and pharmaceutical retailers to complement the medical facilities.
- **Increased price competition,** particularly for food and groceries, from additional shopping facilities, potentially leading to cheaper prices for consumers.

6 Medical Centre Employment Generating Potential

It is also necessary to review the appropriateness of incorporating the proposed medical facility at Thompsons Road in Clyde North. In considering the appropriate location of medical facilities and the relative merits of providing medical rather than employment (industrial activity) on the site we have given consideration to:

- The relative employment generating potential of the two potential uses
- The likelihood of different developments eventuating within a reasonable time frame
- Principles for locating medical centres and the relative merits of alternative locations

We begin by comparing the employment generating potential of medical and associated uses compared to industrial use, which would be the most likely employment use under current zoning on the western portion of the site. We have applied assumptions on average employment densities to provide an indication of employment capacity that could be accommodated for the respective uses at the site.

We also consider the employment generating potential of the proposed uses on the remainder of the site, including the LTC, medical precinct, commercial and community uses as indicated by the latest site development plans (included in Appendix B).

In order to assess the merit of the proposed development we have undertaken the following analysis:

- A direct comparison of the employment capacity of industrial use at the far western portion of the site, compared to future medical and mixed use development as indicated by the latest site development plans (Table 6.1)
- Assessment of the employment generating potential of the remainder of the proposed development, including a medical precinct, local town centre, commercial and community uses (Table 6.2)
- An assessment of the scale and timing of employment creation for the entire development as indicated in the latest site development plans, including temporary construction employment.

The employment impacts are based on plans provided by G&MS Gill and are incorporated in Appendix B.

6.1 EMPLOYMENT CAPACITY – WESTERN PORTION OF SITE

In this section we apply assumptions on employment densities in order to assess the merit of different land uses on the western portion of the site, currently zoned industrial.

The Perth Land Use and Employment Survey is undertaken approximately every four years in the Perth metropolitan area and provides a useful indication of employment densities for different land uses across all industrial and commercial complexes in Perth.

A direct comparison is provided for the potential ongoing employment capacity from industrial use, compared to future medical and mixed use development in Table 6.1 below. Assumptions on land area and land use have been informed by Beveridge Williams, while Urbis has made assumptions on plot ratio and floorspace consistent with wider development trends as well as applying the most appropriate employment densities from the Perth Land Use Study.

The table shows that if the western portion of the site (approximately 23.6 hectares) were to be taken up by industrial use, assuming a reasonable plot ratio of 50%, 89,000 sq. m of floor space could in theory yield up to 857 manufacturing jobs based on average employment densities of 104 sq. m per job. This assumes that 5.9 ha of land is set aside for drainage as per the current plans provided.

Industrial land employment densities tend to be lower for storage and distribution uses (yielding an average of 1 worker per 234 sq. m across Perth industrial and commercial complexes). If this type of activity were to eventuate the corresponding employment potential of the 23.6 hectares would be lower at 380 jobs. The anticipated employment capacity under industrial zoning is therefore in the range of 380 – 860 employees, which equates to between 21 and 48 jobs per hectare respectively of net developable land (allowing for 5.9 ha of drainage).

Considering the national and regional decline in manufacturing employment and increasing propensity to import manufactured goods, we expect demand would be more likely to materialise from storage/distribution uses, which yield a much lower number of workers on average per square metre than manufacturing. We also note that the site attributes including its scale and surrounding uses suggest occupier demand would more likely originate for non-manufacturing activity. Therefore, if land were to be retained for industrial use, we expect the most likely outcome to be the realisation of around 380 jobs.

Industry benchmark construction costs¹ (per sq. m) in Melbourne indicate there is potential for the development of industrial land to create between 260 and 300 temporary construction jobs. This is based on the creation of an average total of 4.1 direct construction jobs per \$1 million invested in construction.

Employment Generating Potential – Western Site

A COMPARISON OF INDUSTRIAL AND MEDICAL / MIXED USE DEVELOPMENT

TABLE 6.1

Zone	Land Use Assumptions	PLUC Category	Floorspace (sq. m)	Employment Density (sq.m per job)	Ongoing Employment Capacity	Estimated Timing (Years from Approval)	Construction Cost, \$	Construction Employment
GAA Proposed - Western Site Industrial								
GAA - All	Industrial	Manufacturing/Processing/Fabrication	88,750	104	857	5+	64,565,600	264
	Drainage	N/A	-	-	-	5+	-	-
GAA - All	Industrial	Storage/Distribution	88,750	234	380	5+	72,553,100	296
	Drainage	N/A	-	-	-	5+	-	-
Total GAA Best Case Manufacturing			88,750		857		64,565,600	264
Total GAA Best Case Storage/Distribution			88,750		380		72,553,100	296
Gill Proposed - Western Site								
Future Medical								
	Advanced Medical	Blended rate of Health/Community/Welfare & Retail	49,000	45	1,089	5+	122,500,000	501
	Nursing Home	Blended rate of Health/Community/Welfare & Retail	7,000	45	156	5+	13,195,000	54
	Medical Offices	Blended rate of Health/Community/Welfare & Office	11,000	45	244	5+	15,812,500	65
	Drainage	N/A	-	-	-	5+	-	-
Total Medical - Western			67,000		1,489		151,507,500	619
Mixed Use								
	Serviced Apartments	Entertainment/Recreation	3,750	98	38	5+	10,284,400	42
	CFA	Health/Community/Welfare/Government	4,000	52	77	5+	8,390,000	34
	SES	Health/Community/Welfare/Government	4,000	52	77	5+	8,880,000	36
	Police	Health/Community/Welfare/Government	3,000	52	58	5+	7,027,500	29
	Restaurant	Retail	400	6	70	5+	720,000	3
	Service Station	N/A	100	N/A	12	5+	144,300	1
	Balance (Mixed Use)	Average of above mix of uses	6,000	52	116	5+	12,645,000	52
Total MU - Western			21,250		448		48,091,200	197
Total - Gill Western			88,250		1,936		199,598,700	816
Gill Western Surplus Vs GAA Western (Best Case Manufacturing)					1,080			552
Gill Western Surplus Vs GAA Western (Best Case Storage/Distribution)					1,556			519

Source: Perth Land Use Study 2007-2009; Beveridge Williams, Urbis
Ultimate floorspace and site coverage will be determined by individual operators and detailed market investigation

Looking now at the employment potential for medical uses, an alternative mix of uses for the western site could include:

- a 10.2 hectare medical precinct, consisting of an advanced future medical facility (5 ha), a nursing home (3 ha) and medical offices/consulting suites (2.2 ha);
- a 7.5 hectare mixed use precinct, consisting of uses including serviced apartments, CFA, SES and Police services, a restaurant and a service station and subsequent mixed use development.

Table 6.1 shows that if the western site were to be developed on this basis, with 67,000 sq. m of floorspace in a future medical precinct and an additional 21,150 sq. m of floorspace in a mixed use precinct, the combined total ongoing employment generating capacity could be in excess of 1,900 jobs. This equates to 109 jobs per net developable hectare.

¹ Rawlinsons Australian Construction Handbook; Edition 31; 2013

According to this analysis, the western site has the potential to generate between double and five times the number of ongoing jobs under medical and mixed use development, compared to industrial use in the future.

In addition, based on the latest plans and industry construction cost benchmarks, the alternative proposed development of the western site has the potential to generate in excess of 800 temporary construction jobs.

On this basis, the mixed use development plans on the western part of the site offer the potential to create more than double the number of temporary construction jobs as well as between double and five times the number of ongoing jobs than if the land were to remain zoned industrial.

6.2 EMPLOYMENT CAPACITY – REMAINDER OF DEVELOPMENT

Table 6.2 below provides an assessment of the employment generating potential for the remainder of the Gill landholding, with plans for a substantial medical precinct co-located with a local town centre, as well as a mix of commercial and community uses and a 250 dwelling retirement village.

Using estimates of floorspace from the latest site plan (included in Appendix B), combined with assumptions on employment densities from the Perth Land Use Study, Table 6.2 indicates that on the remainder of Gill's landholding, the mix of uses proposed could generate approximately 1,500 additional jobs.

Employment Generating Potential – Remainder of Site

EMPLOYMENT ESTIMATES FOR PROPOSED MIXED USE DEVELOPMENT

TABLE 6.2

Zone	Land Use Assumptions	PLUC Category	Floorspace (sq. m)	Employment Density (sq.m per job)	Ongoing Employment Capacity	Estimated Timing (Yrs from Approval)	Construction Cost, \$	Construction Employment
Medical Precinct	Medical + Pharmacy	Health/Community/Welfare/Government/Office	8,200	45	182	0-5	20,500,000	84
LTC	Retail	Retail (includes direct & indirect employment)	8,730	12	728	0-5	15,714,000	64
Office	Office/Business	Office/Business	1,770	36	50	0-5	2,544,400	10
Retail/café	Retail	Retail	240	63	4	0-5	432,000	2
Retail/café/wine bar	Retail	Retail	760	63	12	0-5	1,368,000	6
Apartments (36)	N/A	N/A	N/A	N/A	N/A	5+	4,237,200	17
Childcare	Childcare	Health/Community/Welfare/Government	1,000	52	19	5+	1,652,500	7
Gymnasium	Gymnasium	Entertainment/Recreation/Culture	1,000	98	10	5+	1,762,500	7
Community Activity Centre	Community Activity Centre	Health/Welfare/Community Services	1,000	52	19	5+	1,195,000	5
Mixed Use	Office/Showroom	Blended rate of Office/Business/Showroom	28,650	65	439	5+	41,184,400	168
Retirement Village	Retirement Village	N/A	250 dwellings	1 per 7.5 places	50	5+	26,387,500	108
Total MU - Remainder					1,513		116,977,500	478

Source - Perth Land Use Study 2007-2009; Beveridge Williams, Urbis
Ultimate floorspace and site coverage will be determined by individual operators and detailed market investigation

The employment estimates in Table 6.1 and Table 6.2 therefore indicate there is potential for the proposals by Gill to generate a combined total of approximately 3,450 jobs, with 1,940 on the western portion of the site and 1,500 on the remainder of the site.

In terms of delivering this employment growth, it is envisaged that the LTC and medical facilities will be developed within the initial 5 years of development, consisting of 8,200 sq. m of medical floorspace, 8,730 sq. m of retail, café, restaurant and tavern floorspace; 1,770 sq. m of office floorspace and a further 1,000 sq. m of retail/café/wine bar floorspace. In total, the initial stage of development would be expected to create in the region of 166 construction jobs. As later phases of development come forward (assumed to include apartments, a childcare centre, gymnasium, a community activity centre and other mixed use development.) this would be expected to increase over the full development period to a total of around 480 temporary construction jobs.

Once completed, this initial phase of development (assumed to be developed within five years of approval) has the capacity to yield almost 1,000 jobs (975) consisting of a mixture of health, retail and office related employment uses on an ongoing basis. The remaining 538 ongoing jobs would be anticipated to arise at a later date associated with the wider mixed use development, bringing total ongoing employment of over 1,500 jobs.

It is assumed that the western portion of the site will represent a longer term proposition (beyond 5 years). This is because if the land is retained under industrial use, there are better located industrial precincts with sufficient land supply that would be expected to be taken up in advance of this location. Similarly, future medical use on the western portion of the site will form part of the evolution of the broader medical precinct and will be driven by operator interest.

The assessment above indicates that the proposed medical led development has the capacity to yield a significant number of jobs and deliver community infrastructure. Specifically regarding the western portion of the site, the proposed future medical and mixed use development has the potential to accommodate a greater number of jobs than storage/distribution uses and would be more likely to eventuate sooner in this location than manufacturing/processing/fabrication uses.

6.3 BROADER EMPLOYMENT & COMMUNITY OUTCOMES

The estimates provided above are mainly for direct employment creation. It is also worth noting the potential for multiplier effects resulting from additional employment in the medical precinct, particularly in the supplier industries and from any increase in consumption. It is likely that any increase in local employment will have knock on economic benefits, including: additional income spent in the local economy; additional tax revenue; additional demand for other property development such as retail and residential uses.

7 Medical Centre Wider Social and Community Benefit

In addition to the total number of jobs it is also important to consider the range and quality of employment opportunities that can be provided. Table 7.1 below shows the valuable contribution from the health and social care sector to creating flexible part-time employment opportunities; with women accounting for 83% of residents employed in the sector in Casey, compared to 27% in the Manufacturing/Transport, Postal and Warehousing sector.

Equitable Employment Opportunities

EMPLOYMENT OPPORTUNITIES BY GENDER AND WORKING HOURS

TABLE 7.1

	Male	Female	Casey Sector Employment	Full-time	Part-time
Manufacturing / Transport, Postal and Warehousing	73%	27%	26,100	85%	15%
Health Care and Social Assistance	17%	83%	11,300	50%	50%

Source : ABS, Urbis

The report *'One Melbourne or Two? Implications of Population Growth on Infrastructure and Resources in Interface Areas'*² was prepared by Essential Economics for the Interface Council group which consists of the ten local government areas (LGAs) that form metropolitan Melbourne's outer urban ring, including: Cardinia Shire Council, City of Casey, City of Whittlesea, Hume City Council, Melton Shire Council, Mornington Peninsula Shire Council, Nillumbik Shire Council, Shire of Yarra Ranges and Wyndham City Council.

The purpose of the study was to identify long-term infrastructure and service requirements as well as costs for the Interface Councils, given the role they are anticipated to play accommodating future population growth.

The report highlights the negative combination of a lack of sufficient local jobs and lack of local health and community facilities in causing ever increasing need by growth area residents to commute or undertake increasing number of trips to meet their employment and wider household needs. The report highlights that in terms of infrastructure requirements, based on the existing Interface Council area hospital bed provision ratio of 11 beds per 10,000 population, between 640 and 680 additional hospital beds will be required in the Interface Council area between 2011 and 2026, which equates to around 9 additional hospitals. In order to close the gap by 50% with non-interface areas of Melbourne an additional 2,455 beds would need to be provided, equivalent to an additional 33-34 hospitals (20.5 beds per 10,000 population) between 2011 and 2026.

By allowing flexibility to provide for expanding medical use in place of industrial zoned land, there would appear to be the combined benefit of providing increased employment opportunities overall (as implied by the average employment densities); as well as a range of more flexible part-time employment opportunities which helps to promote greater equality in the labour market overall as well as a more balanced structure of the economy providing a mix of white collar and blue collar jobs.

The *One Melbourne or Two* report argues that this would enhance the attraction of migration to Interface areas (Clyde North would be included in this category due to its location on the expanding urban area) and improved health outcomes for local residents.

A further argument for allowing flexibility to accommodate medical use in place of industrial land would be that jobs could be provided onsite sooner than if land were to remain zoned for industrial use. We explore the case for re-allocating industrial land based on trends in industrial land demand and supply in section 8 below.

² <http://www.wyndham.vic.gov.au/generic/file-widget/download/id/20869>

A further benefit from allowing medical use in place of industrial is greater potential for linked trips with the retail facilities. Residents, medical workers and visitors will be able to service their retail and medical needs in one single trip, reducing the requirement to undertake multiple longer journeys that impact negatively on congestion, the environment and overall quality of life.

Proximity to retail and food catering facilities promotes choice and independence for medical patients and staff who require convenient meeting and catering facilities that can fit flexibly around their appointments and shift patterns respectively. Similarly, convenient multipurpose trips will be especially beneficial for residents of the envisaged aged care and retirement village accommodation, with access to convenient medical and retail services being a key priority.

By co-locating the medical and retail facilities this optimises the convenience for the local resident and working community. These factors are contributing to a logical emerging trend to locate medical centres in - or in close proximity to – retail centres, with the dual benefit of providing an added drawcard to the retail centre and required facilities for the medical centre.

Table 7.2 below provides a selection of examples where medical super clinics are co-located with retail centres. Further examples of growth area locations where medical centres are co-located with retail facilities are illustrated in maps 7.1 and 7.2 below, which indicate it is common practice to co-locate the two uses.

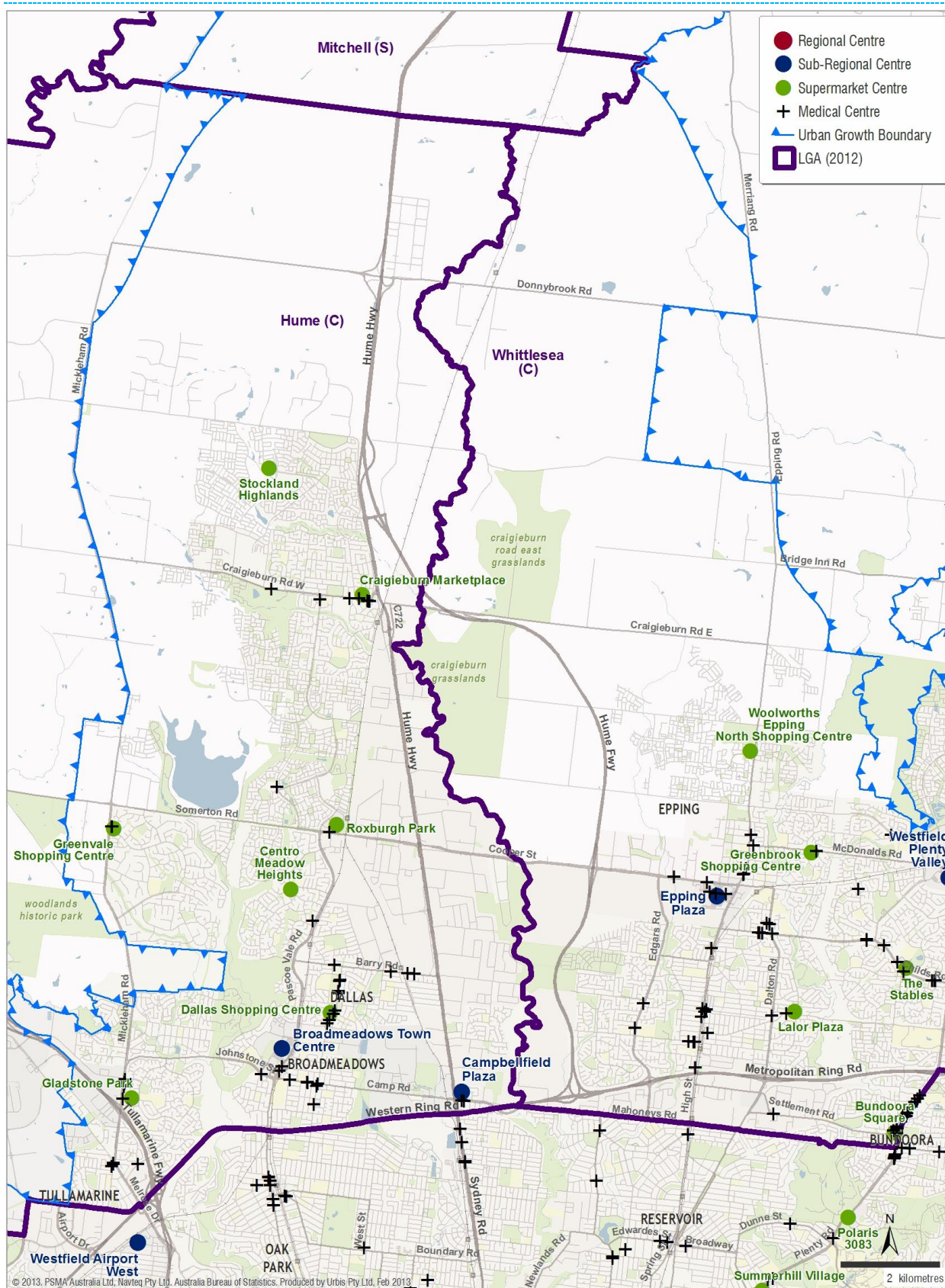
Medical Centres Co-located with Retail Centres

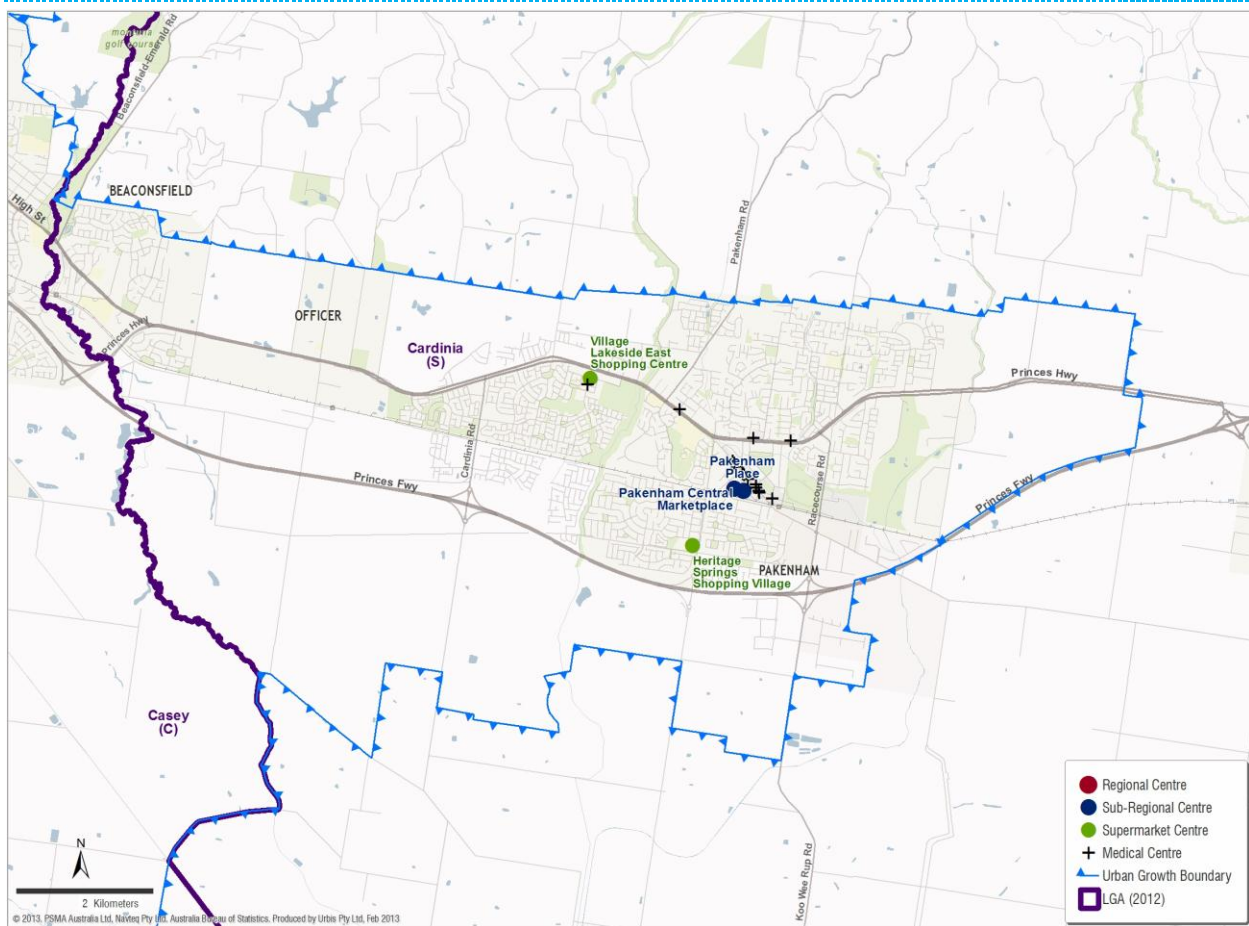
CASE STUDIES IN THE GROWTH AREAS

TABLE 7.2

Clinic	Facilities	Retail Centre	Retail Facilities
Wyndham Village	10 consulting rooms, a large reception and waiting area, a fully equipped treatment room with a separate minor procedure room. A solar skin cancer clinic is also operating with psychology, and physiotherapy and ultrasound also provided	Wyndham Village Shopping Centre	Located inside the Wyndham Village Shopping Centre next to a Coles Supermarket and several other specialty retail outlets
Point Cook Super Clinic	15 consulting rooms, two large fully equipped treatment rooms, nurse's station and waiting rooms. The clinic offers health services including dentistry, dietician, physiotherapy, osteopath and chiropractor	Point Cook Town Centre	Located in a large shopping complex at Point Cook town centre including a Coles supermarket, Aldi, bank, Indian restaurant, café, sport retailer
Cairnlea Super clinic	Large purpose built General Practice with state of the art facilities	Cairnlea Shopping Centre	The Shopping Centre includes a Coles supermarket, 24 specialty shops and cafes, a 130 place child care centre, a 2,000 square metre commercial building and a town square
Altona Super clinic	Consulting rooms, a treatment room and ancillary staff rooms	Central Square Shopping Centre	Single level shopping complex built in 1994 and refurbished and extended in 2004. The Centre includes a BigW discount department store, Coles Supermarket, new Medical Centre and 55 other specialty shops
Lynbrook Village Medical Centre	General Practice Medical Centre	Lynbrook Village Shopping Centre	Opened in March 2007, with a Coles Supermarket, hairdressing, bank, fruit market, newsagency and cafe just across the road from the medical centre

Source: Allied Medical Group, Urbis





The provision of a medical centre at Clyde North, and in particular its integration with retail activity is expected to result in a range of benefits beyond the greater number of jobs identified previously, these include:

- Improved range of employment opportunities;
- Enhanced availability for linked trips;
- Amenity for residents of retirement villages and users of medical facility;
- Concentration of activity which can enhance the sense of community; and
- Reducing the need for residents to travel beyond the area to satisfy their medical needs.

8 Prospects for Industrial Land Use

In addition to comparing the likely employment capacity arising from different land uses, we believe it is important to consider the realistic prospects of industrial development materialising on the site.

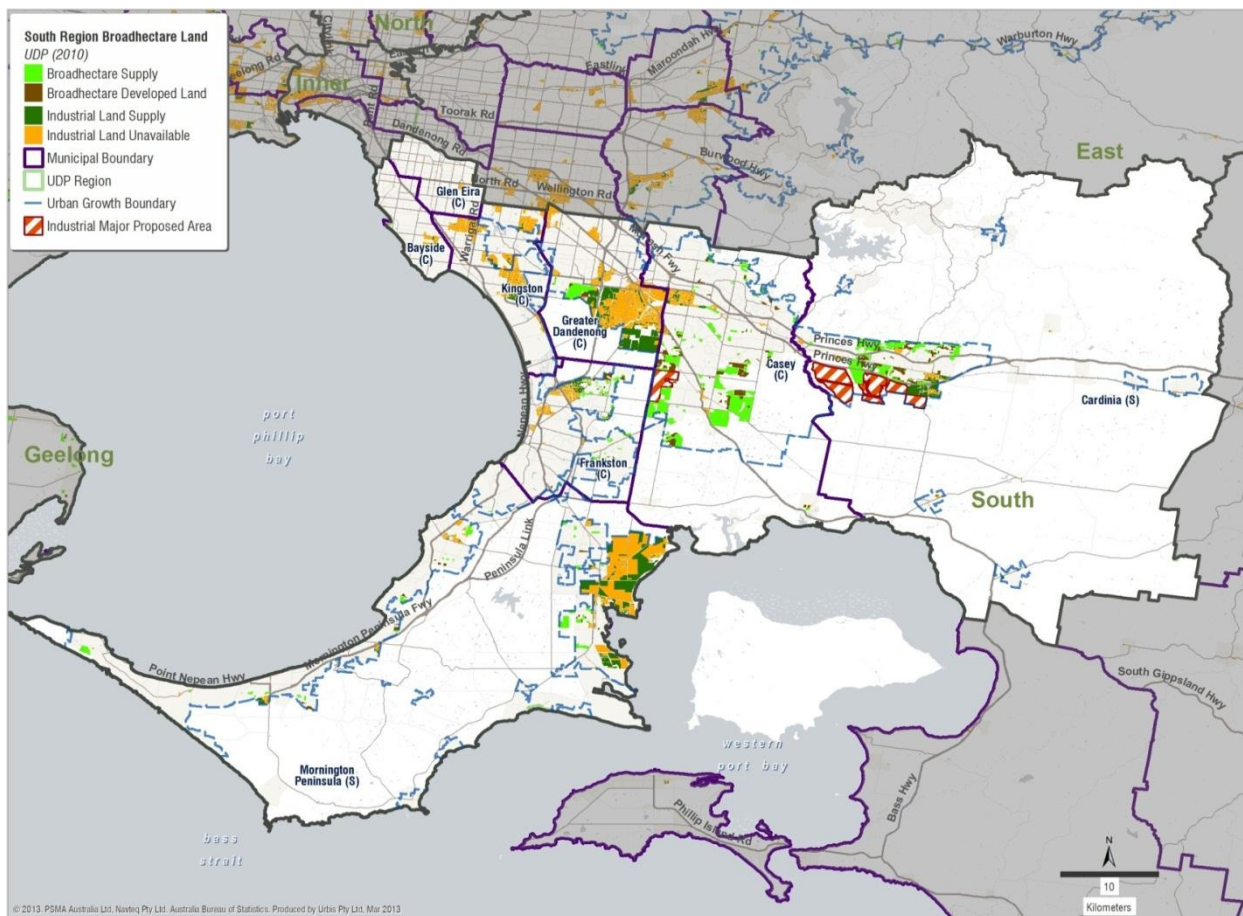
The analysis in this section is based on information on industrial land supply in 2010 and average annual consumption of industrial land between 2005 and 2010 from the Urban Development Program (UDP). The UDP is a major initiative of the Victorian Government to support strategic planning for Melbourne and is the primary mechanism for advising the Victorian Government about the supply of and demand for residential and industrial land within metropolitan Melbourne and the Geelong Region.

For clarification, at the time of completing this research, the latest full UDP land report publicly available was the 2009 annual report linked to corresponding 2009 data. In addition to this, updated tables for 2010 were available but without the corresponding 2010 full report. Therefore in this research Urbis has used the latest 2010 data and referred to assumptions that are included in the 2009 full report to provide appropriate context.

Our assessment takes into account:

- The amount of zoned vacant industrial land in Casey, neighbouring Cardinia and Pakenham and the wider South Region
- The average consumption (take-up) of industrial land in the 5 years to 2010
- The implied number of years supply of industrial land based on recent consumption levels

Map 8.1 below shows the LGAs that make up the South Region and reveals the location of the principal areas of current and proposed industrial land supply.



Source: Department of Planning and Community; 2010 UDP, Urbis

8.1 REGIONAL INDUSTRIAL LAND SUPPLY

Table 8.1 below shows the zoned vacant supply of industrial employment land in key areas within the South region of Melbourne. The table indicates that in 2010 there was 74.3 ha of industrial developable vacant land in Casey, compared to 289 ha in neighbouring Cardinia; 266 ha at the Pakenham industrial node; and 2,651 ha in the South Region as a whole. Map 8.1 clearly shows the distribution of this land is focused around Dandenong South and Lyndhurst, extending eastwards along the principal road (Monash Freeway and Princes Freeway) and rail corridor to Pakenham and Cardinia. Within Casey, the main industrial areas are located at Hallam or along the South Gippsland Highway and Cranbourne rail line. Further port related industrial land is located on the Mornington Peninsula particularly around Hastings.

Based on the average annual consumption rate between 2005 and 2010 (the most recent records publicly available) the data implies that from 2010 there was a 7 year supply of vacant zoned industrial land in Casey; 44 years in Cardinia; 42 years at the Pakenham Industrial Node; and 31 years overall in the South Region.

Although a 7 year overall supply in Casey might seem limited it is important to note that occupiers make location decisions based on a wider land market. This is significant since there is a substantial supply of vacant industrial land in the local and wider market in established and well-connected locations.

It is also necessary to compare the type of zoned land available to the type of operators driving demand in order to understand the prospect of future land consumption at Clyde North. The 2010 UDP data presented in table 5 shows that the majority (89%) of vacant industrial land in Casey is Industrial Zone 1 (IN1Z). A study undertaken by Spatial Economics for the GAA in 2010 to inform the Growth Corridor

Plans³ indicates that across metropolitan Melbourne a large proportion of IN1Z zoned land consumption is from manufacturing, construction and wholesale trade, as well as rental hiring and real estate services, which together make up almost 57% of premises on land zoned IN1Z.

In Casey 58% of all industrial land consumption is in these four types of businesses. If demand in Casey is driven mainly by these business types it is questionable whether the site at Thompsons Road would be appropriate or preferable for occupiers. Manufacturing and construction uses in particular would not be a suitable fit for the surrounding residential and community uses. The Spatial Economics study also comments that manufacturing as well as wholesale trade have recently consumed large lots; while consumption is increasingly focussed around industrial nodes; which suggests other sites would eventuate sooner than the subject site on Thompsons Road.

Furthermore the UDP annual report in 2009 (the latest available full annual report) states that the data only includes information for PSPs approved before July 2009, meaning that it does not capture the substantial future industrial land planned through PSPs that have been approved since. On this basis, even the 2010 data would not capture the 194 hectares of industrial land budgeted via the PSP at Cranbourne West (May 2012). When this is added, the overall years supply for Casey would increase to 26 years).

The Clyde North PSP acknowledges the significant existing employment areas in Dandenong and along the Monash corridor, with new employment areas planned at Cranbourne West and Cranbourne North and Cardinia.

With the ample supply of vacant zoned industrial land in the surrounding region and substantial amount of proposed industrial land locally, occupiers would be expected to take-up land in areas that are more accessible via major road and rail links in established industrial areas such as Clayton, Dandenong South and Pakenham; and going forward at Cranbourne and Cardinia.

Industrial Land Supply and Consumption

CASEY AND SURROUNDING AREAS IN THE SOUTH MELBOURNE INDUSTRIAL AREA

TABLE 8.1

	Industrial Zone 1			All zoned land		
	Supply	Average Annual Consumption	Implied Years Supply	Supply	Average Annual Consumption	Implied Years Supply
Casey	66	6.1	10.9	74	10.5	7.1
Cardinia	289	6.6	43.8	289	6.6	43.8
Greater Dandenong	731	22.4	32.6	954	48.5	19.7
Pakenham Industrial Node	266	6.4	41.6	266	6.4	41.6
South Industrial Node	794	25.9	30.6	1016	56.0	18.1
South Region	1271	46.9	27.1	2651	86.2	30.8

Source : UDP Tabular Data 2010; Urbis

The demand alone suggests there is adequate provision of industrial land in Casey and the South Region overall. There are a number of other factors that suggest the Thompsons Road site would be less likely to eventuate. These include:

- The site is relatively small in a market where there is an increasing propensity to take-up larger sites
- Industrial take-up is increasingly focussed around larger industrial nodes that are more conveniently located for major infrastructure such as rail, road, port and airport proximity

³ 'Industrial Land in Melbourne: An analysis of the use, zone, distribution and consumption of industrial land'; Undertaken by Spatial Economics for the Growth Area Authority; October 2010

Whilst future local population growth might be expected to generate some additional future demand for industrial and employment floorspace, in the case of industrial demand, this would be expected to be met primarily by the substantial supply of better located industrial land within the wider regional industrial land market. Irrespective of the scale of additional demand, the site and location attributes at Thompsons Road are considered to be less attractive to occupiers than industrial sites elsewhere in the region.

Furthermore, we expect the emerging PSP for Thompsons Road will include provision for a significant quantity of business zoned land, which would sufficiently absorb any additional employment land requirements resulting from local population growth.

8.2 URBIS INDUSTRIAL VACANT LAND REPORT

Although focussed on a specific segment of the market, it is also useful to review the Urbis *Melbourne Industrial Vacancy Study* which provides a more up to date snapshot of the existing vacant industrial land supply. This is important since in addition to the vacant zoned land identified above, there is estimated to be some 173,000 sq. m. of existing industrial building stock that is lying vacant in the wider South East Melbourne industrial land market.

The Urbis 'Melbourne Industrial Vacancy Study' published in February 2013 analysed 655 buildings comprising 13,000,000 sq. m of industrial floor space across Melbourne. Although the study focuses primarily on buildings in excess of 10,000 sq. m it provides a useful indication of patterns of vacancy across Metropolitan Melbourne.

The Urbis study highlights the existing concentration of industrial land in South East Melbourne, accounting for 42% (5,460,000 sq. m) of total industrial floor space. Particularly significant for this study is the fact that the South East accounts for 50% of existing vacant industrial floor space with 14 buildings (173,000 sq. m) currently vacant in South East Melbourne.

The combination of the availability of existing building stock, abundance of existing vacant land supply in surrounding areas and planned new supply emerging in PSPs since the UDP report in 2009 (and subsequent data for 2010) indicates there is ample supply to service the needs of the market for a number of years. This opens up the prospect that the site at Thompsons Road could lie vacant until better located supply is exhausted in other more established locations.

Restricting use at the site to industrial use could serve to sterilise the site and run contrary to the intended objectives of delivering a range of employment opportunities to local people. Provision of an alternative employment use could deliver a greater number of jobs in a shorter timeframe, whilst providing greater amenity to local residents.

9 Medical Centre Need and Locational Considerations

In addition to the employment case identified above it is also necessary to consider whether the location is appropriate for medical use, taking into account the nature of the proposals to provide a medical precinct that has the capacity and flexibility to evolve over time to meet the changing needs of the local community.

According to the Department of Health and Ageing there are currently 49 GP Super Clinics either open, delivering services or under construction across Australia. The provision of GP super clinics forms a central pillar of the Government's strategy to better co-ordinate private, community health and other services. However, at present the nearest super clinic to Clyde North is located at Berwick, which suggests there is an opportunity to provide a multi-disciplinary centre to accommodate the anticipated population growth forecast at Clyde North.

Health spending has increased in recent years and there is growing pressure from the public and private insurance companies to make medical services more efficient. One approach has been to co-locate private hospitals alongside major public hospitals in order to allow specialist services such as pathology and radiology to be shared. Another has been the growth of day procedures, which allows the costs of the time spent on patient care to be reduced.

Taking into account these trends in medical service provision, the proposals at Clyde North present an opportunity to efficiently deliver patient-centred facilities to meet demand from the emerging local household growth, while maintaining direct road links to Berwick Hospital in the meantime. Table 9.1 below provides a summary of the proposed medical facilities at Thompsons Road. Development is assumed to occur in three stages to account for the facilities' evolution over time:

- Stage 1 - the super clinic will be established first offering a one-stop facility to cater for the majority of the local community health needs.
- Stage 2 – the specialist facilities are anticipated to be constructed a short time after stage one is established; followed by the Day Surgery facility
- Stage 3 – Gill anticipates that unless facilities at Berwick (the largest nearby) are further expanded, that demand for advanced medical facilities will result in the delivery of an advanced facility by a major service delivery organisation.

Proposed Medical Facilities

STAGED DEVELOPMENT PROPOSAL

TABLE 9.1

Facility	Details
Stage 1	
Superclinic - Primary Building	14 consulting rooms and 2 treatment rooms
	Nursing area, nursing training facility
	Ambulance pick up & drop off area
	Administration area
	Large waiting facilities
	Child waiting area
	Training rooms for services such as: Pre-natal classes & education, Diabetes education
	Potential future expansion to 20 consulting suites
Superclinic - Wing One	Allied medical services: paramedical, dental facilities, physiotherapy and podiatry
	Possible inclusion of further services such as: rehabilitation, hydro, hyperbaric, polites etc.
Superclinic - Wing Two	Radiology, pathology, dispensary services

Proposed Medical Facilities

STAGED DEVELOPMENT PROPOSAL

TABLE 9.1 (CONTINUED)

Stage 2

Specialist Consulting Suites	General surgeons
	Plastic Surgeons
	Skin Specialists
	Endoscopy
	Paediatricians
	Heart Specialists
	Acupuncture
	Psychologists
Day Surgery	Designed to accommodate most minor types of operations
	Usage will not be limited to resident specialists
	Patients typically admitted early in the day to have their procedure, then moved to rest & recovery areas, until discharged later that day

Stage 3

Acute Medical Facility	Expected that demand for advanced medical services will eventually result in the delivery of an acute or advanced facility by one of the major service delivery companies in this field
-------------------------------	---

Source : Gildon; Urbis

In assessing local need, the 'One Melbourne or Two?' report raises some relevant issues for the proposed location at Clyde North. The report identifies a range of common socio-economic issues for interface council regions (Casey is included as one of a consortium of outer LGAs at the interface of urban and rural communities) that go hand in hand with planning for successful, balanced and sustainable communities.

Benchmarking against Metropolitan Melbourne averages, interface councils face challenges in overcoming relatively lower performance in relation to health outcomes; unemployment and workforce participation; reduced opportunities in professional occupations as well as relatively lower provision of higher order community services such as hospitals. The report states that: '*Early intervention through the delivery of appropriate and timely infrastructure and services is critical to alleviate this situation*'.

In this regard a comprehensive medical precinct at Thompsons Road would help to deliver some of the fundamental pillars to improving the quality of life for local Clyde North residents, by:

- Providing early infrastructure to coincide with the expanding population;
- Providing a greater scale and mix of local employment opportunities; reducing local dependency on industrial employment; while providing flexible white collar employment opportunities;
- Reducing the need for local residents to travel to access medical services, employment opportunities and service their local retail needs;
- Providing the direct access required by the Health Department to Berwick Hospital via the north-south arterial road for emergency patients.

It is for these reasons that there is direct operator interest in the site at Thompsons Road.

Table 9.2 below presents a locational assessment of the site according to the needs of the local community in accessing medical services; a range of employment opportunities and the potential benefits associated with the reduced need to travel to access amenities.

The table demonstrates the advantages associated with co-locating the medical and retail facilities and allowing flexibility to accommodate an acute medical facility to the western end of the site, currently zoned industrial.

The table also presents how the range of community benefits diminishes if the medical and retail facilities are separated as the potential for linked trips is reduced. The community benefits are assumed to be further reduced if the planning system prevents the medical precinct from expanding to accommodate an acute medical hospital facility.

In the latter scenario, the significant employment uplift associated with the hospital would not materialise; which in turn would reduce the opportunity to provide choice and flexibility in the local labour market. There would also be the added pressure on existing facilities if the health and social care infrastructure fails to keep pace with population growth; potentially diminishing the quality of life for emerging communities.

Medical Location Attributes

COMPARISON OF BENEFITS ACCORDING TO DEVELOPMENT LOCATION

TABLE 9.2

Location Attribute	Colocated Medical and Retail Precinct				Separate Medical and Retail				Separate Facilities with Industrial			
	Super clinic	Specialist Consulting Suites	Day Surgery	Acute Medical Facility	Super clinic	Specialist Consulting Suites	Day Surgery	Acute Medical Facility	Super clinic	Specialist Consulting Suites	Day Surgery	Acute Medical Facility
Direct Road Access to Berwick Hospital	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗
Accessibility for Local Community	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗
Reduced Community Need to Travel	✓	✓	✓	✓	?	?	?	?	?	?	?	✗
Linked Trips (with Retail)	✓	✓	✓	✓	?	?	?	?	?	?	?	?
Health Department / Provider Interest	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Local Employment Opportunities	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	?
Diversified Economic Structure	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗
Provision of Local Infrastructure	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗

Source: Urbis

MEDICAL CENTRE CONCLUSIONS

With respect to proposals by Gill for the release for medical use of land currently allocated for employment uses, it is clear that this will not threaten the future economic development of the region. Indeed by bringing land forward for development, which could otherwise be left vacant, this would support and enhance local economic activity.

The proposals involve the provision of a future medical-led mixed use development, which would employ a greater number of people than if the site were occupied by storage/distribution uses. This is supported by evidence from the Perth Land Use Survey which indicates land allocated for medical and mixed use development has the capacity to yield an additional 1,000 workers (on the western part of the Gill landholding) compared to storage/distribution uses and would be more likely to eventuate sooner than other industrial uses.

Estimates of floorspace and employment densities suggest a comprehensive future medical precinct and associated mixed use development could yield in the region of 1,940 direct jobs on the western part of the Thompsons Road development. A further 1,500 jobs could be created if the remainder of the Gill landholding is developed in accordance with the latest plans to include a medical precinct, LTC, retirement village, as well as commercial and community uses in a wider mixed use precinct along Thompsons Road.

Moreover analysis of the competitive position of industrial land suggest that occupiers would be more likely to be attracted to more established industrial areas that are more conveniently located for major road and rail access, such as Dandenong and Pakenham; and even emerging sources of substantial future supply at Cranbourne and Cardinia in close proximity to Clyde North.

This opens up the prospect that by retaining the western part of the site for industrial use, the site could lie vacant for some time, failing to deliver any employment growth. In the meantime the opportunity to deliver an acute medical facility is dependent upon planning flexibility; since the location adjacent to the north-south arterial road would be preferred due to direct access to both the proposed arterial road and Thompsons Road.

Taking into account the anticipated population growth in Clyde North in the next 25 years, the proposal to provide some early supporting infrastructure represents a positive outcome for the local emerging community; helping to provide a range of flexible employment opportunities; diversifying the employment base and creating a more sustainable centre that reduces the required distance and number of trips to access medical, retail and employment needs.

10 Conclusions

Table 10.1 below provides a summary of the potential economic outputs associated with the three development options discussed in this report:

- **Development Option 1 (GAA Base Case)** – Development of the LTC at the GAA proposed eastern site, not co-located with medical use and retaining the western portion of the site under industrial use (preventing future expansion of the medical precinct).
- **Development Option 2** – Development of the LTC at the Gill preferred location 400m west of the GAA proposed location; co-located with the medical centre; but retaining the western portion of the site under industrial use (preventing future expansion of the medical precinct).
- **Development Option 3** – Development of the LTC at the Gill preferred western site location; co-located with the medical centre; with land use flexibility enabling development of an advanced medical facility on the far western portion of the site with accompanying mixed use development.

TABLE 10.1 – SUMMARY OF DEVELOPMENT OPTIONS

	OPTION 1 EASTERN SITE (NOT CO-LOCATED - RETAINING INDUSTRIAL)	OPTION 2 WESTERN SITE (CO-LOCATED - RETAINING INDUSTRIAL)	OPTION 3 WESTERN SITE (CO-LOCATED WITH EXPANDED MEDICAL & MIXED USE PRECINCT)
Supermarket Supportability Timing	2021-26	2021 or earlier	2021 or earlier
Supermarket Supportability Floor-space	4,000 sq. m	5,000 sq. m	5,000 sq. m
Total Supportable Retail Floor-space	7,200 sq. m	10,300 sq. m	10,300 sq. m
Total Site Industrial Employment	0 - 380	0 - 380	0
Total Mixed Use Employment	1,385	1,500 – 1,640	3,450 – 3,590
Jobs Per Hectare - Western Part of Site (Proposed for Rezoning)	21 jobs per hectare	21 jobs per hectare	109 jobs per hectare
Total Development Ongoing Employment Potential	1,765 (1,385 without industrial)	1,880 – 2,020 (1,500 – 1,640 without industrial)	3,450 – 3,590

Figures may not sum due to rounding

The table summarises the main findings of the research which indicate that there are multiple economic benefits associated with providing planning flexibility to allow co-location of retail and medical facilities as well as enabling future expansion of the medical precinct in place of industrial land use.

The table suggests that the site has a trade area population approaching 15,000 at capacity not long after 2031; generating a total retail spending market in the region of \$215 million (\$2012) in 2031; with a food and grocery market of \$71.1 million (\$2012).

The key findings of this research are that:

- **Under Development Option 1 (GAA Base Case)**, our analysis suggests that the market can support a 4,000 sq. m full-line supermarket at some time between 2021 and 2026 and a further 3,200 sq. m of specialty floorspace; which combined could generate in the region of 600 retail jobs. If we include employment at the broader mixed use development on Thompsons Road; and assume the western portion of the property attracts 380 jobs from an industrial use, this would bring total employment of 1,765 from development option 1. It is important to note here that given the availability of better located vacant industrial land elsewhere in the region, it would be very unlikely to attract industrial uses to this location – which would reduce total employment to around 1,385.
- **Under Development Option 2**, our analysis suggests that co-locating the retail and medical uses would increase the retention of trade area retail spending and the proportion of trade from beyond the trade area, which would result in the ability to support a greater amount of retail floorspace and sooner. Therefore we estimate that under development option 2, there is capacity by 2021 for a total of 10,300 sq. m of retail floorspace, possibly comprising a full-line supermarket and a smaller format supermarket such as an ALDI in 5,000 sq. m of supermarket floorspace; as well as a further 5,300 sq. m of specialty retail floorspace.

Development option 2 has the potential to deliver in the region of 1,500-1,640 jobs associated with mixed use development (including 730 – 870 in retail); and up to 380 industrial jobs (assuming they can be attracted to this location), which combined provide capacity for 1,880 – 2,020 jobs in total. As in development option 1, the ability to attract industrial uses in the medium term is questionable, which could reduce the overall employment total to around 1,500 – 1,640.

- **Under Development Option 3**, the retail outcomes match those in Development Option 2. Whilst the slim prospect of obtaining industrial jobs may be foregone, there is potential to generate significant additional employment by enabling the expansion of the medical precinct to include an advanced facility on the far western end of the site and broader mixed use development.

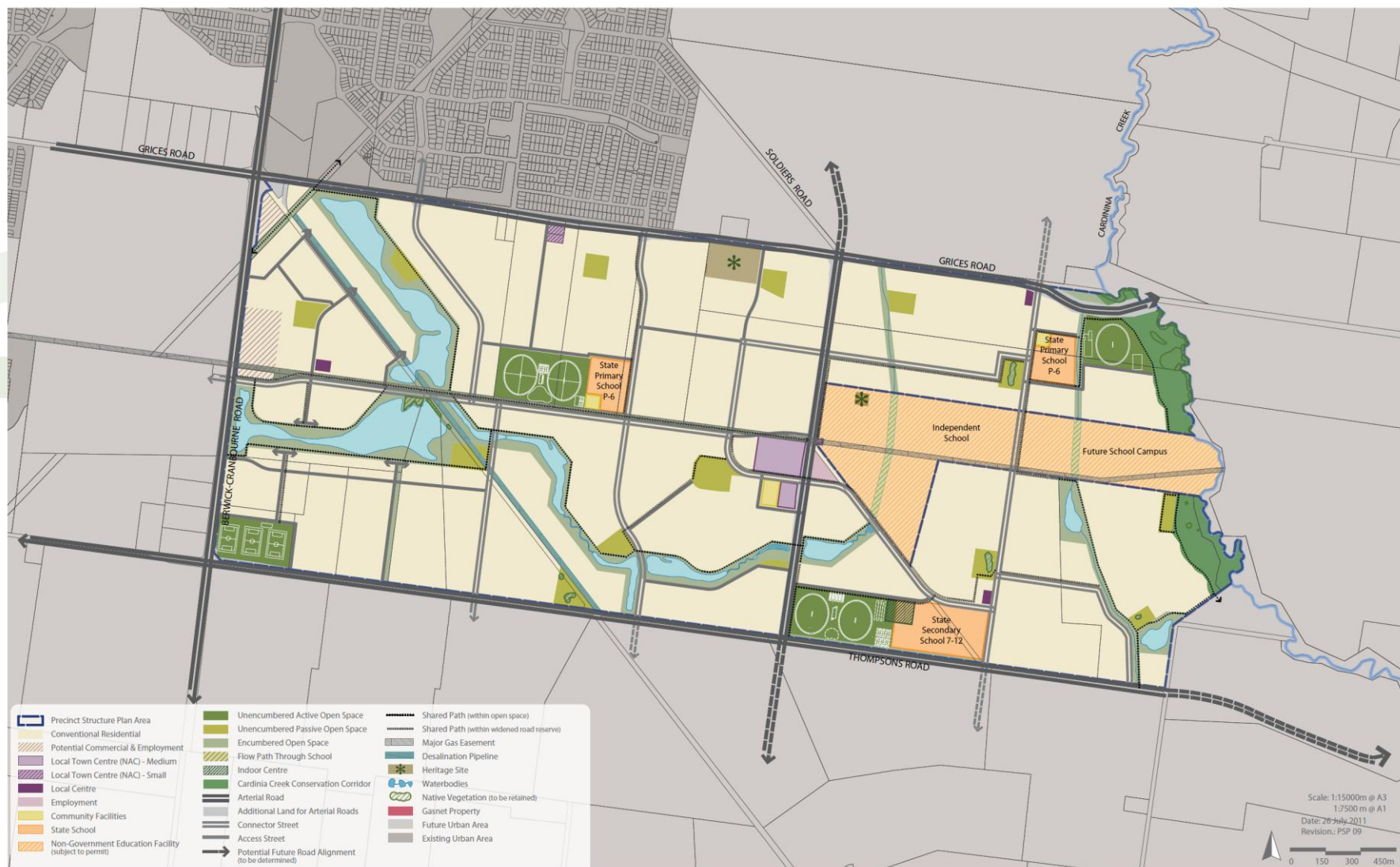
Our assessment indicates that on employment grounds alone, development option 3 allows for the greatest outcome, potentially generating in the region of **3,450 – 3,590 jobs** if fully built out according to the latest development plans. This represents more than 1,500 additional jobs from the proposed rezoning of the far western part of the site. Directly comparing the jobs assumed to be realised under an industrial zoning (21 per hectare), the proposed rezoning for mixed use including medical (109 jobs per hectare) has the capacity to deliver five times more jobs per hectare.

It is our view that locating the LTC at the western site, as preferred by Gill, will not affect the GAA's planned retail hierarchy with respect to other local retail centres. This is based on the net additional impact on other supermarkets of approximately \$1.2 million for each of the Clyde North LTC and Clyde North MTC; and \$2.2 million on other local centres. This would be easily sustained by supermarkets at either site without diminishing the role or function of other town centres.

Further benefits under development option 3 are achieved for the local community through convenience and sustainability, with co-located facilities increasing the opportunity to undertake linked trips; and the future expansion of the medical precinct providing a wider range of employment opportunities than would otherwise be available.

Appendix A

Clyde North PSP



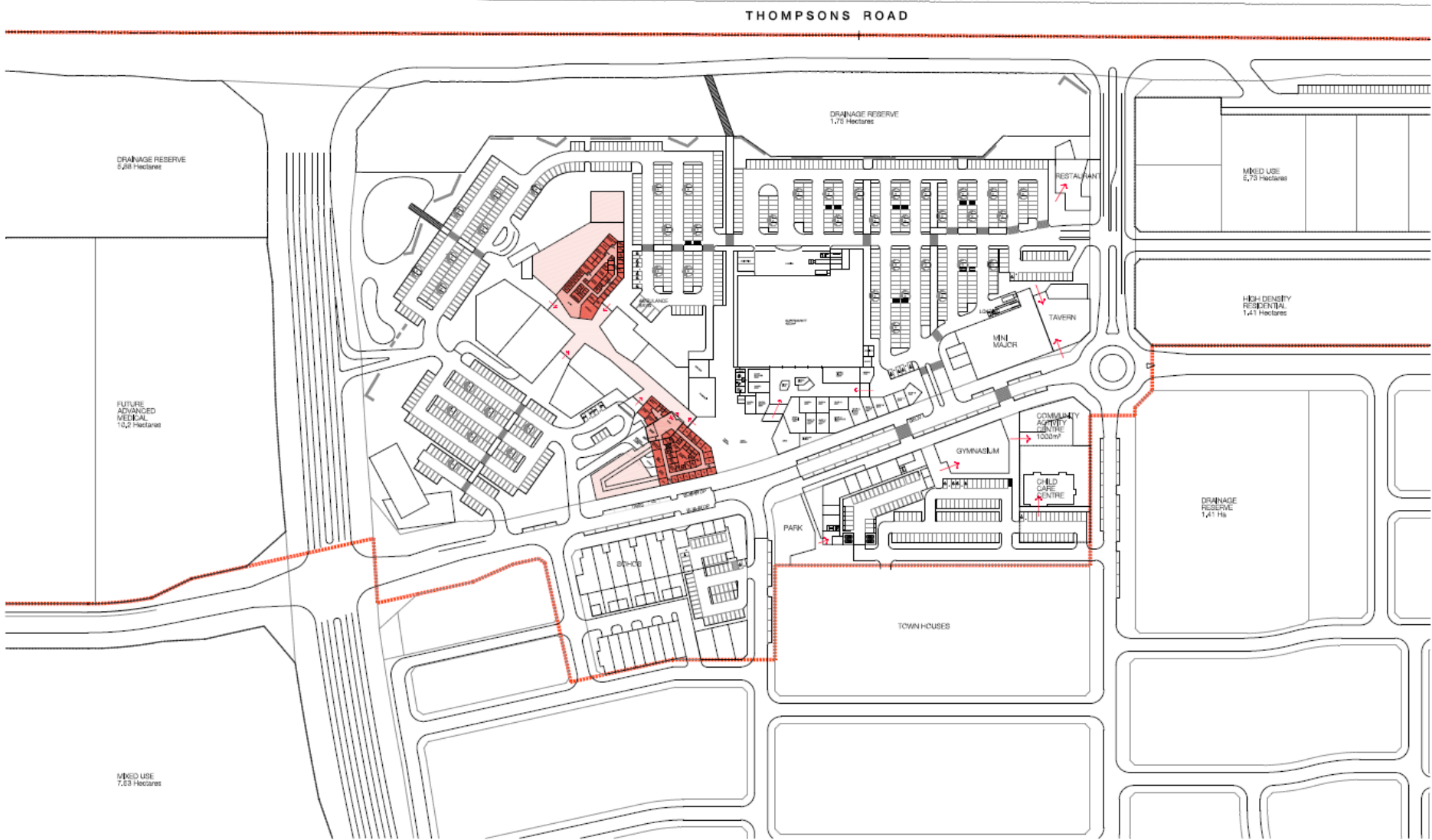
plan 5

future urban structure
clyde north precinct structure plan

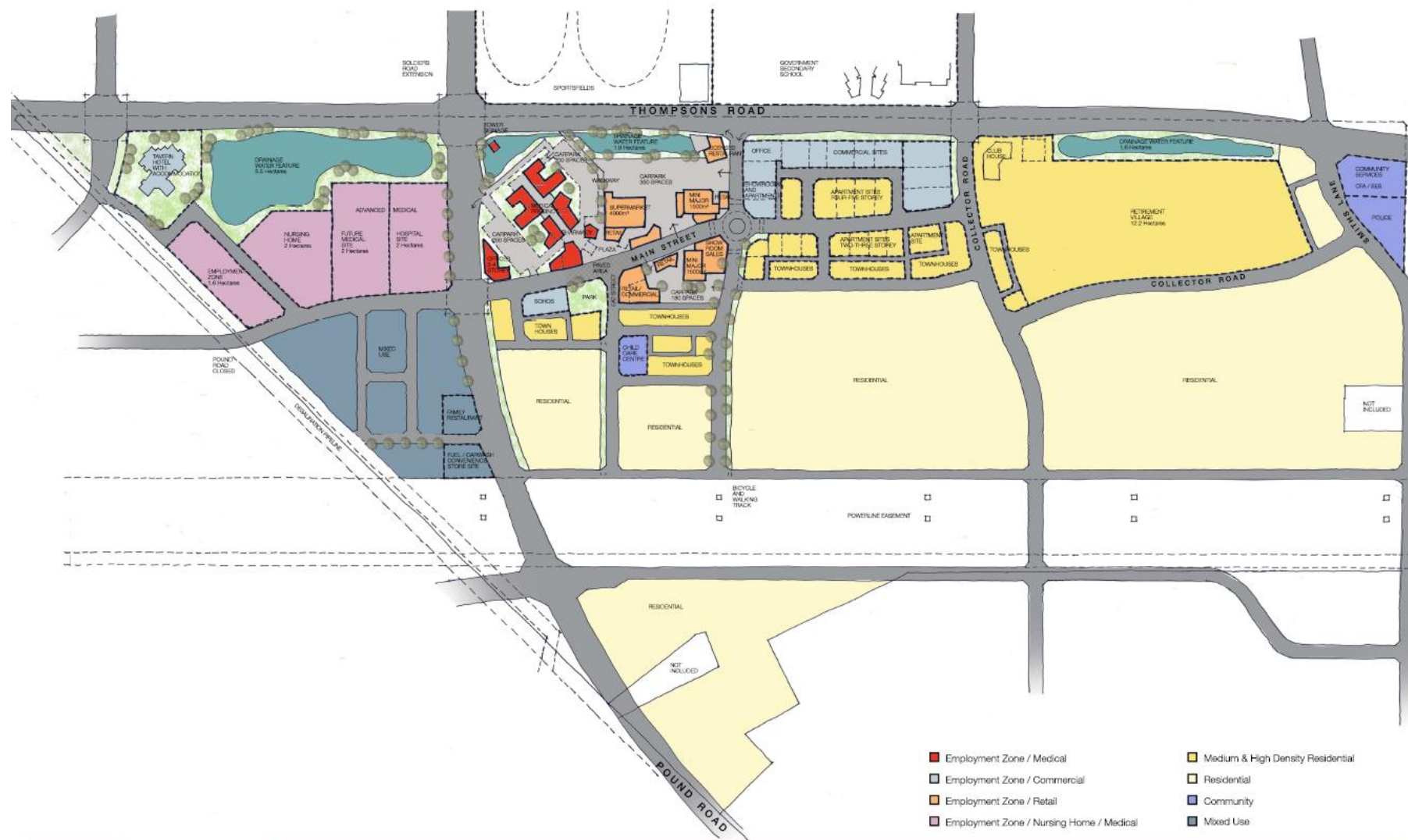
Appendix B

Development Site Plan (August 2013)

Site Plan Indicating Future Land Use Allocation for Gill Land



Indicative Site Plans - Future Land Use for the Western Part of Gill land (NB Land Uses for remainder of the site including LTC have been superseded by the site plan above dated August 2013)



Clarke Hopkins
 110, Bechville Street
 Glenview NSW 1511
 Australia
 Tel: 02 9371 1111
 Fax: 02 9371 1112
 Email: info@clarkehopkins.com.au
 www.chc.com.au

Revised Masterplan
 St. Germain Village - Special Activity Centre

Scale 1:2500 @ B1

7 June 2013
 1353/MP05

Sydney

Tower 2, Level 23, Darling Park
201 Sussex Street Sydney, NSW 2000
t +02 8233 9900
f +02 8233 9966

Melbourne

Level 12, 120 Collins Street
Melbourne, VIC 3000
t +03 8663 4888
f +03 8663 4999

Brisbane

Level 7, 123 Albert Street
Brisbane, QLD 4000
t +07 3007 3800
f +07 3007 3811

Perth

Level 1, 55 St Georges Terrace
Perth, WA 6000
t +08 9346 0500
f +08 9221 1779

Australia • Asia • Middle East
w urbis.com.au **e** info@urbis.com.au