

# Arden Retail Demand

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**Deep End Services**

Deep End Services is an economic research and property consulting firm based in Melbourne. It provides a range of services to local and international retailers, property owners and developers including due diligence and market scoping studies, store benchmarking and network planning, site analysis and sales forecasting, market assessments for a variety of land uses, and highest and best use studies.

**Contact**

Deep End Services Pty Ltd  
Suite 304  
9-11 Claremont Street  
South Yarra VIC 3141

T +61 3 8825 5888  
F +61 3 9826 5331  
[deependservices.com.au](http://deependservices.com.au)

Enquiries about this report should be directed to:

**Chris Abery**

Director

[Chris.abery@deependservices.com.au](mailto:Chris.abery@deependservices.com.au)

**Alexandra Hopley**

Senior Associate

[Alex.hopley@deependservices.com.au](mailto:Alex.hopley@deependservices.com.au)

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This report should be read in its entirety, as reference to part only may be misleading.

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## Executive Summary

1. Arden is a major urban renewal area of 50 hectares located in North Melbourne, just 1.5 km from the Melbourne CBD. It is bounded by the Moonee Ponds Creek and CityLink toll road to the west, Dynon rail yards to the south and by Dryburgh Street and Macaulay Road to the east and north. Arden abuts the Macaulay urban renewal area which is another 90 hectares of residential and industrial land use, large parts of which have been rezoned to Mixed Use.
2. The catalyst for future development at Arden is the Melbourne Metro Tunnel Project. The 9km of twin rail tunnels between South Kensington and South Yarra will pass under North Melbourne and the 15 hectare site known as Arden Central. Arden Central will have a new station (named North Melbourne) with the balance of the site developed as a knowledge and business centre with links to the education, research and health sectors.
3. Arden is strategically located. Parkville's health, research and education institutions will be one rail stop away on the new Metro Tunnel, followed by the two new CBD stations. North Melbourne and Kensington will undergo significant change in the next 20 years as industrial areas give way to residential and employment uses.
4. The Arden precinct will have a projected population of 15,000 people by 2051 and a workforce of 34,000. The Macaulay precinct, extending north to Racecourse Road and west into parts of Kensington, has a projected population of 9,000 in 2051 and 14,000 workers.
5. Two activity centres are planned for the Arden and Macaulay precincts. Arden Central will have retailing and support services for its workforce and local population, focussed around the new station and future road network through the site.
6. The proposed Macaulay Neighbourhood centre to the north builds on a local shopping area on Melrose Street and a Woolworths supermarket and 15 shops under construction on Macaulay Road and Canning Street within the large Arden Gardens project. The neighbourhood centre is expected to extend west along Macaulay Road to CityLink, where land has been rezoned Commercial 1.
7. Retailing in North Melbourne is characterised by the historic Errol Street shopping area which has approximately 10,760 sqm of retail premises including two small supermarkets. There are two other local shopping nodes. Melrose Village is a small group of shops, built in the 1960's as part of the North Melbourne public housing estate. The second is a small group of shops on the corner of Abbotsford and Haines Street.
8. Elsewhere, residents of North Melbourne would use the Macaulay Road strip centre in Kensington, Woolworths and other shops on Racecourse Road (Kensington), Queen Victoria Market and the central city. The new Woolworths in Arden Gardens will be the first major retail addition to the area in many years.
9. A localised catchment is defined for Arden Central, consistent with the strong physical barriers and land use constraints around the site, existing centres and the planning objectives for a centre to largely serve the on-site workforce and local needs.
10. The catchment area, extending over parts of Flemington and North Melbourne had a population of 11,851 at the 2016 Census. Based on the Arden and Macaulay

population projections and other underlying growth, the catchment population could reach 39,430 by 2051.

11. North Melbourne has a diverse population with a mix of high income residents, young professionals, students and health workers and low income families in public housing. The age profile is generally young with many residents moving in and leaving the area each year. Incomes are above average but car ownership is low, underlining the importance of public transport and local services close to home. Tertiary students make up 16% of the population and 42% were born overseas.
12. The modelling of sustainable floorspace needs is based on retail floorspace provision rates measured for residents and the day-time workforce in the CBD, Docklands and Southbank. The modelling indicates similar rates of provision in Docklands and Southbank which can be applied to the Arden precinct. Based on the projected population and workforce capacity of Arden in 2051 and an allowance for visitors and other external demand sources, the recommended floorspace provision is **20,239 sqm** in Arden Central and **+2,249 sqm** in the Arden section of the Macaulay Road neighbourhood centre.
13. The retail floorspace at Arden Central should include a supermarket-based neighbourhood centre close to Arden Street of about 6,000 sqm with the balance (14,000 sqm) comprising street or laneway based tenancies spread along the two intersecting roads through the precinct – the Queensberry Road extension and Fogarty Street extension. Some residual space would be developed around the station entry and peripheral roads.
14. Retail and other services along the two internal roads will create a compact, accessible and legible town centre which culminates at the junction and central point which opens to the proposed open space or town square.
15. Given the business and employment orientation of Arden Central, the street-based retailing will be oriented to take-away food, cafes and restaurants and personal retail and small professional services.
16. The small provision of additional space along Macaulay Road is likely to develop in the longer term as mixed use developments spread through the area. In the short term, the needs of the area will be well-met by the new Arden Gardens centre. The north side of Macaulay Road is also zoned Commercial 1 with some larger sites. These will support retailing in the longer term from population in the Macaulay precinct but is some years from being developed.
17. The timing of retail stages and the ultimate development of any, or all, of the floorspace elements is difficult to predict and will depend entirely on the release and take-up of sites after construction of the Metro Tunnel Project. The only certainty at this stage is completion of the tunnel and stations in 2025, after which development can proceed through Arden Central. Based on the experience at Docklands, Arden is a 20+ year project.
18. The impacts from Arden Central will be relatively low on existing centres due to the gradual staging of development and floorspace which can only occur as either office or apartments are built which, in turn, bring new demands to the area. Existing centres will still benefit from the underlying population increase through the area while their preserved character and streetscapes and dining

and services themes will ensure they continue to have a strong following from their local catchments.

19. Large institutional tenants can contribute to the functioning of Arden Central in various ways including:
  - Establishing satellite or special purpose offices or functions that can operate away from central offices.
  - Participate in a common branding and promotion of Arden Central as a place promoting or welcoming like-minded or skilled companies. This could, for example, feature in development and leasing materials and employment searches.
  - Adopting best-practice campus design themes which can include unique building design, street art or installations and place names.
  - Theming of public areas and messaging of news, events and developments in respective fields.
  - Public space for outdoor entertainment, promotions and events particular to the major tenants / activities.
  - Sponsorship of spaces and events.
  - Use of local accommodation hotel and conference facilities.
20. Arden is potentially a good location for shared working spaces for small entrepreneurial businesses, start-ups and sole operators. Public transport availability and a campus-style layout of innovative buildings with good street-level and building amenities should be well received. The means by which developers and start-ups can be encouraged include:
  - Apply the Commercial 3 zone to all or parts of Arden Central
  - Promote Arden as a collaborative working environment and location for start-up businesses through planning policies and agencies such as DEDJTR.
  - Promote Arden's potentially strong links to health, knowledge and research precincts of Parkville.
  - Engaging with active developers, owners and managers of shared working space to secure interest and plan buildings and services that meet operator and tenant needs.
  - Mandate or encourage expressions of interest campaigns for key sites within Arden Central to include a proportion of the built space for shared working arrangements.

# 1

## Introduction

### 1.1 Background

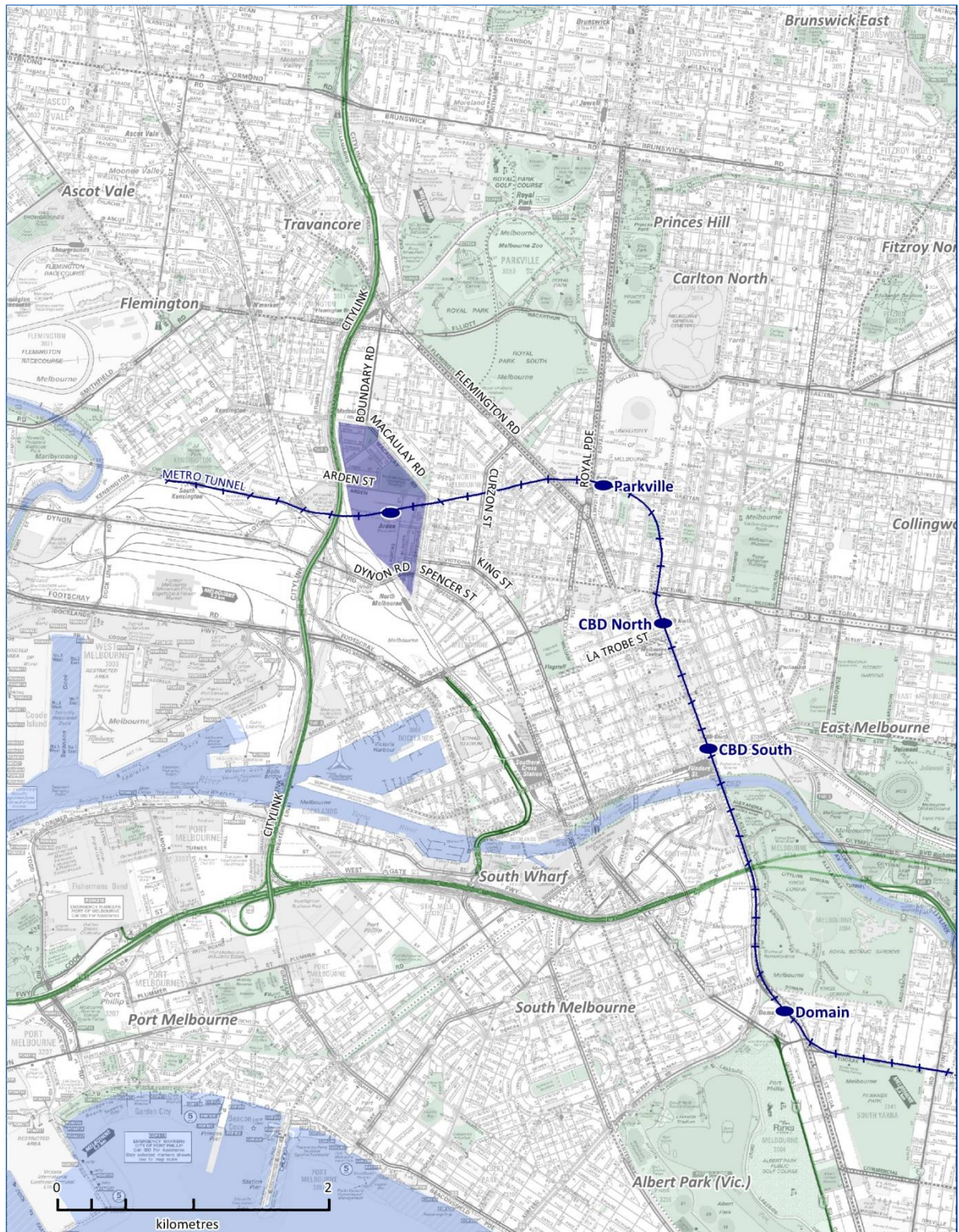
Arden is a major urban renewal area of 50 hectares located in North Melbourne, just 1.5 km from the Melbourne CBD grid. Arden is defined by the Moonee Ponds Creek and CityLink toll road to the west, Dynon rail yards to the south and by Dryburgh Street and Macaulay Road to the east and north (refer Figure 1).

The Arden precinct is part of the broader 144-hectare Arden - Macaulay renewal area which extends further west of Citylink into Kensington and north along Boundary Road to Racecourse Road. Parts of the Arden - Macaulay area have been rezoned to enable higher density residential, commercial and mixed-use development.

The catalyst for the future development of a large 15-hectare section of the Arden precinct, generally bounded by Arden Street, Laurens Street and CityLink, is the new North Melbourne railway station on the Melbourne Metro Tunnel Project. Melbourne Metro, due for completion in 2025, includes two nine-kilometre rail tunnels and five new underground stations linking the north-west Sunbury rail corridor to the south east Pakenham/Cranbourne rail corridor. The Arden (North Melbourne) station will have a major entry off Laurens Street, between Arden Street and Queensberry Street.

The recently released *Arden Vision* prepared by the Victorian Planning Authority (VPA) is the basis for a more detailed Arden Structure Plan. The Vision sets the framework for a mixed use activity centre and neighbourhood for 15,000 residents and a workforce of 50,000 people.

Figure 1—Arden regional location



Source: Ausway, Mapinfo

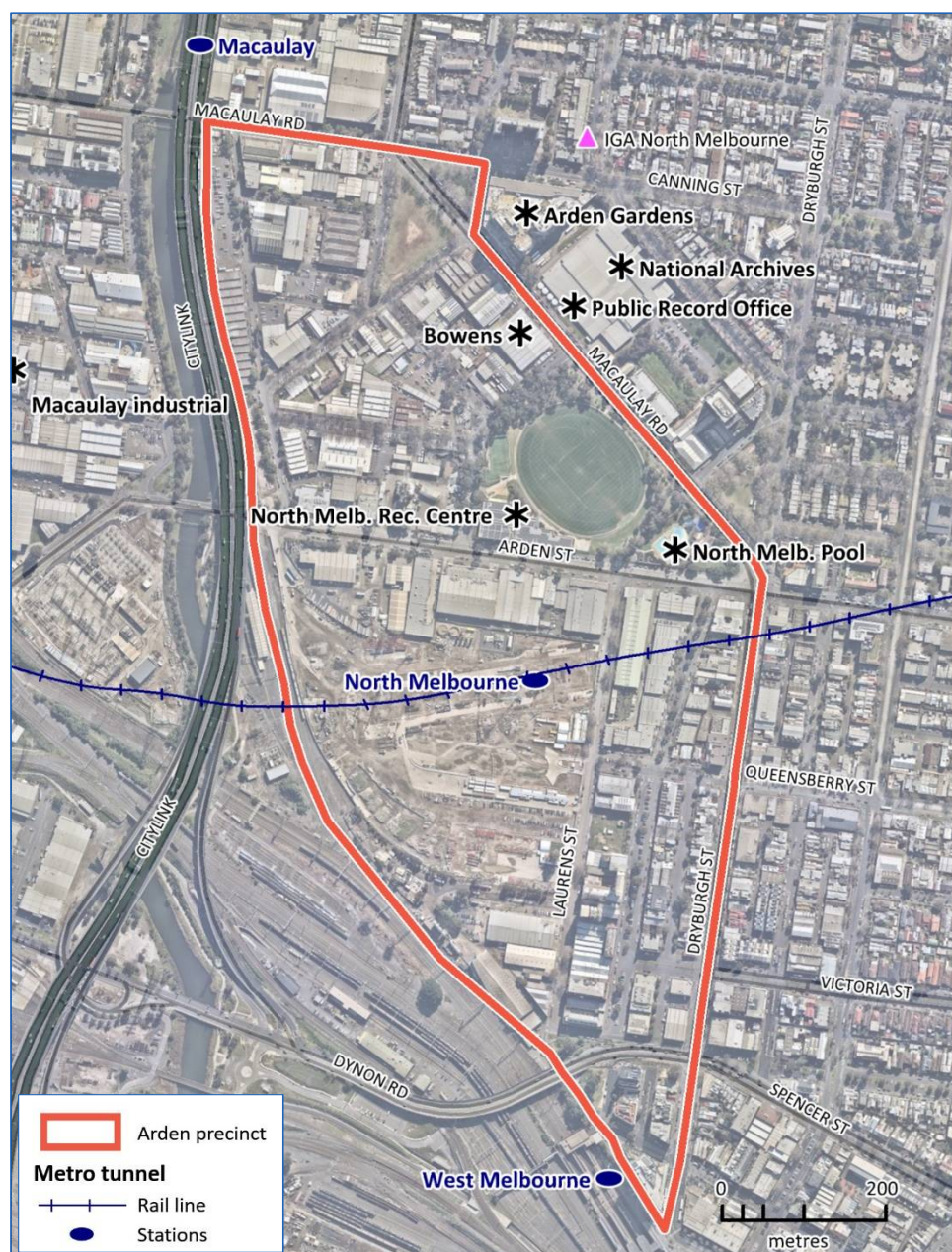
Two activity centres are identified for the Arden precinct including:

- in and around the new Metro station and its surrounding pattern of dense streets and multi-level buildings; and
- on Macaulay Road and Canning Street, extending west from the new Woolworths centre under construction in the Arden Gardens building through to CityLink.

Large areas of the precinct are owned by the State Government and the City of Melbourne, creating the opportunity to deliver a well-planned urban renewal precinct.

**Figure 2—Arden Urban Renewal Area**

Source: Ausway



## 1.2 Objectives

Deep End Services has been engaged by the VPA to prepare a retail demand assessment for the Arden urban renewal area to inform the preparation of the more detailed Arden Structure Plan.

The key objectives of the study are:

- Evaluate the current competitive environment in Arden and any future known development.
- Discuss the likely change in retail activities in Arden based on recent and likely future trends.
- Identify retail demand in Arden to support a future resident population of 15,000 residents and workforce of 34,000 jobs by 2051.
- Assess impact of retail provision on neighbouring retail precincts.
- Provide recommendations on the land use and likely configuration for the precinct.

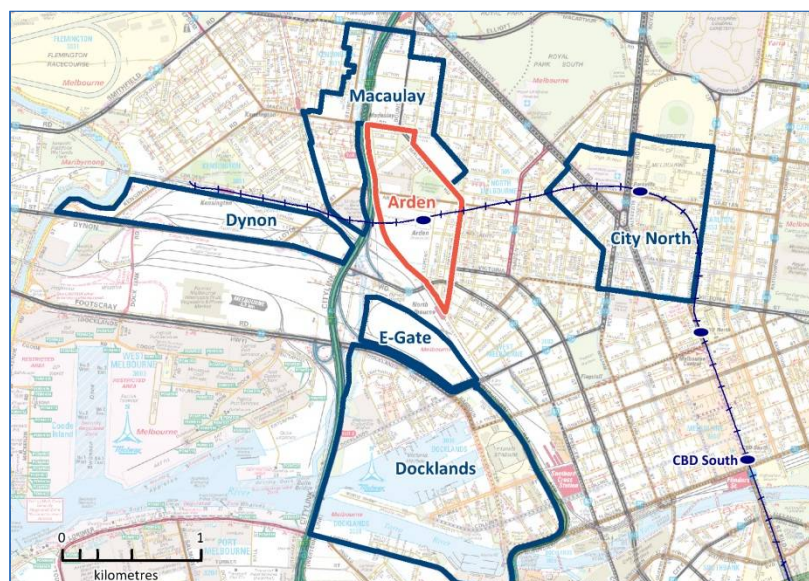
# 2

## Regional and Local context

### 2.1 Urban Renewal Areas

Plan Melbourne 2017-2050 identifies a series of major urban renewal areas and national employment and innovation clusters (NEIC) around the central city area. The prioritised renewal areas are Arden-Macaulay and precincts within Fisherman's Bend while others are Docklands, Southbank, E-Gate and Dynon. Parkville and Fisherman's Bend are the two NEICs.

**Figure 3—Urban  
renewal areas**



Arden has a strategic location, a short distance from Melbourne's central city and the major education, health and research cluster at Parkville. Arden has a potentially

complementary role to these areas and will benefit from its existing and improving transport links.

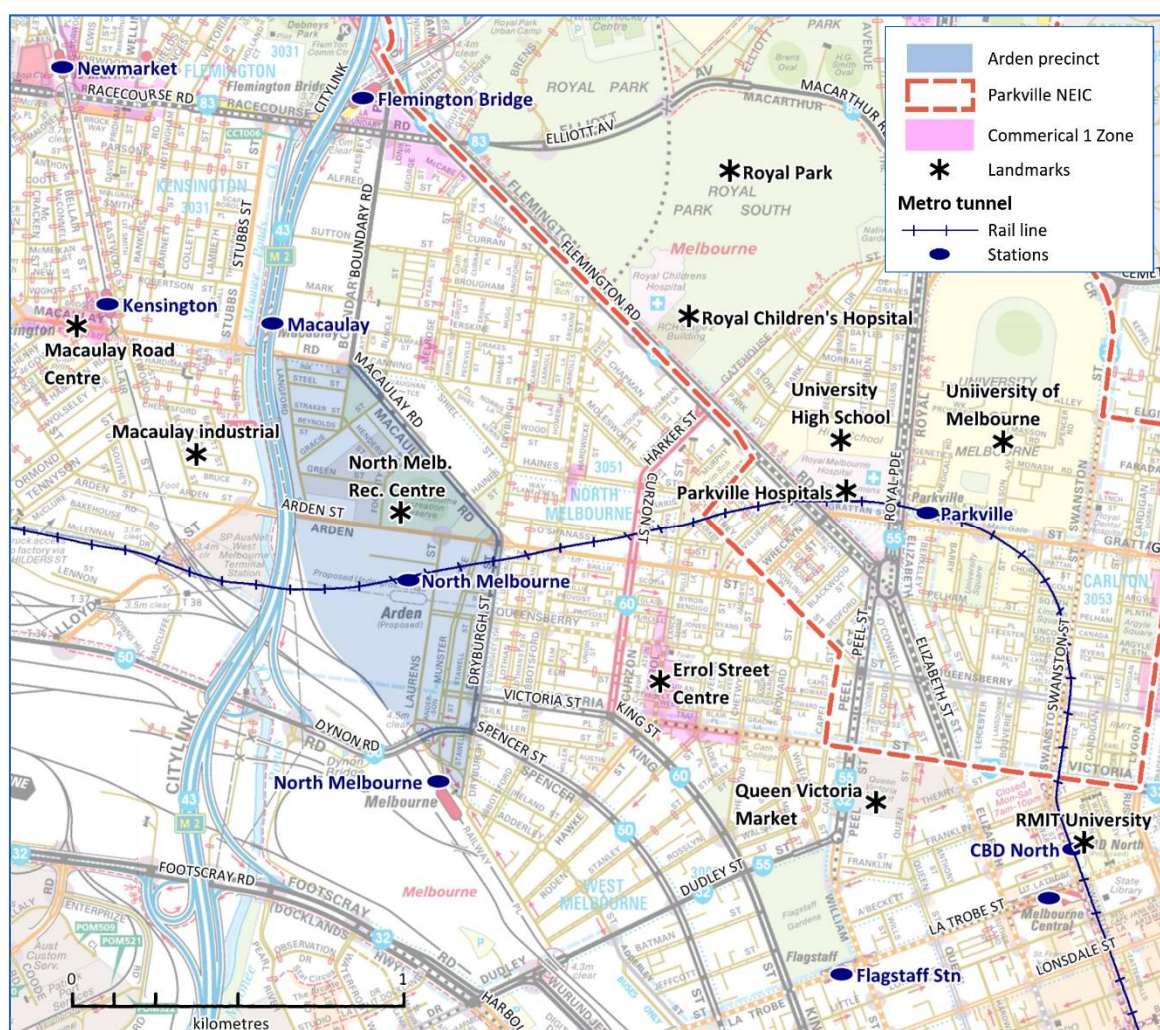
The urban renewal areas will see substantial residential, office and other employment uses develop through a north and westerly extension of Melbourne's Central City activities. Each area will have its own unique purpose and characteristics and contribute to a more diverse and productive inner city.

## 2.2 Arden urban renewal area

The 50-hectare Arden precinct is wedged between the residential areas of North Melbourne, the strong visual and physical infrastructure of the elevated CityLink tollway and the Dynan rail yards and the course of the Moonee Ponds Creek.

It has traditionally been (and still operates in large part) as an industrial area on the city centre's doorstep, close to rail, roads and port infrastructure. The industrial land use pattern of Arden also extends north along Boundary Road and west of the creek into Kensington.

Figure 4—Arden local context



Source: Ausway, Deep End Services

North Melbourne offers a city-edge lifestyle with close access to the city centre, Universities, major health facilities, public transport and arterial road links. The diverse public and private housing stocks see a blend of low income families, new migrants, young professionals, students and health workers. The mix of land uses, physical features and transport connections which characterise Arden and its surrounding area include the following:

- **Industrial land use.** Arden is still largely industrial in character although the large southern section of Arden where the Metro Rail Tunnel is under construction has displaced former rail and maintenance yards. Other industrial and mixed business activities will cease and relocate as more intensive employment and residential uses develop in the next 30 years. The industrial land use pattern extends into Kensington, west of Moonee Ponds Creek. At the 2016 Census, the Arden precinct had a workforce of approximately 2,738 people of which 40% were employed as technicians or in a trade, as machinery operators and drivers or as labourers. This compares with about 20% in these occupations in the balance of North Melbourne.
- **Residential.** Arden has a small resident population with zoned residential areas abutting to the north and east. At the 2016 Census, the Arden precinct had a resident population of approximately 600 people, mostly recorded in the eastern section between Laurens Street and Dryburgh Street, through to the North Melbourne railway station. Between 2011 and 2016, this area almost doubled in population. The broader population of North Melbourne increased from 12,040 people in 2011 to 15,748 in 2016 – an increase of approximately 3,700 people or 31% in five years. West of Citylink, the suburb of Kensington has seen less change with its population increasing from 10,259 in 2011 to 11,530 (+12%) in the same intercensal period.
- North Melbourne has a diverse mix of housing styles with large period homes in wide tree-lined streets in the north, high-rise public housing estates in Macaulay, walk up flats and public housing near Flemington Road and a blend of small Victorian cottages, warehouse conversions and new apartment buildings through the central and southern areas. New apartment buildings have risen on or just behind Flemington Road, close to the hospitals, University of Melbourne and Royal Park.
- **Recreation and community uses.** The North Melbourne Recreation reserve is the major community asset within the Arden precinct. It includes the oval, administration and training facilities of the North Melbourne Football Club and the North Melbourne outdoor swimming pool.
- **Local shopping.** The historic retail and civic heart of North Melbourne has been Errol Street with its Victorian-era shops and the landmark North Melbourne Town Hall. Other local shopping areas have established on Victoria Street, Abbotsford Street and Melrose Street. The strip shopping and café strip on Macaulay Road Kensington is also a short distance west of Arden and would provide some services for the area.
- **Mixed business.** The Arden section of North Melbourne has historically attracted a range of small office developments, showrooms, trade and building

supplies and car dealers in the industrial and mixed use zones along the main roads. Many of these will continue to operate as substantial and viable businesses that value the inner city location and access to their respective markets.

- **Road links.** North Melbourne is crossed by major roads carrying local and through traffic from the inner area to the surrounding arterials. The network is truncated by the Dynon railyards to the south while the Moonee Ponds Creek is crossed by Arden Road and Macaulay Road. Access to Citylink which passes Arden to the east is via ramps at Racecourse Road (south bound), Dynon Road (northbound) and Footscray Road (north & south).
- **Public transport.** Existing public transport services include the North Melbourne Station with access to the Upfield, Craigieburn, Williamstown, Werribee and Sunbury lines. The Macaulay Station just north of Arden is on the northern Upfield line. The Route 57 tram from Flinders Street to West Maribyrnong passes through North Melbourne along Abbotsford, Queensberry, Errol and Victoria Streets.

## 2.3 Other urban renewal areas

### Macaulay

The Macaulay precinct is the northern section of the 144-hectare Arden-Macaulay Structure Plan area. Large areas of Macaulay are industrial, characterised by small manufacturing and fabrication businesses, workshops, storage and distribution warehouses and works depots.

The Arden-Macaulay Structure Plan, adopted by the City of Melbourne in 2012, was the initial framework for the long-term urban renewal of the area and the basis for recent planning scheme amendments.

Amendment C190 to the Melbourne Planning Scheme was gazetted in 2017 to implement Stage 1, the Macaulay section of the Arden-Macaulay Structure Plan. It rezoned large areas of Industrial 1 zone east and west of Moonee Ponds Creek and north of Macaulay Road and areas of North Melbourne under the General Residential zone to the Mixed Use zone. Sections of Macaulay Road between Melrose Street and CityLink were also rezoned to Commercial 1, consistent with the designation of this area as a neighbourhood centre in the Structure Plan.

While some industrial sites off Boundary Road have been acquired for development and some have been cleared of former uses, the high density mixed-use developments are yet to proceed. The timing of development in this area will be later than expected in the Structure Plan.

The Macaulay urban renewal area is expected to house 9,000 residents and 14,400 jobs by 2051.

Approximately 2,900 people currently live in the Macaulay precinct. There are 500 residents on the west side in Kensington while most of the 2,400 residents in the North Melbourne section live in the Melrose Street and Canning Street public housing estates.

Future residents and workers in Macaulay will utilise the new Metro station at Arden (North Melbourne) and future retail and other services in the Arden precinct and the emerging Macaulay Road neighbourhood centre.

### Docklands

Port activities were decommissioned at Docklands in the late 1980s with construction commencing in 1997. In the last 20 years it has emerged as one of Australia's largest urban renewal projects and at full development, expected by about 2025, it will have attracted approximately \$17.5 billion in private investment.

Docklands Stadium was the first project followed by residential, commercial, retail, dining and leisure uses. Docklands is the headquarters to some of Australia's largest companies including ANZ, Myer, NAB and Medibank Private.

Docklands had a 2016 Census population of 12,800 people and a 2017 workforce of 58,500. At full development, it is expected to house 20,000 residents and 80,000 workers.

The retail elements in Docklands include:

- Australia's first Costco store on Footscray Road.
- The District Docklands (formerly Harbour Town), a 40,000 sqm retail and leisure centre which is currently being remixed and redeveloped with a Woolworths supermarket and 25 food and dining retailers.
- A small Woolworths supermarket and street based shops and cafes on Victoria Harbour, in and around the major office buildings.
- Local retailing and food and services around the Stadium and along Collins Street and Victoria Harbour Promenade.

### E-Gate

The 20-hectare railyard and industrial area off Footscray Road, between Docklands and Arden-Macaulay, had early plans envisaging apartments for 10,000 residents and 50,000 sqm of retail and commercial floorspace. Initial planning for E-Gate began in 2009 with expressions of interest sought from developers in 2015. There have been no recent announcements on E-Gate's progress as other urban renewal areas have been prioritised.

### Dynon

Dynon was identified as a potential urban renewal area in 2015. There are proposals to reconfigure the existing transport, freight, wholesale and manufacturing activities to enable development facing the Maribyrnong River and Moonee Ponds Creek.

The West Melbourne Waterfront project by Perri Projects is currently being marketed with plans for 600 dwellings, 20,000 sqm of commercial space, 10,000 sqm of retail space and a residential hotel located off Kensington Road fronting the Maribyrnong River.

## 2.4 Surrounding employment clusters

Arden is less than 2km north-west of Melbourne's central area grid – an area that now has over 40,000 residents and a workforce of 225,000 people. According to the City of Melbourne CLUE<sup>1</sup> data, the central city experienced strong employment growth from 2007 to 2012 and a small increase to 2017. Commercial office space of around 3.1 million square metres had seen little growth in the last 10 years. The major growth sector has been residential accommodation which has more than doubled in the last 10 years. In floor area it is about 50% of all office floorspace.

The Parkville National Employment and Innovation Cluster (NEIC) is a short distance east of Arden, extending north from Flemington Road and Royal Parade to Gatehouse Street and College Crescent. The Parkville NEIC is defined in *Plan Melbourne* with the following elements:

- The Parkville hospital precinct comprising the Royal Women's Hospital, Royal Melbourne Hospital, Victorian Comprehensive Cancer Centre and other medical and training facilities. These institutions employ over 10,000 people.
- Royal Children's Hospital with over 5,000 staff in health care and social assistance.
- University High School, biotechnology, research and further education facilities. Employing 560 people across Education and Training and Professional, Scientific and Technical Services.
- The University of Melbourne with 3,100 staff and 700 in associated residential colleges.

Arden will have a strong public transport connection to the Parkville NEIC with new railway stations in the Metro Tunnel Project in both precincts, just 1.7 km apart.

Other key areas around the precinct include:

- Royal Park which includes the Melbourne Zoo, State Netball Hockey Centre, golf course and other recreation facilities, employing over 400 people.
- Queen Victoria Market with 1,081 people employed across retail trade and food and beverage services.

## 2.5 Infrastructure projects

Two major infrastructure projects are underway in the area. The first, Melbourne Metro Tunnel is the major catalyst for renewal and land use change in the Arden precinct. The second project, the West Gate Tunnel is less crucial but will alleviate through traffic and other road congestion in the area.

### Melbourne Metro Tunnel

The Metro Tunnel Project is one of the largest infrastructure projects undertaken in Victoria and the first significant investment in the central city rail network since the City Loop was completed in 1985.

The Metro Tunnel Project involves the construction of two nine-kilometre rail tunnels between South Yarra and South Kensington linking the north-west Sunbury rail corridor with the Dandenong-Cranbourne-Pakenham corridor. Three of the

<sup>1</sup> City of Melbourne Census of Land Use & Employment 2007, 2012, 2017

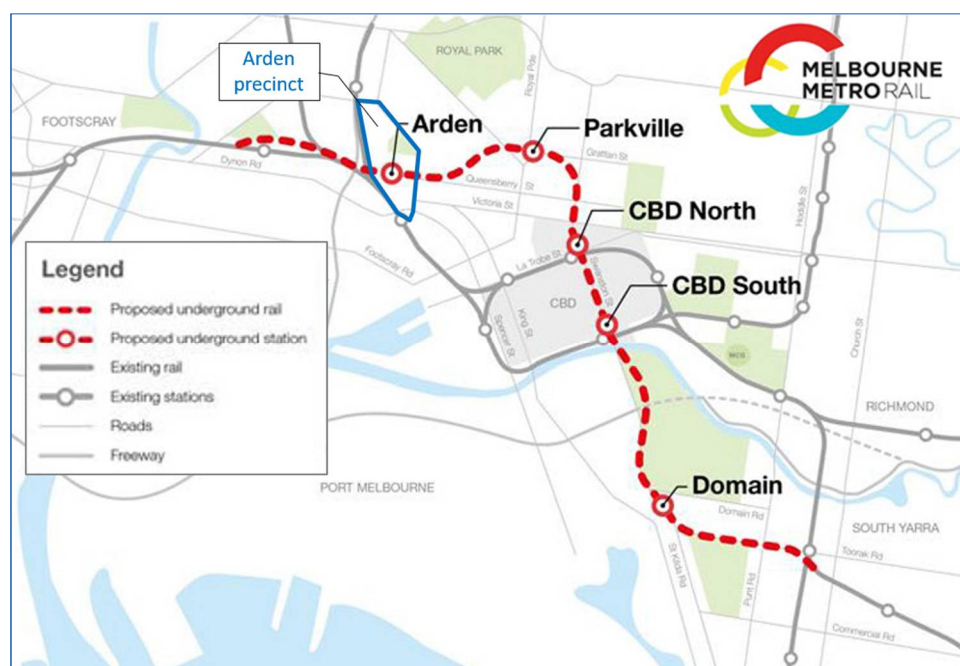
busiest routes will pass through the tunnel and under the central city area freeing up space and capacity in the City Loop (refer Figure 5). The tunnel will have five new stations known as North Melbourne (Arden), Parkville, State Library, Town Hall and Anzac (St Kilda Road).

Cross Yarra Partnership (CYP) is contracted to design, build and maintain the stations and tunnels. The scheduled completion of all works including the new Arden station is 2025.

The Tunnel Project will activate key areas and facilitate new development in areas north and west of the central city. A new station at Parkville will benefit the NEIC within continued urban renewal of the City North precinct.

**Figure 5—Metro Tunnel Project route & new stations**

Source: State Government of Victoria



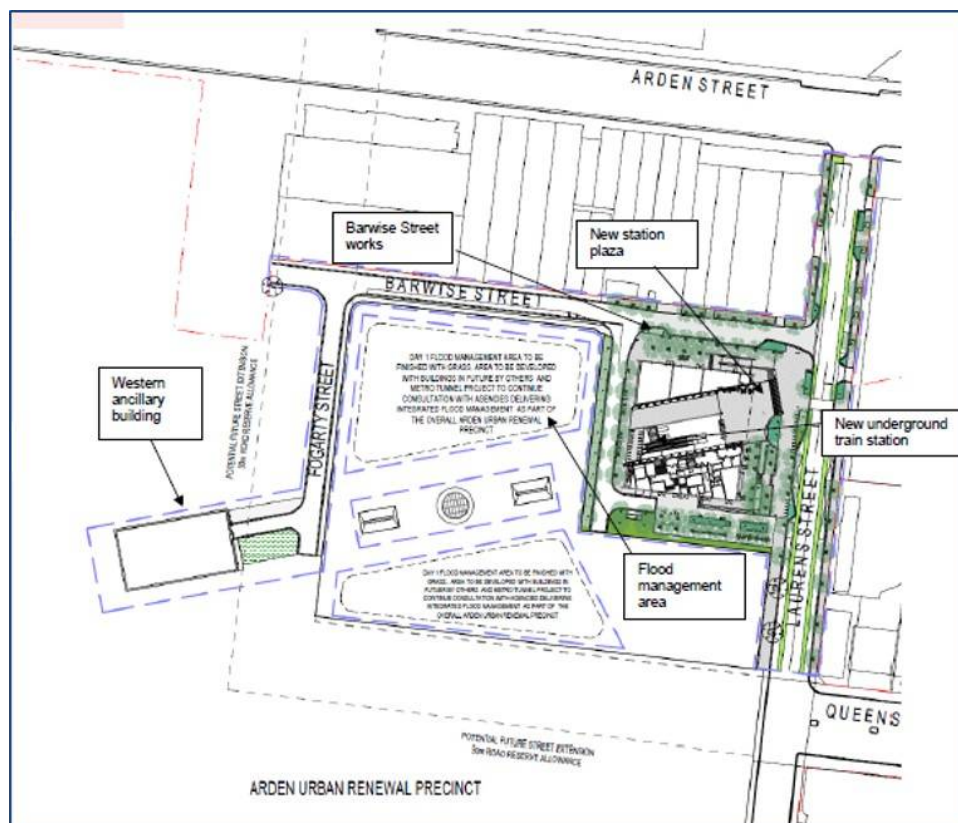
The new Arden station (to be named North Melbourne) lies in the heart of the Arden precinct south of Arden Street and west of Laurens Street. Given its brown field setting and existing and former industrial land in the surrounding streets, Arden should realise the greatest land use change of any of the five new stations. The existing 'North Melbourne' station will be renamed West Melbourne.

The entrance to the new station will be off Laurens Street, in the mid-block section between Arden Street and Queensberry Street. A Station Plaza on Laurens Street will provide a meeting place set back from the street with a green laneway surrounding the entry.

Project works will change the streetscape of Laurens Street encouraging ongoing urban renewal in an area characterised by industrial uses.

**Figure 6—Arden station**

Source: Arden  
(North Melbourne)  
Precinct  
Development Plan



### West Gate Tunnel

The West Gate Bridge is Melbourne's only major crossing of the Yarra River between the central city and the western suburbs and Geelong. The West Gate Tunnel project will provide an alternative second river crossing linking the West Gate Freeway to City Link and Dynon Road.

The features of the project are:

- Twin tunnels constructed under Yarraville between the West Gate Freeway and the Maribyrnong River taking cars and trucks below ground and off residential streets.
- From the tunnels, a new bridge over the Maribyrnong River and an elevated road along Footscray Road with direct links to the Port of Melbourne, CityLink, Dynon Road and Wurundjeri Way.
- Wurundjeri Way to be extended to Dynon Road.
- Upgrading and widening of the West Gate Freeway from 8 to 12 lanes.

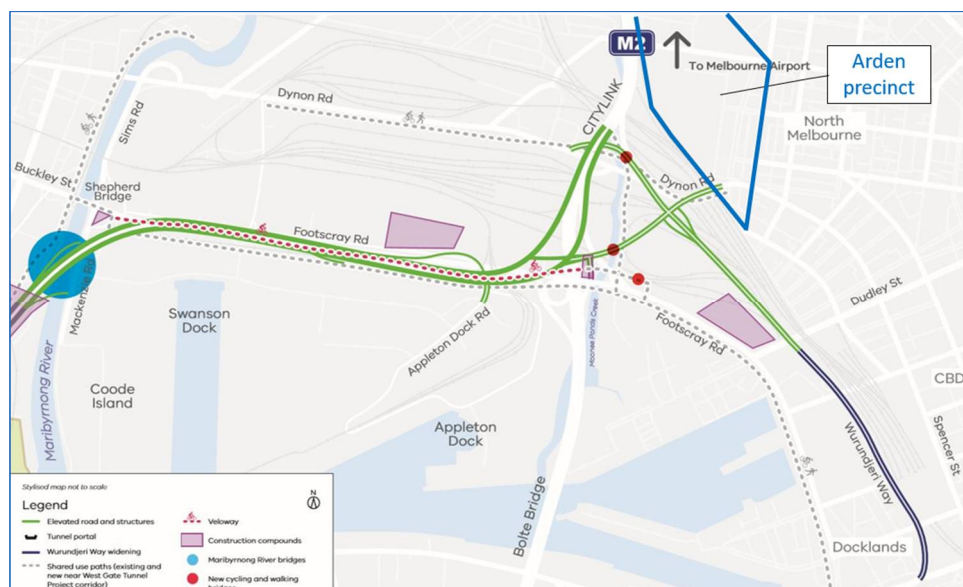
The Tunnel project will provide new links to the port, CityLink and the central city. The eastern extent of the tunnel will improve connections between the western suburbs and the city and run parallel to the Arden boundary, with connections to Dynon Road.

The Project is currently under construction and will take five years to complete with an anticipated opening in 2022.

The new road link is expected to reduce through and heavy vehicle traffic from Macaulay Road and other parts of North Melbourne seeking an alternative route to the west.

**Figure 7—West Gate Tunnel**

Source: website



# 3

## Arden Vision

### 3.1 Arden Vision

The *Arden Vision*, released by the VPA in 2018, is the first step in developing local-level detailed planning for the Arden urban renewal precinct. It follows and builds on:

- *Plan Melbourne 2017-2050* which identifies state-significant urban renewal areas including Arden.
- The City of Melbourne's *Arden-Macaulay Structure Plan 2012*.
- The VPA's *Draft Arden Vision and framework 2016* and community feedback received from it.

The Vision for Arden is as follows:

*Arden will be a new destination for Melbourne, setting the standard for urban renewal. It will contribute to a future Melbourne that is not only the world's most liveable city, but also one for the most forward-looking.*

*With its rapid rail connections to the Parkville National Employment and Innovation Cluster, the Central Business District and Melbourne's western suburbs, Arden is ideally placed to be an international innovation and technology precinct.*

*This new employment hub will be pivotal to the growth of Victoria's knowledge economy and advancing Melbourne's strengths as a progressive, innovative and connected local and global city.*

*The precinct will have its own civic heart and character. It will remain connected to its Aboriginal and industrial heritage as it changes to support a diverse resident and worker population. It will become a new neighbourhood of Melbourne with quality and affordable*

*housing, a thriving network of open spaces, active transport links, and adaptable community facilities, schools and workspaces.*

*Arden will be at the forefront of sustainable development, embracing new ways to live, learn, work and travel in an energy efficient district. Water will be safely managed to become a visible feature in the landscape, while green spaces, trees and water will help the precinct become a cooler, greener version of the city.*

*The Moonee Ponds Creek corridor will be revitalised as a new green spine for Melbourne. It will be a celebrated walkway with a valued environment and cultural heritage, serving recreational, biodiversity habitat and active transport functions. The creek corridor will be an essential link for Arden and neighbouring urban renewal precincts.*

*Partnerships with all levels of government, the community and the private sector will deliver the eight key directions that support the vision for Arden.*

*(Arden Vision p.8)*

### 3.2 Arden sub precincts

For planning purposes, the *Arden Vision* document divides the 50-hectare urban renewal area into three sub-precincts – Arden North, Arden Central and Laurens Street (refer Figure 8).

**Figure 8—Arden sub precincts**

Source: Arden Vision



The existing and future opportunities for each sub-precinct are summarised in Table 1.

**Table 1—Arden sub-precincts existing & future land use**

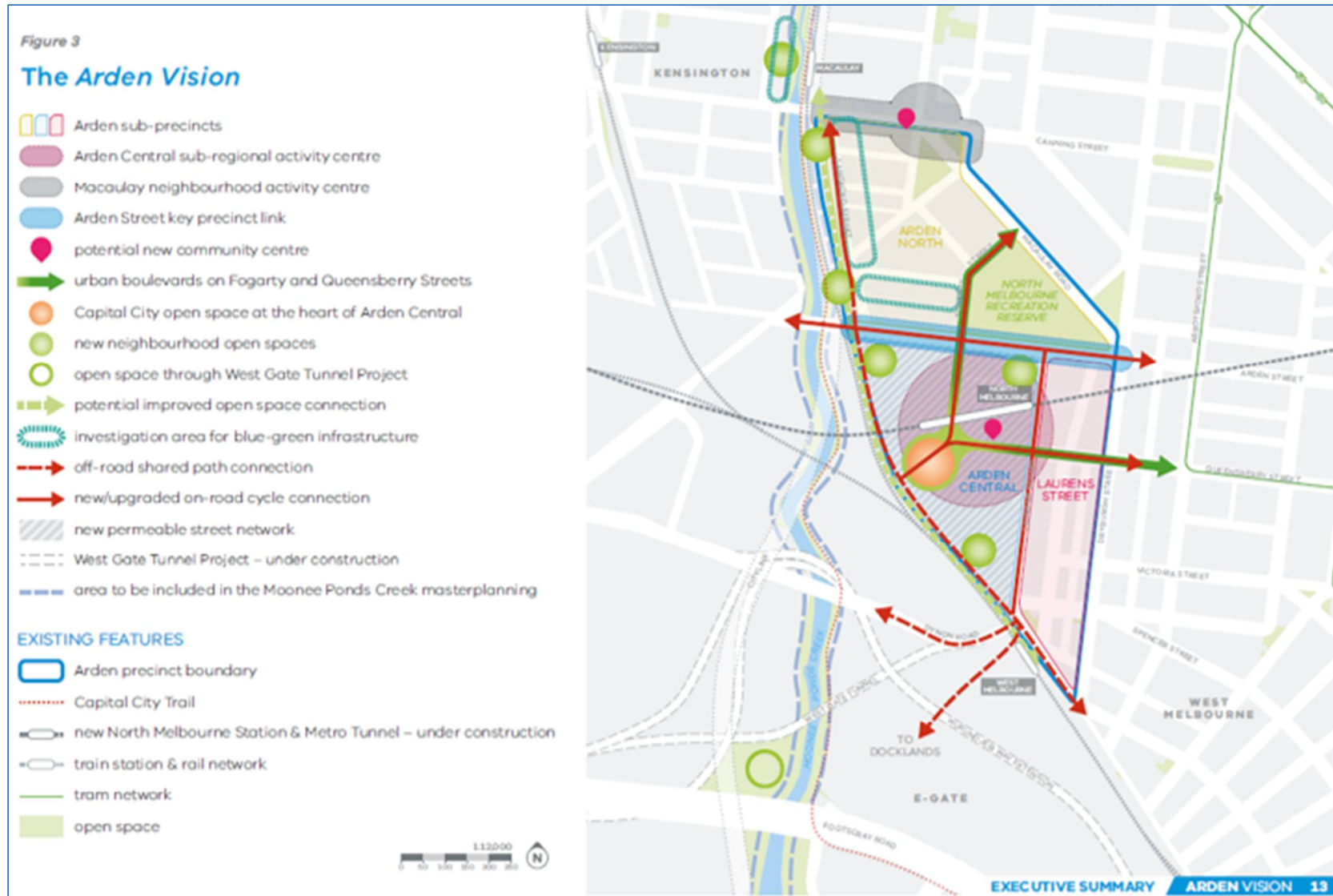
| Sub precinct                 | Existing land use & character   | Future opportunities   |
|------------------------------|---|--|
| Arden North (22 hectares)    | North Melbourne Recreation Reserve, recreation Centre and Pool.<br>Small scale industry, warehousing, community services, open space.   | Continue to provide community facilities.<br>New mixed use commercial and residential development combined with civic and community uses.  |
| Arden Central (19 hectares)  | Victorian Government owned land with most buildings cleared for Metro Tunnel Project.<br>Arden station and tunnel works under construction<br>Privately owned land fronting Arden Street with mixed office & commercial buildings | Mix of research, commercial, educational, recreational, retail, cultural & residential uses.<br>Greatest intensity around new underground North Melbourne station.<br>Hub for jobs, education & innovation around the station & capital city open space.<br>Staged delivery model. |
| Laurens Street (12 hectares) | Interface between Arden and rest of North Melbourne.<br>Heritage buildings and tree-lined streets with industrial, residential and commercial uses.   | Rising land from Arden Central.<br>Transitional zone for smaller scale residential & commercial development.   |

### 3.3 Key directions

The Arden Vision sets strategic directions and design objectives to be applied in the preparation of the next stage of planning – the Arden Structure Plan. The Vision draws on the 2012 Arden-Macaulay Structure Plan to provide an urban renewal area to accommodating **15,000 residents and 34,000 jobs by 2051**.

The Arden Vision is shown in Figure 9.

Figure 9—The Arden Vision



Source: VPA, "Arden Vision", 2018

The eight key directions for the Arden renewal area are summarised below

### **1. Transforming Arden**

North Melbourne station will be the catalyst for the transformation of Arden into a significant destination accommodating innovative and diverse businesses and industries. Arden's transformation will begin with the opening of the new North Melbourne station. Benefits will flow to businesses from the area's close connection to Parkville and the CBD and for employees who can access the area with the PPTN.

The worker and resident population will in turn be supported by new activity centres at Arden Central and along Macaulay Road and cultural, community and recreation facilities.

The heart of Arden Central will see a central public space created, named the Capital City open space. It will be a destination for the precinct surrounded by retailing and linked to two urban boulevards.

### **2. Designing a distinctive place**

Through urban design and built form guidelines Arden will retain some of the character of its industrial and heritage buildings. Existing community assets, such as the pool, North Melbourne recreation centre and football club will continue to play an important role in the community.

### **3. Embedding sustainable change**

Arden will be a sustainable precinct through careful planning and employing best practice for environmental, social and economic sustainability.

### **4. Accommodating diverse communities**

Housing at Arden will accommodate residents and households across a range of ages and incomes. This will include a mix of tenure (rented, social, private), community or shared equity housing, affordable housing and accessible housing for assisted living residents.

### **5. Prioritising active transport**

Walking, cycling and public transport will be the key modes of transport, with private cars contributing just 10% of all trips to Arden. To meet the objective of reduced dependence on private vehicles, a public and active (walking and cycling) transport network will be provided linking Arden and the new North Melbourne station to the CBD, Parkville and the western suburbs. Safe cycling connections will be encouraged and a network of walkable boulevards and streets provided.

### **6. Investing in community infrastructure**

Community infrastructure will be developed to support the future resident and worker population, including health, recreation, education and social spaces. This will include the integration of existing and new community facilities, such as new

schools, community hubs and the existing North Melbourne recreation centre, reserve and pool.

### 7. Celebrating water

The Arden precinct is situated along the Moonee Ponds Creek corridor. The corridor will be a key part of the natural landscape and water will be a visible feature elsewhere throughout the precinct. The design will include integrated water management and Arden will be a greener area, have reduced flood risk and be more resilient to climate change.

### 8. Creating diverse open space

A well-connected open space network will be created between new and existing neighbourhoods with integrated pedestrian and bicycle paths. The space will be used for recreation, transport, socialising and biodiversity.

Our interpretation of the Arden Vision is that Arden Central will be a close satellite business centre to central Melbourne with strong rail connections to the Parkville health, research and education precincts and to the CBD. The new rail line and station will stimulate development in the area and provide ready access to a metropolitan-wide workforce.

The activity centre is likely to include some essential neighbourhood shopping elements but will largely provide for the essential needs of the daytime workforce and daytime, evening and weekend visitors. Much of the floorspace will be street or laneway based, ideally on the main thoroughfares and close to the central open space.

Elsewhere, the higher density housing and expected growth in population from the Arden and Macaulay precincts will support additional neighbourhood retailing along or near the Macaulay Road axis.

# 4

## Competitive context

### 4.1 Existing centres

An assessment of the future retail needs of Arden should initially consider the current size and composition of centres in the area.

Residents and workers of North Melbourne, West Melbourne and Kensington have access to a range of small Victorian-era strip shopping centres which service daily and weekly needs with small-mid-sized supermarkets, pharmacies and newsagents, personal and professional services and cafes and restaurants.

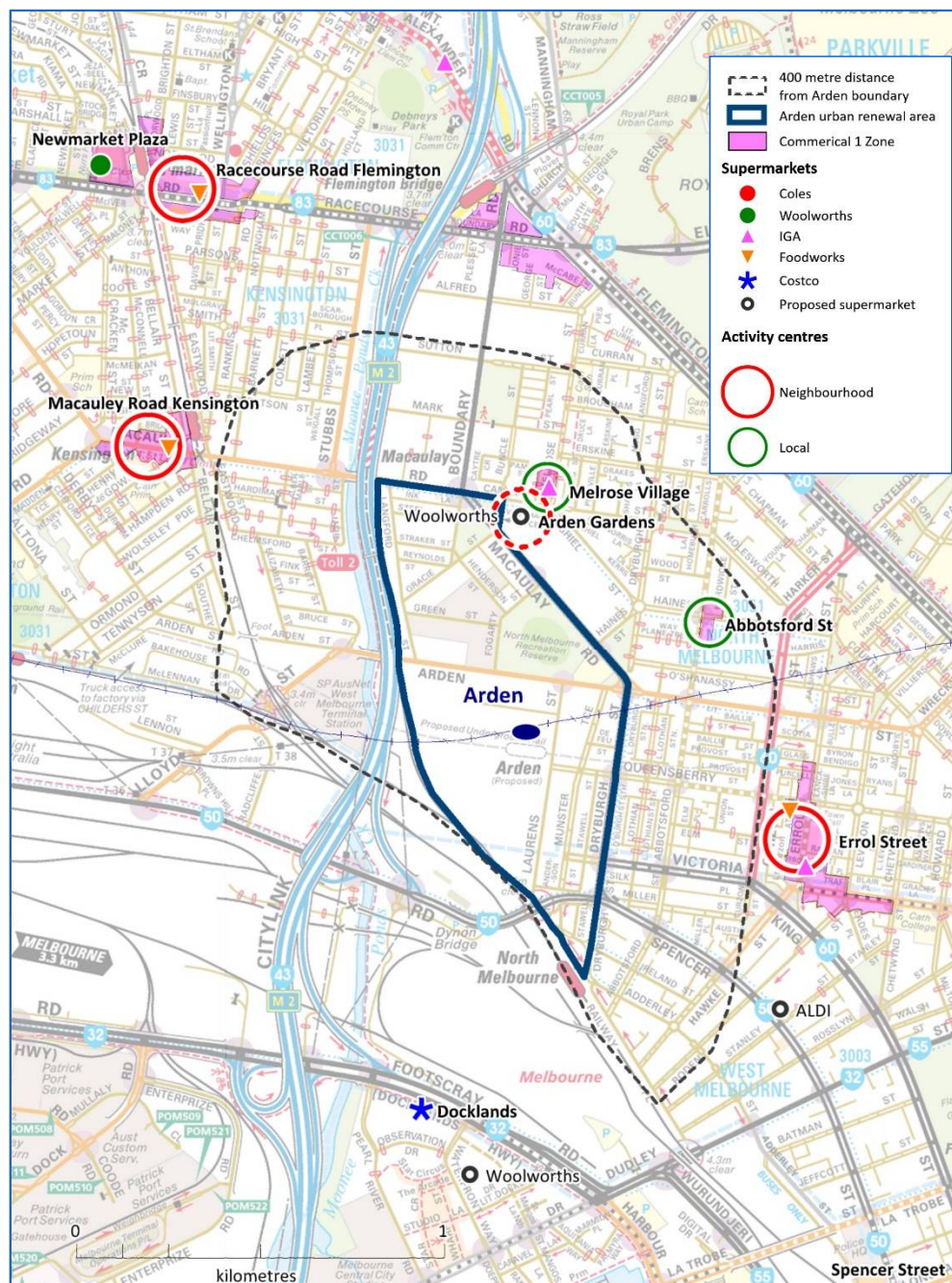
New supermarkets and retailing as part of mixed-use developments are also under construction or proposed in North and West Melbourne. These will quickly change residents' local access to some goods and services.

The central city is close to deliver much of the higher order needs of the area while Victoria Market, Docklands and other retail areas are nearby.

The relevant centres close to Arden are shown in Figure 10, overlaid with branded supermarkets. A notional 400 metre boundary is shown from the edge of the Arden precinct, representing an approximate walking distance for local shopping needs. The number of retail tenancies by main category and total retail floorspace in each is provided in Table 2.

**Figure 10—Activity centres & supermarkets**

Source: Deep End Services



**Table 2—Surrounding centres**

Source: CLUE; Deep End Services

| Centre                    | Number of stores                  |            |                               |                            |              | Total retail floorspace (sqm) |
|---------------------------|-----------------------------------|------------|-------------------------------|----------------------------|--------------|-------------------------------|
|                           | Supermarkets & convenience stores | Fresh food | Takeaway, cafes & restaurants | Non-food & retail services | Total retail |                               |
| Errol St, Nth Melb        | 2                                 | 3          | 41                            | 52                         | 98           | 10,759                        |
| Melrose Village, Nth Melb | 2                                 | 0          | 3                             | 3                          | 8            | 1,004                         |
| Abbotsford St, Nth Melb.  | 1                                 | 1          | 4                             | 3                          | 9            | 1,200                         |
| Macaulay Rd, Kensington   | 2                                 | 4          | 18                            | 16                         | 40           | 3,632                         |
| Racecourse Rd, Flemington | 3                                 | 6          | 31                            | 16                         | 56           | 10,377                        |

### Errol Street, North Melbourne

The Errol Street Centre, situated between Victoria Street and Queensberry Street, is the traditional retail, community and civic heart of North Melbourne and West Melbourne. The wide Errol Street carriageway with the 57 tram route is lined by well-preserved Victorian shops and public buildings. The period shops with high ceilings, wide footpaths and original verandahs and awnings create a pleasant shopping area and promote an active street and outdoor dining environment.

The centre plays an important role for a growing resident population of almost 8,000 people within 500 metres and a local workforce of about 4,000 people. The centrepiece is the former North Melbourne Town Hall built in 1876, now used as a library and Arts House.

Errol Street has a short and compact core retail area which transitions to other secondary retail and commercial uses along Victoria Street and Queensberry Street. CLUE data indicates the floor area of all retail and service tenancies along the three street sections is 10,759 sqm. A recent inspection revealed a low vacancy rate.

Almost half of all occupied tenancies are cafes, restaurants and take-away food shops, underlining the centre's role for the local workforce and evening and weekend custom. Personal and retail service tenancies are also prominent in the business mix.

The centre has two small supermarkets which have no dedicated parking and draw largely on foot traffic – a Supa IGA of about 850 sqm in Errol Street and a similar-sized Foodworks on Queensberry Street.



### Melrose Village, North Melbourne

The small strip of shops on Melrose Street was built in the 1950's as part of the surrounding low and high rise public housing estate. The centre has about 8 tenancies including a small IGA supermarket with a total leasable area of approximately 1,000 sqm. The centre is ageing and would be a potential mixed use redevelopment opportunity similar to the former walk-up flats that have been replaced in the Melrose Estate.

Melrose Village falls within the Macaulay neighbourhood activity centre in the Arden Vision which includes the new Woolworths under construction (Arden Gardens) and potentially retail and commercial uses on Canning Street and Macaulay Road through to the CityLink fly over.

The local centre has played an important historical role for the surrounding public housing however the new Woolworths-based centre will shift custom away and could heavily impact some businesses.



### Abbotsford Street, North Melbourne

A small local shopping node with 10 premises is situated on the south-east and north-east corners of Abbotsford Street and Haines Street. The local centre has a similar role to Melrose Village with a small licensed food store, pharmacy, medical centre, hairdresser, laundry and four take-away food premises.

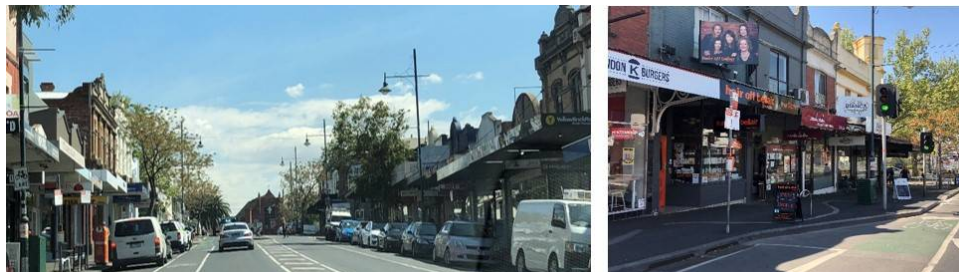
This centre has good road exposure and a dense local catchment of units which should protect its viability.

### Macaulay Road, Kensington

The fashionable Macaulay Road strip shopping centre in Kensington is a short distance from Arden, 500 metres west of the CityLink flyover.

It is smaller than Errol Street with about 40 retail and commercial tenancies serving a local catchment of 7,000 people within a 500 metre radius.

It has a small independent supermarket and a high proportion of cafes, restaurants and personal services.



### Other Centres

Residents of Arden would also frequent a range of other centres a short drive or public transport connection from North Melbourne. These include:

- **Queen Victoria Market.** The iconic 21,000 sqm fresh food and variety market is a short distance by tram from most areas of North Melbourne. The market operates 5 days a week with almost 300 stallholders offering a full range of food, clothing, hard goods and many services typically found in large regional centres. On Wednesday nights it opens as a hawker market with food and entertainment.
- **Racecourse Road, Flemington.** The centre includes a strip shopping area on the busy Racecourse Road with a Woolworths-based neighbourhood centre known as Newmarket Plaza, just west of the rail bridge. Woolworths is the nearest 'full line' supermarket for many residents of North Melbourne although the new Woolworths at Arden Gardens will contract Flemington's catchment. The retail floor area of Racecourse Road tenants is similar to the Errol Street centre.

## 4.2 Future centres

**Arden Gardens** is a large mixed-use residential and retail complex under construction in North Melbourne with three frontages to Macaulay Road, Vaughan Terrace and Canning Street. The development lies just outside the northern boundary of the Arden precinct and will be integral to the Macaulay neighbourhood activity centre on the Canning Street / Macaulay Road axis.

Arden Gardens will have 299 apartments over two residential towers sitting above a retail podium with a large 4,400 sqm Woolworths supermarket and 15 retail outlets. Woolworths will open to a small internal mall while many shops will face out to the surrounding streets.

Pedestrian entries are from Canning Street and Vaughan Street with a basement parking entry / exit off Macaulay Road. Woolworths will also have a small exposure out to Canning Street.

This is a significant addition to the area and will be the first and only full-line supermarket across North Melbourne and Kensington with a managed selection of specialty shops. The centre will retain spending in the local area and potentially reduce activity levels in the surrounding shopping strips.



**West Melbourne.** A proposed mixed-use development at 512-544 Spencer Street West Melbourne will include a new ALDI store and several shops. Construction has not yet commenced. ALDI will provide another grocery option for residents however Arden Gardens is likely to have the greatest impact on shopping patterns in North Melbourne in the short term.

Other mixed use sites in West Melbourne with large floor plates will also be looking to add retail space including potentially small supermarkets and convenience stores.

At **Docklands**, The District shopping and entertainment complex (formerly known as Harbour Town) is undergoing redevelopment including conversion of the multi-level car park to a fresh food precinct with Woolworths, Dan Murphy's and other convenience-based shops.

While the business mix in the local and neighbourhood centres of North Melbourne and Kensington has gradually shifted to cafes, restaurants, take away food and services in the last 20 years, the overall supply or available space has been largely unchanged – despite the gradual and more recent, significant growth in population.

#### 4.3 Retail industry trends

Delivering the Arden Vision is a long term (30+ years) project. The retail trends evident today in store formats, products, sales and marketing, social media, point-of-sale and supply chain will almost certainly evolve and shift again by the time Arden is developing or delivered.

The current and foreseeable shifts in retailing include the following:

- The rise of 'experiential' retailing where layouts and fit outs resemble something other than conventional stock and display models.
- Shopping centres providing more leisure activities and community-based services to increase the dwell time.
- Shopping centres beginning to mimic and enhance the suburban lifestyle and experiences with informal gathering and play areas.
- Increasing home delivery options by third-party providers.
- Subscription and automated retailing / fulfillment through smart homes, appliances and pantries.
- Increasing social media strategies and communication including real time messaging in-store.

- Personalisation of products and experiences to gain maximum differentiation in the market place.
- Increasing use of 'big data' to enhance sales, marketing, customer service and operations through credit or loyalty cards, social media platforms and phone and other personal device tracking.
- Mobile phone 'Scan & go' technology to eliminate check outs.
- The rise of artisan products and 'curated' retail by centre managers.
- An increase in health, well-being and personal services.
- Retailers with strong sustainability practices.

While many analysts have predicted the demise of conventional 'bricks & mortar' retailers, recent reports point to an increase in the number of new retail businesses in the UK and USA.

Technology-heavy retailers (e.g. Amazon) are disruptors to conventional retailers, however technology is also making it easier for independent retailers and businesses to establish with limited investment. New technologies have reduced the time and cost in ordering, inventory management, payments and marketing via social media.

These trends are also giving rise to more diverse and flexible retail store areas.

There is a general consensus that while retail floorspace growth has slowed and been impacted in some sectors and industries by the rise of home or internet shopping, there is a natural ceiling to this growth beyond which traditional retail stores will continue to grow and thrive.

In the inner suburbs, the impacts on local centres has probably been less as any gradual shifts to on-line shopping have been offset by rising population levels and a shifting mix to food, catering and service uses. With higher density living, the social value of local centres with cafes and casual meeting places is increasing and become more important in residents' lifestyles and choice of suburb.

# 5

## Catchment area

### 5.1 Assumptions

The retail demands for Arden are primarily assessed for the area around the new North Melbourne station where the Vision document sets out a high-density employment centre for business with potential health, education and research elements.

Arden is not expected to provide a large conventional (internalised) shopping centre nor have a large supply of public parking to accommodate in-bound visitors / shoppers. The retail elements are therefore likely to serve the needs of the daily workforce or visitors for business or leisure and residents of the precinct and others within a short distance.

### 5.2 Catchment area definition

The catchment area for Arden Central (refer Figure 11) is influenced by the effects of the natural and physical barriers including CityLink, Moonee Ponds Creek and Dynon rail yards. Royal Park and the large health and education institutions of Parkville also affect the potential catchment of any centre in North Melbourne. Arden Street carries local and through traffic but not the heavy volumes of other arterial roads in Melbourne that pass through or near large business or strip centres.

The **primary (Arden)** sector includes the Arden precinct where less than 1,000 people currently live. The tightly defined area based on a walkable catchment will nonetheless include a significant future workforce and population.

The **Flemington Road** sector covers the residential area north of Macaulay Road to Flemington Road and Racecourse Road. The new Woolworths supermarket at Arden Gardens, Melrose Village and any future development nearby will largely serve this catchment in the foreseeable future for most daily and weekly needs.

The **Curzon Street** sector is a narrow wedge between Arden Central and Curzon Street, extending south to the rail yards and east towards Errol Street. This area is mostly zoned Mixed Use and is seen as a transitional area from Arden Central.

The **Kensington** sector extends west of CityLink to the railway line and the edge of the existing Macaulay Road neighbourhood centre.

## 5.1 Population projections

A 2016 report by SGS for the Metropolitan Planning Authority and Melbourne Metro Rail Authority (*Central City Narrative – Final report*) provides commentary on development of Melbourne's city centre including planning policy, infrastructure investment, business preferences and housing growth. The growth of the city centre to 2051 is discussed in the context of housing and employment in planned urban renewal areas, infrastructure projects and investment and the planned growth for metropolitan Melbourne.

The recently updated population and employment projections by SGS are reproduced for Arden and Macaulay in Table 3. For reference, the recent Census population estimates for Arden and Macaulay are also shown.

The important demand elements for future retailing at Arden Central are a projected population of **15,000 people** in Arden by 2051 and a workforce of **34,000**. The adjoining Macaulay precinct to the north will add fewer people (5,000-6,000) over the same period and have a much smaller workforce.

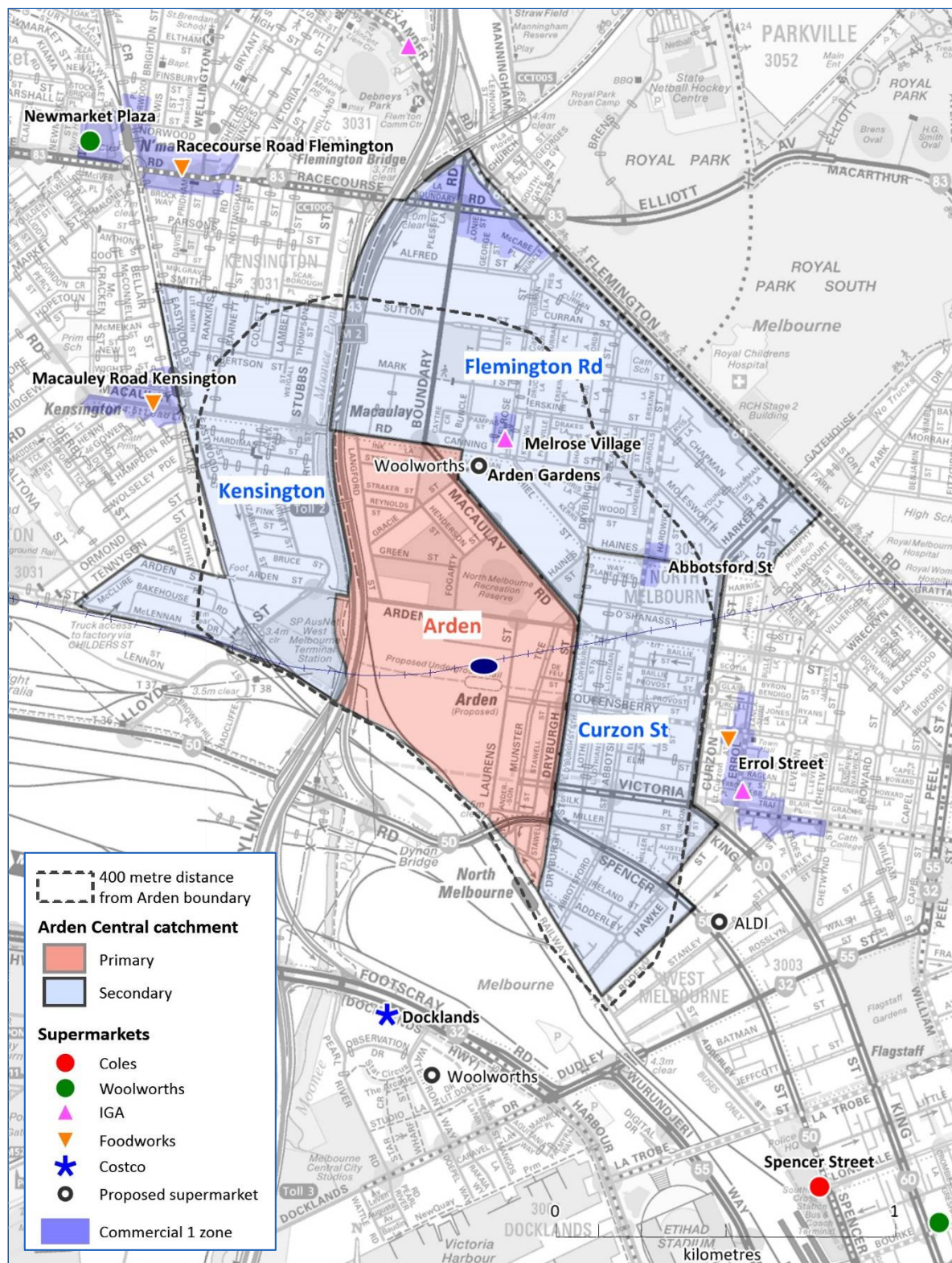
These forecasts are adopted into the catchment analysis and for subsequent retail demand modelling.

**Table 3—Arden-Macaulay urban renewal area, Population and Employment projections**

Source: ABS; SGS; Deep End Services

|                   | Census (Actual) |       | SGS Projections |       |        |        |
|-------------------|-----------------|-------|-----------------|-------|--------|--------|
|                   | 2011            | 2016  | 2011            | 2016  | 2031   | 2051   |
| <u>Population</u> |                 |       |                 |       |        |        |
| Arden             | 440             | 650   | 470             | 810   | 5,000  | 15,000 |
| Macaulay          | 2,630           | 2,910 | 2,500           | 3,000 | 4,465  | 8,965  |
| Total             | 3,070           | 3,560 | 2,970           | 3,810 | 9,465  | 23,965 |
| <u>Employment</u> |                 |       |                 |       |        |        |
| Arden             | -               | -     | 3,775           | 3,120 | 7,390  | 33,940 |
| Macaulay          | -               | -     | 4,140           | 4,520 | 6,380  | 14,375 |
| Total             | -               | -     | 7,915           | 7,640 | 13,770 | 48,315 |

Figure 11—Arden catchment area

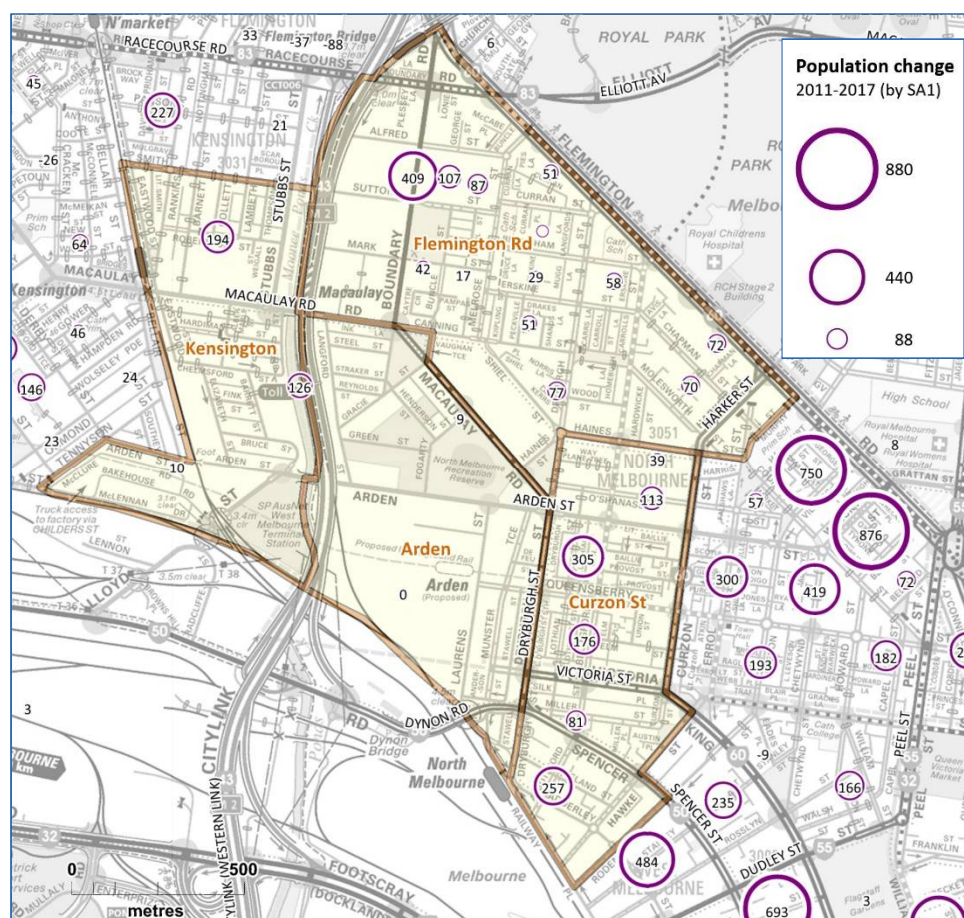


## 5.2 Catchment population projections

The recent changes in small-area population levels (ABS SA1s) between 2011 and 2017 across North Melbourne, Flemington and West Melbourne are shown in Figure 12. The pattern reveals the larger unit complexes that have spread from the city grid through West Melbourne, unit sites on Flemington Road and smaller developments encroaching into North Melbourne and Kensington.

**Figure 12—**  
Population change  
(2011-17)

Source: ABS; Deep  
End Services



Adopting the SGS forecasts, Table 4 outlines the existing and projected resident population in the Arden Central catchment area. At the 2016 Census there were 11,850 people recorded in the total catchment. The population in each sector is as follows:

- The primary (Arden) sector has the smallest population base, with 650 people in 2016. The residential area is directly east of the site with small heritage homes dispersed among small offices, warehouses and industrial buildings. Apartments are also situated close to the existing North Melbourne station on the south side of Dynon Road.
- The Flemington Road sector includes part of the Macaulay urban renewal area and has a mix of high-rise public housing around Boundary Road and more traditional dwellings and town houses to the north-east.
- The Curzon St sector is a mixed-use area of commercial buildings, small apartment blocks and townhouses.

- The Kensington sector west of CityLink is largely industrial in the south and a mix of small cottages, townhouses and apartments in the north.

Population forecasts for the catchment adopt the following assumptions:

- The Arden precinct will house 15,000 people by 2051. This includes Arden Central and the industrial area of small factories, warehouses and depots between Arden Street and Macaulay Road.
- The Macaulay urban renewal area which straddles the Flemington Road and Kensington sectors will have a population of close to 9,000 people by 2051. Most of the additional population is expected in the Flemington Road sector (North Melbourne) off Boundary Road where the large rezoned industrial sites are located.
- Population growth in the balance of the catchment will broadly follow recent trends as older residential, commercial and industrial sites in the GRZ1 (General Residential Zone) are replaced by townhouses and 2-3 storey apartment developments.

By 2051, the total catchment will have almost 40,000 residents. Arden will experience the strongest growth, with almost 15,000 additional people by 2051. Rates of growth may, of course, vary from the assumptions depending on the take-up of available sites however for the purpose s of the retail demand assessment, the main consideration is the long-term population capacity of the area.

**Table 4—  
Catchment area  
population**

Source: ABS; SGS;  
Deep End Services

| Trade area<br>sector   | Estimated Population |               |               | Average growth per annum |             |            |             |
|------------------------|----------------------|---------------|---------------|--------------------------|-------------|------------|-------------|
|                        |                      |               |               | 2016-2031                |             | 2031-2051  |             |
|                        | 2016                 | 2031          | 2051          | No.                      | %           | No.        | %           |
| Arden                  | 646                  | 5,000         | 15,000        | 290                      | 14.6%       | 500        | 5.6%        |
| Flemington Rd          | 6,384                | 8,960         | 13,270        | 172                      | 2.3%        | 216        | 2.0%        |
| Curzon St              | 3,664                | 6,180         | 8,180         | 168                      | 3.5%        | 100        | 1.4%        |
| Kensington             | 1,158                | 1,790         | 2,980         | 42                       | 2.9%        | 60         | 2.6%        |
| <b>Total catchment</b> | <b>11,851</b>        | <b>21,930</b> | <b>39,430</b> | <b>672</b>               | <b>4.2%</b> | <b>875</b> | <b>3.0%</b> |

### 5.3 Demographic characteristics

The inner suburbs of North Melbourne, West Melbourne and Flemington are a complex area of different housing styles and household and population characteristics which change significantly between blocks and streets.

The area historically developed with small Victorian and Edwardian cottages and terraces, many for inner city working-class families although grand terrace homes are evident off Flemington Road. In the 1960's, the pre-cast high rise public housing estates on Canning Street and Melrose Street in North Melbourne were built followed by low rise public and private walk-up flats in other blocks to the east.

In the last 20 years, modern apartment buildings and industrial / warehouse conversions have spread through West Melbourne, along Flemington Road and into North Melbourne. Proximity to the CBD, tertiary education and health precincts has made North Melbourne popular with students, young professionals and health

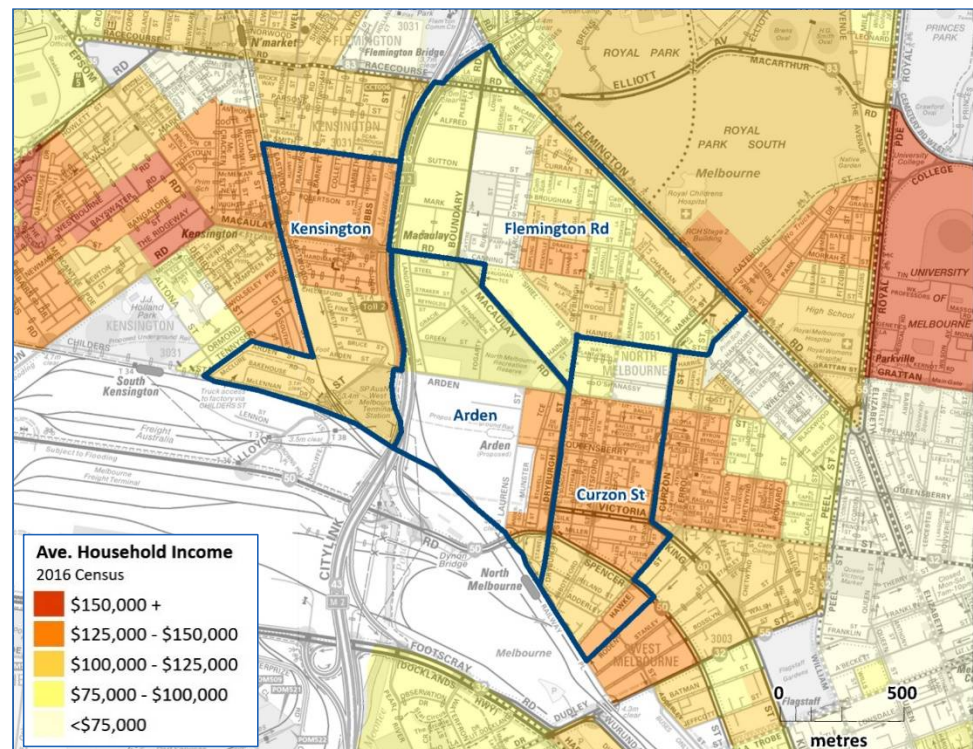
workers. These short-term residents share the area with high income families in restored terraces and public housing tenants.

Figure 13 shows average household income at the small area (SA1) level from the 2016 Census. Public housing and student accommodation is reflected in the low income areas between Boundary Road and Melrose Street, on O'Shanassy Street and off Flemington Road.

These pockets of low income contrast with blended areas of high and low income households and areas of higher income in central North Melbourne (between Victoria Street and Arden Street) and in the streets of Victorian cottages and terraces of Kensington.

**Figure 13—  
Household income**

Source: ABS; Deep  
End Services



Detailed demographic data for the catchment sectors is presented in Table 5. The characteristics of the catchment and individual sectors are as follows:

- Apartments make up 50-60% of all dwellings in areas of North Melbourne and 34% in Kensington. Townhouses and semi-detached are a third of all dwellings while detached homes are just 10% of the housing stock.
- Two-thirds of all dwellings are rented compared to just 31% across Melbourne.
- 'Couples with children' make up only 17% of all households (Melbourne 36%) while one-third of households are 'single person' and 17% are group households – usually tertiary students. Therefore 50% of all households are either single person or students or young professionals sharing accommodation.
- The average household is 2.26 persons or 15% smaller than the city average (2.66)

- The itinerant nature of the population is revealed by 28% of people living in a different place 12 months prior to the Census. Only 40% lived in the same dwelling 5 years prior to the Census.
- The age profile is young with 42% aged between 20-34 years (Melbourne 24%).
- Average income levels blend professionals, students and low income residents. The average individual income is 11% above the Melbourne average but much higher in the Curzon Street (+24%) and Kensington (+57%) precincts which have no significant areas of public housing.
- Tertiary education students made up 16% of the population (Melbourne 8%).
- 42% of the population was born overseas with China and Vietnam the largest source countries.
- The inhabitants of 28% of dwellings have no vehicle which increases to one-third in the Arden and Flemington Road areas. Access to local shops and services is therefore important for many residents.

The profile of the catchment area (and changes in the future through more apartment residents) has implications for the style and provision of retail floorspace. Retailers and services in strong demand will include:

- Local, accessible food stores or (small) supermarkets which can be reached by foot. The population base is likely to shop frequently and for small purchases.
- Casual cafes, eateries and pre-prepared food businesses.
- Premises and public areas where residents can meet or socialise outside of home or small apartment spaces.
- Personal services and products for the young population including those who may only live in the area for a short period of time.
- Those operating with extended trading hours and home delivery options for those with limited mobility or private vehicle use.
- Asian groceries and home set-up products.
- Those close to public transport.

**Table 5—  
Demographic  
characteristics**

Source: ABS

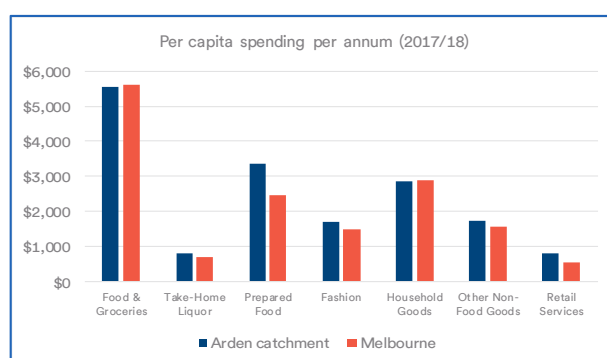
| Demographic characteristic<br>(2016 Census)              | Arden    | Flemington<br>Rd Curzon St | Kensington | Total<br>catchment | Melbourne |           |
|--|----------|----------------------------|------------|--------------------|-----------|-----------|
| Persons and dwellings                                    |          |                            |            |                    |           |           |
| Usual resident population                                | 447      | 5,825                      | 3,462      | 1,084              | 10,818    | 4,485,211 |
| Attending uni, technical or other tert education         | 77       | 941                        | 621        | 112                | 1,751     | 367,982   |
| - % total residents                                      | 17%      | 16%                        | 18%        | 10%                | 16%       | 8%        |
| Total private dwellings                                  | 277      | 2,771                      | 1,742      | 553                | 5,343     | 1,831,918 |
| - % unoccupied   | 8%       | 9%                         | 10%        | 9%                 | 9%        | 9%        |
| Average household size <sup>(5)(7)</sup>                 | 1.90     | 2.30                       | 2.28       | 2.16               | 2.26      | 2.66      |
| At same address: <sup>(1)</sup>                          |          |                            |            |                    |           |           |
| - 1 year ago   | 69%      | 74%                        | 70%        | 74%                | 72%       | 84%       |
| - 5 years ago  | 30%      | 48%                        | 32%        | 35%                | 40%       | 58%       |
| Economic indicators                                      |          |                            |            |                    |           |           |
| Participation rate <sup>(2)</sup>                        | 62%      | 54%                        | 71%        | 78%                | 62%       | 62%       |
| Unemployment rate <sup>(2)</sup>                         | 9.0%     | 11.5%                      | 6.4%       | 2.8%               | 8.4%      | 6.8%      |
| White collar workers <sup>(2)</sup>                      | 70%      | 64%                        | 69%        | 77%                | 68%       | 53%       |
| Bachelor degree or higher <sup>(2)(3)</sup>              | 47%      | 40%                        | 50%        | 55%                | 45%       | 27%       |
| Age group  |          |                            |            |                    |           |           |
| 0-9  | 7%       | 11%                        | 7%         | 11%                | 9%        | 13%       |
| 10-19  | 3%       | 11%                        | 6%         | 2%                 | 8%        | 12%       |
| 20-34  | 45%      | 36%                        | 49%        | 43%                | 42%       | 24%       |
| 35-49  | 22%      | 18%                        | 21%        | 24%                | 20%       | 21%       |
| 50-64  | 13%      | 12%                        | 11%        | 13%                | 12%       | 17%       |
| 65+  | 10%      | 11%                        | 5%         | 6%                 | 9%        | 14%       |
| Average age  | 36.8     | 34.8                       | 33.1       | 34.6               | 34.3      | 37.6      |
| Annual individual income <sup>(2)</sup>                  |          |                            |            |                    |           |           |
| <\$15,600  | 20%      | 30%                        | 20%        | 12%                | 24%       | 25%       |
| \$15,600 - \$41,700                                      | 27%      | 33%                        | 25%        | 18%                | 28%       | 32%       |
| \$41,700 - \$78,200                                      | 29%      | 21%                        | 27%        | 29%                | 24%       | 25%       |
| \$78,200 - \$104,200                                     | 14%      | 8%                         | 13%        | 18%                | 11%       | 9%        |
| >\$104,200   | 10%      | 9%                         | 14%        | 23%                | 12%       | 9%        |
| Average individual income                                | \$55,333 | \$45,772                   | \$60,923   | \$77,081           | \$54,352  | \$49,186  |
| Variation from Melbourne average                         | 12%      | -7%                        | 24%        | 57%                | 11%       | -         |
| Annual household income <sup>(1)(3)(5)</sup>             |          |                            |            |                    |           |           |
| <\$33,800  | 32%      | 35%                        | 17%        | 11%                | 26%       | 18%       |
| \$33,800 - \$78,200                                      | 26%      | 27%                        | 23%        | 18%                | 24%       | 30%       |
| \$78,200 - \$130,300                                     | 24%      | 18%                        | 27%        | 26%                | 22%       | 26%       |
| \$130,300 - \$182,400                                    | 9%       | 10%                        | 16%        | 18%                | 13%       | 13%       |
| >\$182,400   | 9%       | 10%                        | 17%        | 27%                | 14%       | 13%       |
| Average household income                                 | \$79,733 | \$80,477                   | \$112,893  | \$136,826          | \$97,570  | \$98,420  |
| Variation from Melbourne average                         | -19%     | -18%                       | 15%        | 39%                | -1%       | -         |
| Country of birth <sup>(1)</sup>                          |          |                            |            |                    |           |           |
| Australia  | 51%      | 53%                        | 61%        | 78%                | 58%       | 64%       |
| China  | 12%      | 9%                         | 8%         | 1%                 | 8%        | 4%        |
| Vietnam  | 4%       | 4%                         | 2%         | 1%                 | 3%        | 2%        |
| New Zealand  | 3%       | 2%                         | 4%         | 4%                 | 3%        | 2%        |
| England  | 4%       | 2%                         | 3%         | 4%                 | 3%        | 3%        |
| Malaysia   | 2%       | 2%                         | 2%         | 0%                 | 2%        | 1%        |
| Other  | 25%      | 27%                        | 20%        | 11%                | 23%       | 24%       |
| Occupied private dwelling tenure <sup>(1)(4)(5)(6)</sup> |          |                            |            |                    |           |           |
| Fully owned  | 9%       | 14%                        | 17%        | 17%                | 15%       | 32%       |
| Being purchased  | 18%      | 12%                        | 24%        | 36%                | 19%       | 37%       |
| Rented   | 73%      | 74%                        | 58%        | 47%                | 66%       | 31%       |
| Dwelling type <sup>(1)(4)(7)</sup>                       |          |                            |            |                    |           |           |
| Separate house   | 0%       | 11%                        | 7%         | 23%                | 10%       | 68%       |
| Townhouse/semi-detached                                  | 20%      | 31%                        | 39%        | 44%                | 34%       | 17%       |
| Apartment  | 80%      | 58%                        | 54%        | 34%                | 55%       | 15%       |
| Household composition <sup>(4)(5)</sup>                  |          |                            |            |                    |           |           |
| Couples with children                                    | 9%       | 16%                        | 17%        | 22%                | 17%       | 36%       |
| Couples without children                                 | 27%      | 21%                        | 29%        | 34%                | 25%       | 25%       |
| One parent family  | 7%       | 12%                        | 6%         | 2%                 | 9%        | 11%       |
| Lone person  | 46%      | 35%                        | 26%        | 30%                | 32%       | 24%       |
| Group  | 11%      | 15%                        | 23%        | 13%                | 17%       | 5%        |
| Motor vehicle ownership per dwelling <sup>(1)(5)</sup>   |          |                            |            |                    |           |           |
| None   | 34%      | 33%                        | 27%        | 10%                | 28%       | 9%        |
| One  | 52%      | 48%                        | 50%        | 59%                | 50%       | 36%       |
| Two  | 11%      | 16%                        | 21%        | 26%                | 19%       | 38%       |
| Three or more  | 3%       | 3%                         | 3%         | 4%                 | 3%        | 17%       |

## 5.4 Spending

Modelling of the ABS Household Expenditure Survey indicates that Arden catchment residents have different spending levels and patterns to metropolitan Melbourne. Notwithstanding the low income and student elements of the population, the overall higher income profile generates an annual spending level of \$16,743 per capita – or 10% above the Melbourne average. In this area residents have higher spending levels on liquor, prepared food, fashion, small household goods and retail and personal services.

**Figure 14—Per capita spending levels**

Source: Marketinfo, Deep End Services



Future retail spending growth by trade area residents (refer Table 6) is based on projected population levels and small increases in average per capita spending rates. Catchment residents currently generate approximately \$143.2 million in spending on retail goods and services per annum. This is projected to increase to \$189.2m by the time the Metro Tunnel Project opens in 2025. Within 5 years of opening, population growth would see spending levels increase to \$211.1 m by 2030.

**Table 6—Catchment area spending growth**

Source: Deep End Services, Market Data Systems, Deloitte Access Economics

| Spending category                   | Spending market (\$m) |              |              | Average change (%pa) |             |
|-------------------------------------|-----------------------|--------------|--------------|----------------------|-------------|
|                                     | 2018                  | 2025         | 2030         | 2018-25              | 2025-30     |
| <b>Food, Groceries &amp; Liquor</b> |                       |              |              |                      |             |
| Arden                               | 2.4                   | 4.1          | 4.6          | 7.8%                 | 2.7%        |
| Flemington Rd                       | 28.3                  | 36.3         | 39.4         | 3.6%                 | 1.7%        |
| Curzon St                           | 17.5                  | 23.9         | 27.6         | 4.5%                 | 3.0%        |
| Kensington                          | 4.9                   | 7.8          | 8.3          | 6.9%                 | 1.0%        |
| <b>Total</b>                        | <b>53.1</b>           | <b>72.1</b>  | <b>80.0</b>  | <b>4.5%</b>          | <b>2.1%</b> |
| <b>Prepared Food</b>                |                       |              |              |                      |             |
| Arden                               | 1.2                   | 1.9          | 2.3          | 7.1%                 | 4.3%        |
| Flemington Rd                       | 12.2                  | 15.0         | 17.7         | 3.0%                 | 3.3%        |
| Curzon St                           | 10.8                  | 14.2         | 17.9         | 4.0%                 | 4.7%        |
| Kensington                          | 2.6                   | 3.9          | 4.5          | 6.3%                 | 2.7%        |
| <b>Total</b>                        | <b>26.8</b>           | <b>35.1</b>  | <b>42.4</b>  | <b>3.9%</b>          | <b>3.9%</b> |
| <b>Non-food</b>                     |                       |              |              |                      |             |
| Arden                               | 2.1                   | 3.3          | 3.6          | 6.8%                 | 1.9%        |
| Flemington Rd                       | 27.4                  | 33.1         | 34.7         | 2.7%                 | 1.0%        |
| Curzon St                           | 21.0                  | 27.1         | 30.4         | 3.7%                 | 2.3%        |
| Kensington                          | 6.5                   | 9.8          | 10.0         | 6.2%                 | 0.4%        |
| <b>Total</b>                        | <b>57.0</b>           | <b>73.4</b>  | <b>78.8</b>  | <b>3.7%</b>          | <b>1.4%</b> |
| <b>Retail Services</b>              |                       |              |              |                      |             |
| Arden                               | 0.2                   | 0.3          | 0.4          | 7.7%                 | 3.1%        |
| Flemington Rd                       | 3.1                   | 4.1          | 4.6          | 3.9%                 | 2.2%        |
| Curzon St                           | 2.4                   | 3.4          | 4.0          | 4.8%                 | 3.6%        |
| Kensington                          | 0.6                   | 0.9          | 1.0          | 6.9%                 | 1.5%        |
| <b>Total</b>                        | <b>6.3</b>            | <b>8.7</b>   | <b>10.0</b>  | <b>4.7%</b>          | <b>2.7%</b> |
| <b>Total retail</b>                 |                       |              |              |                      |             |
| Arden                               | 5.8                   | 9.6          | 11.0         | 7.3%                 | 2.8%        |
| Flemington Rd                       | 71.0                  | 88.5         | 96.5         | 3.2%                 | 1.7%        |
| Curzon St                           | 51.8                  | 68.6         | 79.9         | 4.1%                 | 3.1%        |
| Kensington                          | 14.5                  | 22.6         | 23.8         | 6.5%                 | 1.1%        |
| <b>Total</b>                        | <b>143.2</b>          | <b>189.2</b> | <b>211.2</b> | <b>4.1%</b>          | <b>2.2%</b> |

# 6

## Retail demand

### 6.1 Methodology

There are two common methods of assessing future retail floorspace demand levels (or requirements) for a given catchment area. These are:

- **Expenditure & capture method.** This approach takes the future retail spending levels of a catchment area, assesses the proportion that can (or should ideally) be captured by local retailers (referred to as retained spending) and calculates the amount of space this spending can support by the application of average trading levels. The final quantum can be adjusted for flows of spending coming from outside the defined catchment area.
- **Retail floorspace provision.** This is a simpler and more transparent method which measures and applies floorspace provision benchmarks (usually sqm per capita) to future population levels of an area and applies judgements on the amount that can or should be provided based on the size, self-containment, external competition and other characteristics of the catchment.

Both methods adopt either households or individuals as the demand drivers of retail floorspace. Adaptions can then be made for smaller non-household demand sources such as businesses or the day-time workforce or visitor population to an area.

Arden is a unique geographic or demand area. It is relatively small and constrained by road, rail and land use changes and is developing from a low population base with significant growth expected in the future. The future resident population will be largely apartment-based which has different spending and demand levels to a middle or outer suburban market.

Secondly, the significant demand elements at Arden are likely to come from the workforce or day-time population as the main precinct around the new North Melbourne station is envisioned as a commercial and business hub, rather than a high-density residential precinct. A projected workforce of 34,000 people therefore needs to be considered as a core demand element of the activity centre, rather than as a residual or ancillary component.

The combination of future population and business demand sectors rising off a very low base and out to 2051 makes the assessment more complex than typical suburban demand exercises.

Given the difficulty in predicting expenditure levels out to 2051 and the imperfect data around average spending at the workplace, a **floorspace per capita method** is adopted in this case which uses blended population and workforce benchmarks for business and mixed-use areas.

## 6.2 Workforce and population benchmarks

Arden's unique physical setting and future role as a business hub on the edge of the city suggests that the only areas where variable rates of workforce and resident floorspace demands (which interact and support local floorspace) can be measured for discrete areas are Melbourne's central city area, Docklands and Southbank. Other areas such as Forest Hill (South Yarra) and areas of Richmond were considered but rejected as these mixed-use areas tend to merge with surrounding commercial and residential areas making it difficult to isolate localised demand levels.

The spatial areas defined and then used to measure population, daily workforce and retail floorspace are shown in Figure 15. Each area is unique in its size, population and role and in each case. The modelling also excludes retail floorspace or precincts which are largely supported by a metropolitan-wide population or tourist elements.

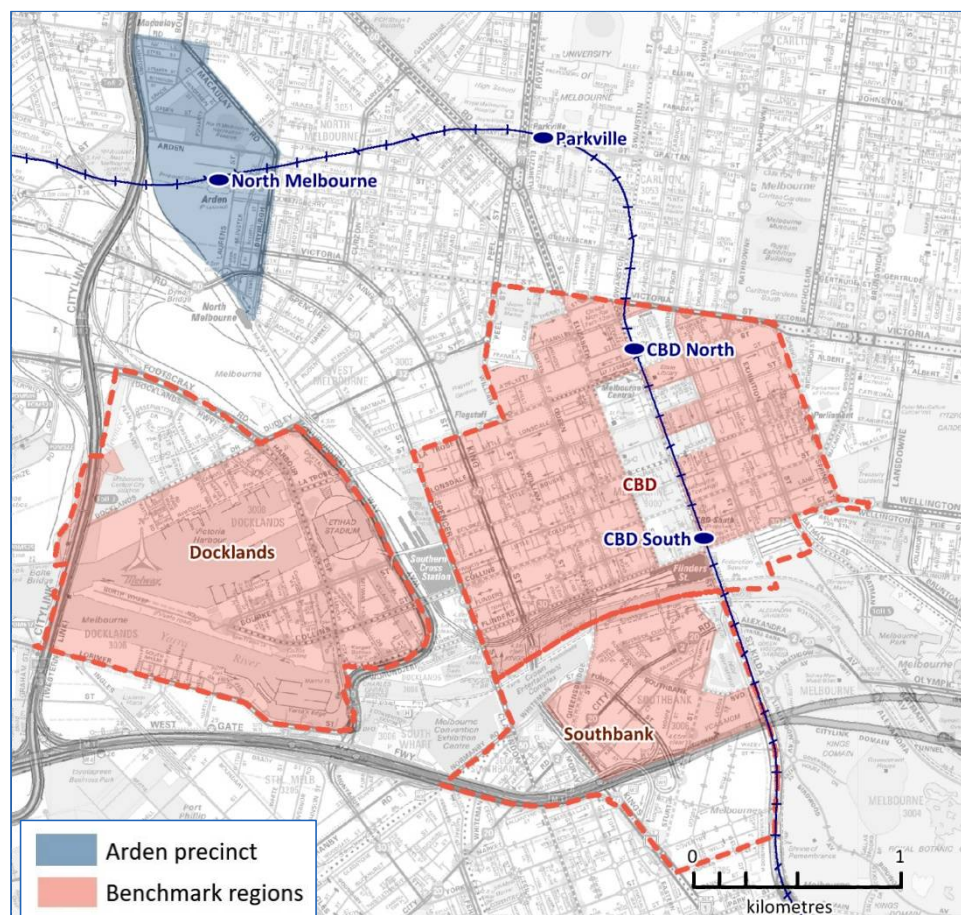
For example, to ensure that rates of provision are isolated to the retail floorspace directly servicing the daily workforce in commercial buildings and residents living throughout the central city area, the central Melbourne provision rates exclude retailing in the core area bounded by Flinders Street, Elizabeth Street, Latrobe Street and Lonsdale Street. A section of Bourke Street (east), Chinatown and the QVB complex are also excluded.

Similarly, in Docklands the District Docklands leisure retailing complex and Costco were excluded and in Southbank, the Crown Casino and Southgate complexes are excluded.

These exclusions ensure that conservative floorspace provision rates are calculated which are not inflated by retail or leisure precincts supported by wider demand markets and the significant department stores and other comparison-based specialty floorspace that are unlikely to be provided in Arden.

**Figure 15—  
Benchmark  
precincts**

Source: Deep End  
Services



For each defined inner city area, the following data was gathered:

- Population levels at the 2016 Census gathered at the smallest geographic area (meshblock level).
- Workforce levels across all buildings and land use classifications, sourced from the City of Melbourne's 2017 Census of Land Use and Employment (CLUE) data.
- Retail floorspace sourced from CLUE.

Independent retail floorspace provision rates for the resident population and workforce of the three areas is calculated in Table 7.

In the case of Melbourne's central city area excluding the central retail core and adjoining areas and complexes:

- The resident population in 2016 was 36,088 people.
- The total workforce was 188,850
- Total retail floorspace was 171,135 sqm.
- The measured retail space (outside the city core) is assumed to be supported as follows; CBD residents (15%), CBD workforce (55%), other Melbourne residents (15%) and tourists / visitors (15%).

- Applying these proportions to the retail floorspace and dividing by the resident and workforce populations, the estimated supportable floorspace (or provision rates) is:
  - 0.71 sqm of retail floorspace per resident in the central city area
  - 0.5 sqm of retail floorspace per worker in the central city area

Applying the same methodology to Dockland and Southbank with different levels of retail floorspace support assumptions, the estimated rates of provision area:

- 0.28 sqm per resident and 0.24 sqm per worker in Docklands
- 0.25 sqm per resident and 0.17 sqm per worker in Southbank

Rates of provision are higher in the central city area than Southbank and Docklands as the CBD is an established and mature market with a wider choice and range of retailers. The Docklands and Southbank resident provision rates are similar although Southbank's rate will increase significantly after the retail and residential development currently under construction on Kavanagh Street is completed.

On average, the weighted rate of provision for residents of the three areas is 0.54 sqm per person although the lower Docklands and Southbank rates are considered more appropriate for an urban renewal area. The rates compare with the generally accepted benchmark of 2.2 sqm per person across metropolitan Melbourne. The inner area rate is much less as inner city residents spend less on some retail categories and would direct some spending to centres outside the CBD.

The workforce provision ranges from 0.50 sqm per capita for CBD workers to 0.17 to 0.24 sqm per capita in Docklands and Southbank. These lower rates reflect the needs of the daily workforce to purchase a range of goods and services near work compared to residents who have wider needs.

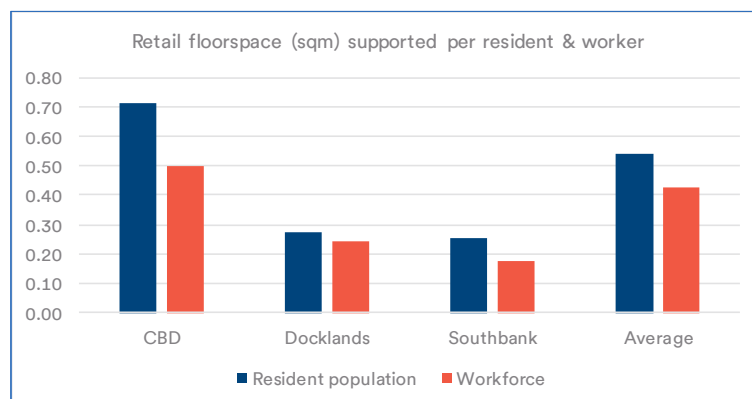
**Table 7—Supportable retail floorspace by residents & workers**

|                | Resident population (2016) | Workforce (2017) | Retail floorspace (sqm) | Retail floorspace demand sources |               |                       |                   |                 | Floorspace provision |                  |
|----------------|----------------------------|------------------|-------------------------|----------------------------------|---------------|-----------------------|-------------------|-----------------|----------------------|------------------|
|                |                            |                  |                         | Resident population              | Workforce     | Other Melb. residents | Visitors/tourists | Total           | Per resident (sqm)   | Per worker (sqm) |
| CBD            | 36,088                     | 188,850<br>19%   | 171,135                 | 15%<br>25,670                    | 55%<br>94,124 | 15%<br>25,670         | 15%<br>25,670     | 100%<br>171,135 | 0.71                 | 0.50             |
| Docklands      | 10,825                     | 44,862<br>24%    | 19,896                  | 15%<br>2,984                     | 55%<br>10,943 | 10%<br>1,990          | 20%<br>3,979      | 100%<br>19,896  | 0.28                 | 0.24             |
| Southbank      | 11,247                     | 21,776<br>52%    | 9,496                   | 30%<br>2,849                     | 40%<br>3,798  | 15%<br>1,424          | 15%<br>1,424      | 100%<br>9,496   | 0.25                 | 0.17             |
| <b>Average</b> |                            |                  |                         |                                  |               |                       |                   |                 | <b>0.54</b>          | <b>0.43</b>      |

Source: ABS, City of Melbourne CLUE, Deep End Services

**Figure 16—Retail floorspace provision rates**

Source: ABS, CLUE, Deep End Services



### 6.3 Arden gross retail demand

The future gross retail floorspace needs (or supportable floorspace) of the Arden precinct are calculated in Table 8.

From the proceeding analysis, we have adopted 0.30 sqm of retail floorspace for each of the 15,000 future residents in the Arden precinct to be provided in Arden and 0.2 sqm per capita for the 34,000 future workers.

The rate of 0.3 sqm per capita for residents may seem low relative to metropolitan benchmarks (2.2 sqm per capita) however the following is noted:

- The rate is consistent with Docklands and Southbank.
- The Arden Gardens residential and retail complex due for completion this year lies just outside the Arden precinct but will cater for much of the area's food and local shopping needs for some time.
- The planning objectives for Arden Central are to accommodate a business centre with support services, not a large traditional retail complex generating significant levels of in-bound traffic
- Like other inner city areas, local retailing in Arden will mainly cater for the basic daily and weekly needs of residents. Fashion, homewares, electronics, bulky goods and other comparison-type categories are not well suited to street-based business centre and should be provided in the CBD, Victoria Market and other centres.
- The rate ensures that some demands will continue to support existing local and neighbourhood centres.

**Table 8—Arden gross retail floorspace needs**

Source: Deep End Services

|                             |                            | Retail floorspace demand sources (2051) |           |   |               |
|-----------------------------|----------------------------|---|-----------|---|---------------|
|                             |                            | Resident population                     | Workforce | Other inbound sources (residents, visitors, students) | Total         |
| Population                  | At capacity (2051)         | 15,000                                  | 34,000    | n.a.  | n.a.          |
| Retail floorspace provision | (sqm per capita)           | 0.30                                    | 0.20      |   |               |
|                             | sqm                        | 4,500                                   | 6,800     | 5,566   | 16,866        |
|                             | % by source                | 27%                                     | 40%       | 33%   | 100%          |
| Non retail floorspace       | (@25% of total shop front) |   |           |   | 5,622         |
| Total shop front space      | sqm                        |   |           |   | <b>22,488</b> |

The rate of 0.2 sqm per capita for each office worker assumes about 10% of each worker's total floorspace needs (2.2 sqm per capita) are met at their place of work. This proportion is even higher if large categories such as bulky goods retailing which make up 20-25% of consumer needs and are not normally sourced at a place of work are excluded. The rate (0.2 sqm) is also consistent with the current average calculated for the workforce in Southbank and Docklands.

The retail floorspace requirements of residents and the local workforce are then grossed up to allow for some needs of residents outside the Arden precinct and within the catchment area or wider region, visitors on business to the commercial centre and other inbound daily visitors such as tertiary students. Similar to the other inner city benchmarks, these sources of demand are assumed to make up 33% of all retail floorspace needs.

The last addition is non-retail commercial and office tenants who occupy shop-type floorspace. These can be uses such as real estate agents, banks, insurance offices, travel agents, gyms, medical and health practitioners, TAB and an allowance for vacant space. In mixed use business centres, particularly with road frontages these uses can occupy up to 25% of all shop-type floorspace.

On this assumption the total retail floorspace needs of the Arden precinct is calculated at **22,488 sqm**.



## Floorspace distribution

### 7.1 Role and function

The Arden Vision provides for two activity centres – Arden Central in and around the new North Melbourne railway station and future business centre and the Macaulay neighbourhood activity centre which builds on the small local centre on Melrose Street and the Arden Gardens centre under construction.

Arden Central is expected to provide some of the retail needs of future residents and the normal day-time needs of the future workforce. It is not intended to develop as a major retail-based activity centre for a broad inner city catchment area.

This expectation is consistent with the natural and physical boundaries which define the Arden precinct and affect its potential catchment and a desire to restrict inbound traffic on the street network which has limited capacity.

Significant areas of public parking are not envisaged for Arden Central as the new rail line and station will be the principal travel mode for the workforce, students and other visitors.

Planning the retail floorspace supply to the needs of the workforce and other inbound users of the centre will also protect other centres in the area.

### 7.2 Allocation to centres

The gross retail floorspace demand of 22,488 sqm is allocated as follows:

- 90% or 20,239 sqm to Arden Central.
- 10% or 2,249 sqm to the Macaulay Neighbourhood Centre in addition to the already existing and committed floorspace there of 7,000 sqm.

A notional allocation of the floorspace to tenant categories for both centres is shown in Table 9.

Considerations for the distribution of Arden Centrals 20,239 sqm of retail floorspace were as follows:

- With just three small independent supermarkets in Errol Street and Melrose Street, North Melbourne is under serviced with supermarket space. While the proposed Woolworths opening this year at Arden Gardens will address the current deficiency, the population projections suggest a second full-line supermarket can be justified in the medium term (5-10 years). A peripheral location at Arden Central is ideal where it can serve a residential and workforce market. A supermarket and supporting shops can also be a magnet and help activate the centre after hours without attracting significant volumes of in-bound traffic, typically drawn to larger centres.
- A small provision of convenience stores, liquor and specialty food tenancies (bakery, Asian grocer or health foods) would complement the supermarket.
- Take away food, cafes & restaurants will be the largest tenant group taking up about 30% of the retail floorspace. This is a significant supply but necessary for a workforce of 34,000 people who could be occupying 650,000 - 700,000 sqm of commercial and institutional floorspace.
- Non-food specialty shops in a business centre will include pharmacies, newsagent & lottery, office & business supplies, florist and discount variety.
- Retail and personal services are often sourced at the place of work and include optometrists, hairdressing & beauty, key cutting, shoe/watch repairs, massage & nail bars, dry cleaning & clothing alterations.
- Non-retail tenants who occupy shop-type tenancies have been previously noted as banks, small professional service firms, medical and allied health, gyms and fitness centres, amusement centres and bars. These are important uses which can occupy peripheral and secondary tenancies in large business centres.

**Table 9—Allocation of floorspace demands (sqm)**

Source: Deep End Services

| Centre / tenant category              | Arden Central (sqm retail) | Macauley Neighbourhood Centre (sqm retail) |
|---------------------------------------|----------------------------|--|
| <b>Existing</b>                       |                            |  |
| Existing centre <sup>1</sup>          | -                          | 1,004                                      |
| Under construction <sup>2</sup>       | -                          | 6,000                                      |
| <b>Existing &amp; committed</b>       | -                          | <b>7,004</b>                               |
| <b>Recommended area &amp; mix</b>     |                            |  |
| Supermarket                           | 4,048                      | 0  |
| Conv. Stores, liquor & specialty food | 1,619                      | 112  |
| Take away food, cafes & restaurants   | 6,072                      | 675  |
| Non food specialty shops              | 1,214                      | 337  |
| Retail services                       | 2,429                      | 450  |
| Non-retail tenants                    | 4,857                      | 675  |
| <b>Total additional</b>               | <b>20,239</b>              | <b>2,249</b>                               |
| <b>TOTAL CENTRE (retail)</b>          | <b>20,239</b>              | <b>9,253</b>                               |

<sup>1</sup> Melrose Village

<sup>2</sup> Arden Gardens

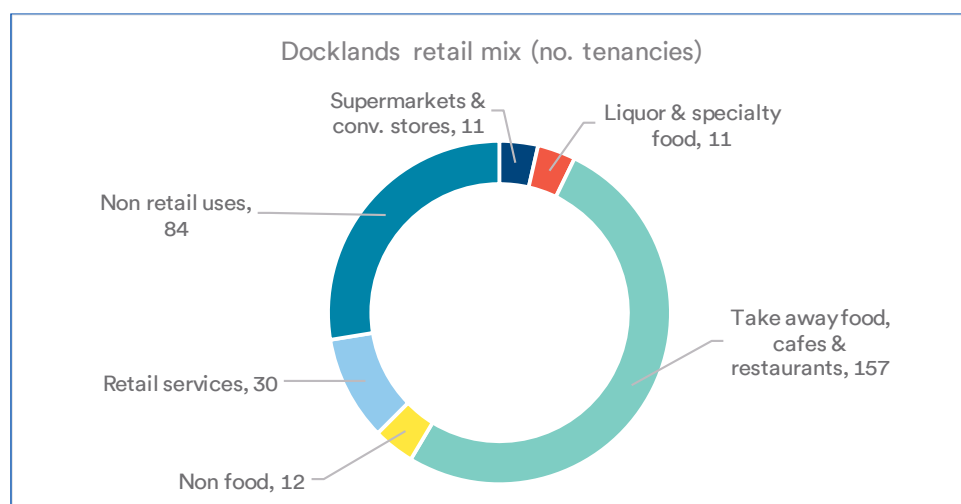
The indicative mix of retail tenancies at Arden can be compared Docklands (excluding The District Docklands & Costco). The defined area at Docklands currently has a similar level of retail floorspace (19,896 sqm) to that proposed at Arden Central (20,239 sqm). Docklands currently has a larger employment base but a smaller population than the Arden projections.

CLUE reveals there are 157 take-away food, cafe and restaurant premises in Docklands making up more than 50% of all retail (and non-retail) tenancies (refer Figure 17). Non-retail uses occupy about 28% of all premises while retail services are about 10%. Non-food tenancies are relatively few in number.

Docklands has some neighbourhood centre space (Woolworths) however the overall mix is aimed at the large day-time working population. Arden Central will have a similar retail mix given the emphasis on commercial and institutional employment uses.

**Figure 17—  
Docklands tenancy  
mix**

Source: CLUE, Deep  
End Services



An allocation of 10% of Arden's retail floorspace demands to the Macaulay Neighbourhood Centre would see about 2,250 sqm of shops developed in the longer term. Allowing for the existing Melrose Village centre and Arden Gardens the neighbourhood centre would grow to about 9,253 sqm.

This floorspace allocation relates to the Commercial 1 zone that falls within the Arden precinct on the south side of Macaulay Road. Other parts of the future centre (zoned Commercial 1) on the north side could support additional floorspace which would be underpinned by the expected population in the Macaulay precinct in the Mixed Use zone.

Several sites on the north side of Macaulay Road are large and could potentially accommodate larger retailers, including a supermarket in the long-term. This would depend on market interest and take-up of a supermarket at Arden Central.

### 7.3 Spatial interpretation

While a future Structure Plan for Arden Central will develop a detailed interpretation of the retail floorspace requirements, Figure 18 shows a simple and conceptual allocation to Arden Central and Macaulay Road based on the indicative street pattern of the Arden Vision plan, some allocation principles and the area and length of street sections that the recommended floor area would take up.

#### Arden Central

The spatial interpretation of Arden Central's recommended floorspace through the business precinct is based on the following:

- Providing a supermarket-based neighbourhood centre as part of a mixed use residential or office development. This could have a similar composition to Arden Gardens with a full-line supermarket (up to 4,000 sqm) and 10-20 shops. The preferred location is close to Arden Street and the new north-south road (extension of Fogarty Street) with the supermarket sleeved by shops to Arden Street and the Fogarty Street extension. In this location, traffic can be brought in off Arden Street or from the rear to basement parking. The site is also close to the recreation centre and community centre on the north side of Arden Street and the station forecourt. At this point, supermarket traffic is also contained to the edge of the centre and separate from other traffic and pedestrians in the heart of Arden Central. A 'gateway' location could also help activate the Fogarty Street extension after hours with restaurants and cafes extending south towards the precinct's open space.



- The balance of Arden Central's retail floorspace (say 14,000 sqm) can be largely accommodated along the Fogarty Street and Queensberry Street extensions which form the 'L' shaped axis through the area and some shorter activated frontages to Arden Street and Laurens Street. For example, the L-shaped extension of Queensberry and Fogarty Streets through the site has an approximate length of 400 metres. Assuming retail frontages on both sides of the two new streets, an 80% activated linear street coverage (allowing for roads, laneways, building breaks and entries) and an average shop depth of 18 metres, the two streets could accommodate about 11,500 sqm of retail frontages. Allowing for other smaller activated sections of Arden Street, Laurens Street and

potential laneways and arcades, the recommended 14,000 sqm of retail space (excluding the supermarket and supporting shops) should be accommodated as generally shown in Figure 18.

- The 400 metre length of both new roads is central, compact and walkable from all areas of Arden Central and the adjoining streets. The two east-west and north-south street lengths around the station will provide different solar orientations, view lines and allow individual character areas to develop along its length and around the central point. The indicative built form and sections of activated street-based retailing in Figure 18 would be broken and punctuated with a grid of roads through the area.
- Retailing will eventually develop around the station entry and potentially on the east side of Laurens Street. Most of the ground level retailing through Arden Central would be street-based however laneways, arcades or small malls inside or between buildings could also provide areas of sheltered retailing.
- Concentrating retail space to the two main streets through the area with smaller laneway offsets provides two avenues of activity leading to the square or public open space at the central junction. It also encourages residents and other workers outside the area to easily walk to and navigate the two primary streets.

### Macaulay Neighbourhood Centre

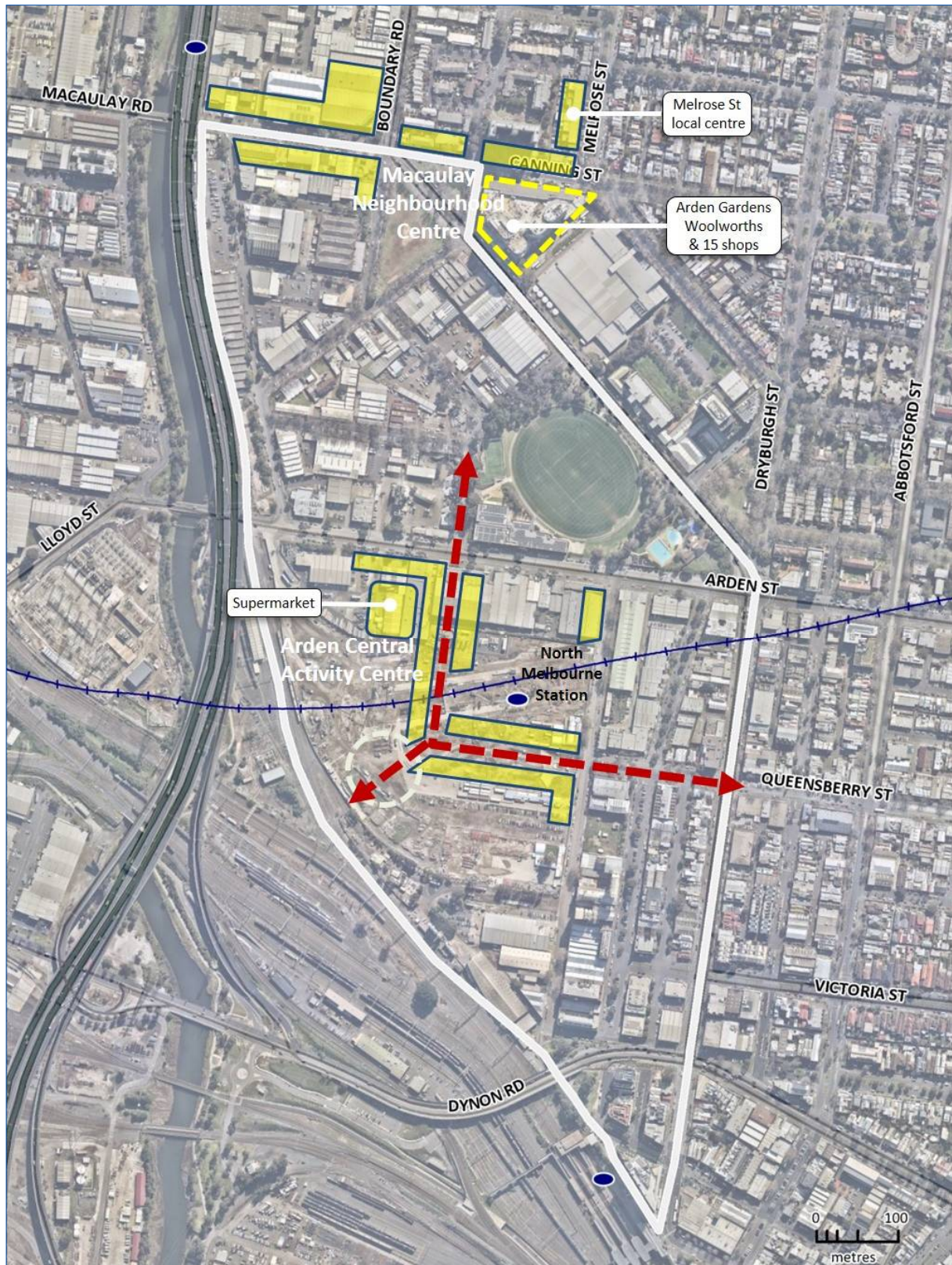
The Arden Vision provides for a future extension of the established and emerging retail node around Melrose Street, Canning Street and Macaulay Road. Arden Central will significantly shift shopping patterns in North Melbourne with its full-line supermarket and range of specialty shops.

The centre appears to have two activated frontages to Canning Street and Vaughan Terrace opposite the small park. This sets up a potential continuation of active street-based retail and commercial uses along sections of Macaulay Road, extending west towards the Monee Ponds Creek – as shown in the Arden Vision.

Activating the north side of Canning Street is difficult due to the high-rise flats and smaller walk-up public housing units between Melrose Street and Boundary Road and may be a long term aspiration. These buildings could be replaced or redeveloped over time with ground level retailing.

Macaulay Road west of Boundary Road has better redevelopment prospects with old warehouses and auto uses. The southern section of Boundary Road (south of Macaulay Road) where traffic volumes are lower is also a desirable location for local retailing and cafes as the developed west side of Boundary Road has mature street trees and an attractive aspect over Clayton Reserve.

Figure 18—Spatial distribution of retail floorspace demand



Source: Deep End Services

#### 7.4 Land area

The 16 hectares of land set out for Arden Central bounded by Arden Street, Laurens Street and the rail corridor is similar to the main office, residential and retail area of Docklands (18 ha) along the Bourke Street and Collins Street extensions, west of Harbour Esplanade.

The retail needs of the area take up only a small proportion of the site area and can be easily accommodated on the main activated roads through Arden Central and on sections of the outer road network.

The additional floor area requirements assessed for the Macaulay Road neighbourhood centre would broadly fit the Commercial 1 zoned land on the south side of Macaulay Road, within the Arden precinct. The Commercial 1 zoned land extends on the north side of Macaulay Road including several large sites with depth and a secondary frontage to Boundary Road.

The extent of the Commercial 1 zoned land here, including further east along Canning Street will take many years to develop with retail uses and more than likely, could be more suited to larger showroom or restricted retail uses.

#### 7.5 Timing

The timing of stages and the ultimate development of any, or all, of the floorspace elements is difficult to predict and will depend entirely on the release and take-up of sites after construction of the Metro Tunnel Project. The only predictable timing at this stage is completion of the tunnel and stations in 2025, after which development can proceed through Arden Central.

Given the time frames taken to develop Docklands (now 20 years old), Arden's land area and the likelihood that Arden may take some time to develop strong market perceptions as a place for business, a 20-25 year time frame to full development would seem realistic.

Until more details are known on the likely sequence and staging of lot releases and other necessary infrastructure, predictions on the staging and quantum of floorspace are likely to be inaccurate.

#### 7.6 Impacts

Like Docklands, Arden will be a long term project with development gradually occurring in stages. Its catchment limitations and realistic retail floorspace requirements based on resident and workforce demands (with some external demand generation) will ensure that future floorspace at Arden will meet needs as they arise and any impacts on other centres will be small, if not insignificant.

Other strip centres may, in the short term, be impacted by Arden Gardens, however in the longer term, impacts from Arden Central will be relatively low due to:

- The gradual staging of development and floorspace which can only occur as either office or apartments are built which, in turn, bring new demands to the area.

- The projected population growth in North Melbourne, West Melbourne and Kensington. The Mixed Use zone introduced to large areas of these suburbs will bring a long and sustained period of steady population growth.
- The preserved character and heritage values of the two street-based centres (Errol Street and Macaulay Road) and their outdoor café and dining themes will differentiate them from new space in mixed-use buildings. These centres will continue to have a strong following from their dense local population base.
- Their role as local neighbourhood centres with cafes, restaurants and personal services is established and will only benefit from increases in population and workforce levels in the area.

### 7.7 Institutional & cultural use contributions

The Arden Vision sets out a business centre with large private and institutional occupiers that would have links to and collaborate with health, education and research activities of the Parkville precinct.

Ways in which large institutional tenants can contribute to the functioning of Arden Central include:

- Establishing satellite or special purpose offices or functions which can operate away from central offices.
- Participate in a common branding and promotion of Arden Central as a place promoting or welcoming like-minded or skilled companies. This could, for example, feature in development and leasing materials and employment searches.
- Adopting best-practice campus design themes which can include unique building design, street art or installations and place names.
- Theming of public areas and messaging of news, events and developments in respective fields.
- Public space for outdoor entertainment, promotions and events particular to the major tenants / activities.
- Sponsorship of spaces and events.
- Use of local accommodation hotel and conference facilities.

### 7.8 Support for start-up businesses

The Commercial 3 zone has been recently introduced to the VPPs and is considered a suitable zone to apply to all or parts of Arden Central. Its purpose is to bring an employment focus to urban renewal areas while controlling the level of residential development. Shop uses are as-of-right up to 200 sqm.

The new zone is likely to be applied to identified clusters of creative and technology jobs in inner city areas like Cremorne, Collingwood, South Melbourne and Brunswick. Arden Central would also fit the general purposes and objectives of the zone and as a business hub for creative, IT and research-based companies and institutions.

While medium to large companies and institutions will be necessary to underpin the commercial success of Arden Central, the Vision also identifies small start-up

businesses as an important driver of economic and business activity to be encouraged and fostered at Arden Central.

The recent growth in co-working or serviced office space is meeting a latent need for small start-up businesses or single operators to migrate from small privately leased offices or home-based work environments.

Co-working spaces offer flexible workplace options from open-plan desk layouts to private offices that can be customised to individual requirements and later changed back or altered to the next user's requirements. The attraction for single operators or small businesses is flexible lease terms, monthly memberships, the use of different locations within or between cities and on-site amenities such as kitchens, cafes, break-out spaces and sometimes gyms and end-of-trip facilities. Other on-site services can include receptionists, event spaces, fibre internet, full time IT assistance and meeting rooms.

Open or shared office environments are designed to encourage co-operation, collaboration and ideas between professionals. Their popularity is largely with start-ups and freelancers however large companies are now increasingly taking space to encourage innovation and improve staff morale.

A promotional site for co-working spaces lists approximately 75 locations in the Melbourne CBD, Docklands and Southbank with others in the inner areas and middle suburbs. Some of the major developers and operators of co-shared spaces include WeWork, Space&Co, Compass Offices, Hub Australia, Regus, Workspace365 and Spaces. The growth has been particularly strong as the concept is now recognised as a property investment class.

Developers of co-working spaces tend to take a lease over one or more floors in an existing office building rather than develop purpose-built space.

Arden is potentially a good location to offer shared working spaces for small entrepreneurial businesses, start-ups and sole operators. Public transport availability and a campus-style layout of innovative buildings with good street-level and building amenities should be well received. The means by which developers and start-ups can be encouraged include:

- Apply the Commercial 3 zone to all or parts of Arden Central
- Promote Arden as a collaborative working environment and location for start-up businesses through planning policies and agencies such as DEDJTR
- Promote Arden's potentially strong links to health, knowledge and research precincts of Parkville.
- Engaging with active developers, owners and managers of shared working space to secure interest and plan buildings and services that meet operator and tenant needs.
- Mandate or encourage expressions of interest campaigns for key sites within Arden Central to include a proportion of the built space for shared working arrangements.

# 8

## Conclusions

Arden presents a unique opportunity to master plan a major inner city renewal area with a mix of employment, residential uses and activity centre functions around a new railway station.

The projected population and workforce levels are significant although the natural catchment of the site for retailing is quite limited because of the physical barriers and constraints and land use patterns of the wider area. The demand modelling allows for a reasonable supply of shops and services for residents and workers and some support from external demand sources visiting the area for business, study or leisure purposes.

The recommended retail floorspace supply of approximately 20,000 sqm provides scope for a traditional supermarket-based neighbourhood centre within a mixed-use development and other retailing to activate the main avenues through Arden and around the central open space or square.

There is enough space to provide flexibility in the arrangement of retailing to streets and land uses with a compact and legible structure around the key internal streets, sections of external roads and around the new station.