



North Road, Ormond Level Crossing Removal Retail Need & Economic Impact Assessment

Prepared for:
Deal Corporation Pty Limited

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1. Executive summary

The Victorian Government is currently rolling out a program to remove 50 level crossings by way of grade separation works. Ormond Station at North Road, located 16 km south-east of the Melbourne CBD, is the subject of one of the Victorian Government's proposals.

The future development will be facilitated by the rezoning of the Ormond Station site from Public Use Zone 4 (Transport) and General Residential Zone to the Comprehensive Development Zone ("CDZ"). The new Zone is informed by the provisions of the proposed Comprehensive Development Zone Schedule 1 and the design principles and application requirements of the associated *North Road, Ormond, Comprehensive Development Plan, July 2016*. The key purpose of the schedule to the zone is "to realise the substantial urban renewal and development opportunities made available through the removal of the level crossing at North Road, Ormond".

Potential mixed use development on the Ormond Station site will be facilitated by allowing certain uses to occur as of right. The table of uses contained within Schedule 1 to the CDZ provide the mixed use buildings within Precincts A and B do not require a planning permit for the following land uses:

- Accommodation (other than Corrective institution)
- Shop (including a full line supermarket) and food and drink premises if the combined leasable floor area does not exceed 6,900 square metres
- Office, where the combined maximum leasable floor area does not exceed 500 square metres; and
- Restricted recreation facility where the maximum leasable floor area does not exceed 500 square metres.

This retail Need and Economic Impact Assessment ("NEIA") has been prepared as requested by Best Hooper Lawyers to form part of the document suite required at the Exhibition stage of the Amendment to the Glen Eira Planning Scheme which will seek to facilitate the development of non-station works associated with the removal of the level crossing at North Road Ormond. This non-station development is referred to as the "Indicative Project".

Consistent with the above planning controls proposed to implement the Indicative Project, key elements of the Indicative Project could include:

- An apartment building;
- Townhouses on Newham Grove;
- A supermarket and specialty shops;
- Dining and take away food premises;
- Offices;
- Gymnasium; and
- Four levels of parking for commuters, residents and shoppers.

This report provides an assessment of the need for and economic impact resulting from the proposed development of retail components of the Indicative Project in accordance with the as of right retail floor areas contained within the Schedule 1 to the CDZ.

The proposed site is located in the City of Glen Eira ("Glen Eira") within the Neighbourhood Centre of Ormond which forms part of Glen Eira's activity centre network.

Subject to the approval process, construction of the Indicative Project is expected to commence in early to mid 2019 and be completed by mid 2021. This NEIA therefore assumes that 2021/22 will be the first full financial year of trading for the retail elements of the Project.

The catchment is almost entirely contained within a 2 km radius and comprises a primary and four secondary sectors. The Frankston railway line bi-sects the Primary, Secondary north and Secondary south sectors but does not represent a significant impediment to site access, given the surrounding main roads and local street network.

The catchment area has higher than average income levels, higher levels of education, higher than average levels of ethnicity and more likely to reside in townhouses, semi-detached dwellings or apartments.

The catchment population was estimated to be 47,598 at June 2016 and is projected to grow to 50,988 by 2022.

Per capita retail spending levels in the catchment area are currently 8.0% above the Melbourne average. The retail spending market is projected to increase at an average rate of almost 3% per annum and will exceed \$1 billion by 2026/27.

Retail and supermarket floorspace provision rates within the catchment area are very low compared to Melbourne averages, highlighting the undersupply of both within the catchment area. The Ormond Neighbourhood Centre is also unusual for a centre of its size and status in that it does not contain a full-line supermarket. The Indicative Project helps to address these issues.

The total retail sales forecast for the Indicative Project in 2021/22 is \$67.4 million, at a healthy trading level of \$9,761 per sqm. However, the average market share of catchment area spending to achieve the projected sales is a relatively low 5.4%.

One-off retail sales impacts would be largely confined to full-line supermarket based activity centres within the area. However, none of these impacts would be greater than -6.1% and, hence, equivalent to no more than two years of typical sales growth.

No activity centre would be undermined as a result of the development of the Project.

On the other hand, development of retail floorspace at the Indicative Project would support a total of 285 direct and indirect local FTE jobs on an ongoing basis.

Other benefits include:

- Short-term jobs generated by construction employment;
- Greatly improved local retail facilities which will reduce the need for travel out of the local area to access, for example, full-line supermarkets;
- Development of an under-utilised site;
- Revitalisation of the surrounding retail precinct by drawing additional customers to the area;
- Contribution to improved amenity with the concurrent removal of the level crossings on North Road; and
- The ability to combine train travel with convenient retail shopping close to home.

The relatively minor one-off sales impacts to competing retailers in other centres are more than offset by a range of positive benefits. The conclusion, therefore, is that the Indicative Project would deliver a **substantial positive net community benefit**.

2. Introduction

This retail NEIA has been prepared as requested by Best Hooper Lawyers to form part of the document suite required at the Exhibition stage of the draft Amendment to the Glen Eira Planning Scheme which will seek to facilitate the development of non-station works associated with the removal of the level crossing at North Road Ormond.

The future development will be facilitated by the rezoning of the Ormond Station site from Public Use Zone 4 (Transport) and General Residential Zone to the CDZ. The new Zone is informed by the provisions of the proposed Comprehensive Development Zone Schedule 1 and the design principles and application requirements of the associated *North Road, Ormond, Comprehensive Development Plan, July 2016*. The key purpose of the schedule to the zone is “to realise the substantial urban renewal and development opportunities made available through the removal of the level crossing at North Road, Ormond”.

Potential mixed use development on the Ormond Station site will be facilitated by allowing certain uses to occur as of right. The table of uses contained within Schedule 1 to the CDZ provide the mixed use buildings within Precincts A and B do not require a planning permit for the following land uses:

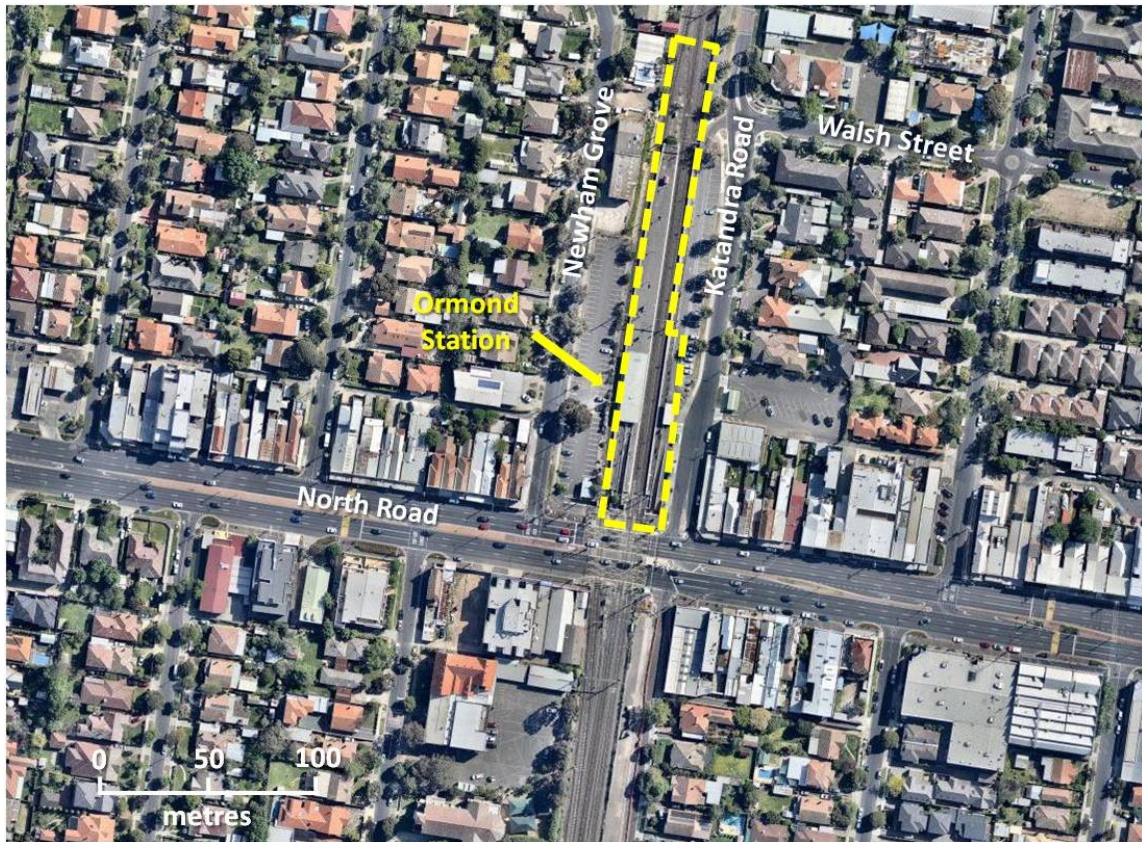
- Accommodation (other than Corrective institution)
- Shop (including a full line supermarket) and food and drink premises if the combined leasable floor area does not exceed 6,900 square metres
- Office, where the combined maximum leasable floor area does not exceed 500 square metres; and
- Restricted recreation facility where the maximum leasable floor area does not exceed 500 square metres.

This non-station development is referred to as the “Indicative Project” and will take place on the land indicated on [Figure 1](#).

Key components of the Indicative Project are:

- An apartment building;
- Townhouses on Newham Grove;
- A supermarket and specialty shops;
- Dining and take away food premises;
- Offices;
- Gymnasium; and
- Four levels of parking for commuters, residents, staff and shoppers.

Figure 1 Indicative Project site



Source: Deep End Services; Nearmap

2.1 Approach

This report considers and quantifies the economic impact that the development of the proposed new retail floorspace at the Indicative Project would have on activity centres within and beyond the catchment area. This report also considers the need for this type of development as well as employment and other economic and community benefits arising from the proposal, with a resulting assessment as to whether the Indicative Project will deliver a positive net community benefit.

The tasks completed by Deep End Services in the preparation of this report include:

- Inspection of the subject site and surrounding retail facilities in the broader area;
- Gathering information from City of Glen Eira (“Glen Eira”) via SJB Planning on retail development proposals;
- Identification of the catchment area likely to be served by the development;
- Completion of shopfront land use / occupancy surveys at centres within and beyond the catchment area. This enables an estimation of the existing provision of floorspace dedicated to relevant retail goods and services;
- Analysis of population, Census, dwelling commencement and retail spending data as provided by the Australian Bureau of Statistics (“ABS”);
- Analysis of retail commodity spending data provided by Market Data Systems (“MDS”);
- Incorporation of retail commodity spending forecasts provided by Deloitte Access Economics;
- An assessment of the retail turnover potential for the Indicative Project and the likely retail trading impacts on centres in the area; and
- An assessment of the employment effects and other community benefits of the proposed development.

These tasks were carried out in October and November 2015, with updates in July and August 2016 to reflect new population and retail spending data.

2.2 Key assumptions

For the purpose of this assessment, and subject to the approval process, construction of the Project is expected to commence in early to mid 2019 and be completed by mid 2021. This NEIA therefore assumes that 2021/22 will be the first full financial year of trading for the retail elements of the Indicative Project.

Assumptions that underpin the projected scale of the retail spending market generated by residents of the catchment area relate to population change and growth in retail spending per capita and are discussed in detail in the report.

All retail spending data provided within this report includes GST and is presented in current dollars.

2.3 Abbreviations

The following abbreviations are used throughout this report:

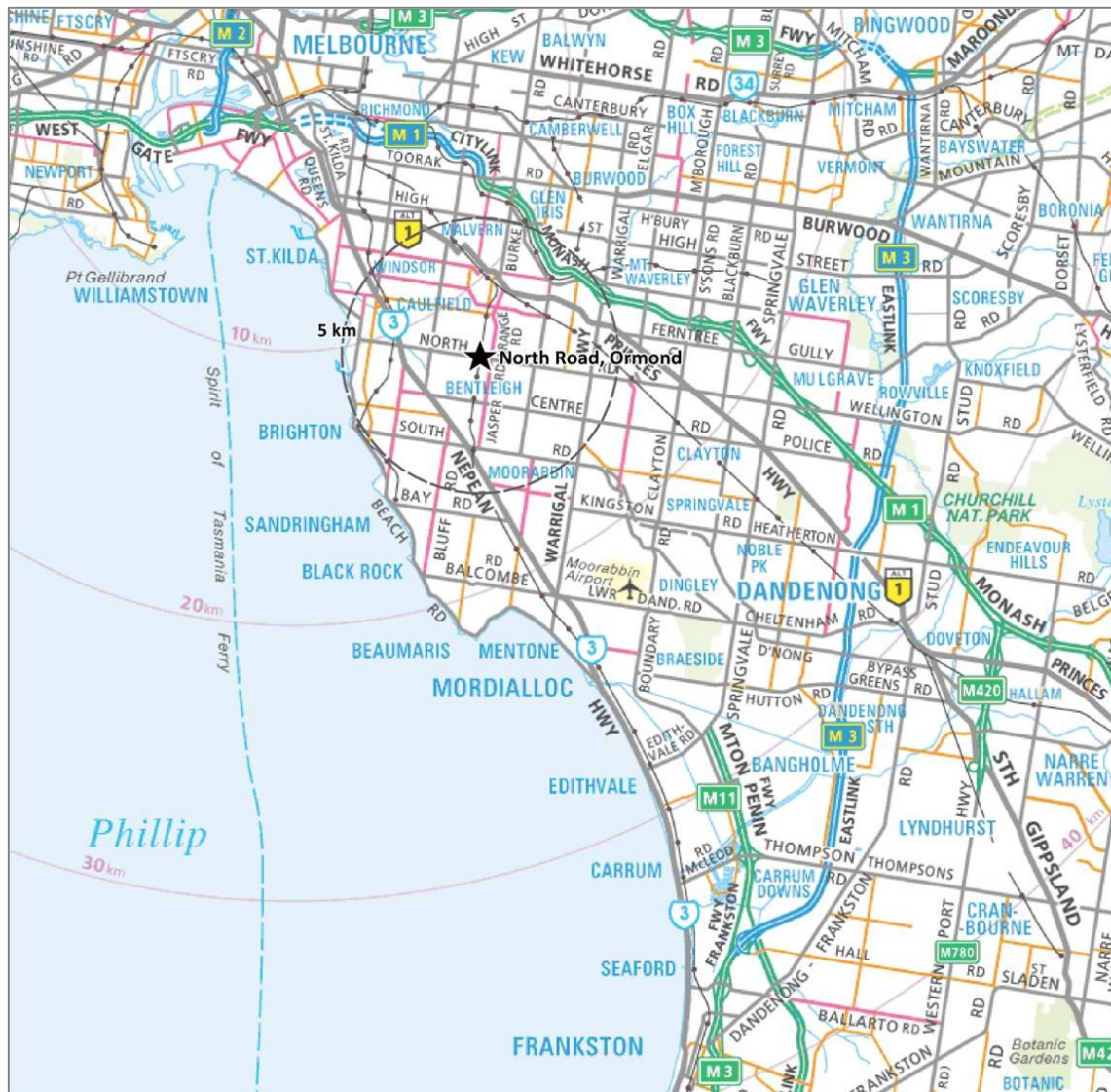
ABS	Australian Bureau of Statistics
ANA	Australian National Accounts
CDP	North Road Comprehensive Development Plan
CDZ	Comprehensive Development Zone
CDZ1	Schedule 1 to the CDZ
Glen Eira	City of Glen Eira
DTPLI	Department of Transport, Planning and Local Infrastructure
ESGs	Edible Supermarket Goods
FTE	Full Time Equivalent
GST	Goods and Services Tax
HES	Household Expenditure Survey
Indicative Project	Non-station development resulting from the removal of the level crossing at North Road, Ormond
MDS	MDS Market Data Systems Pty Ltd
NEIA	Need and Economic Impact Assessment
SA1	Statistical Area 1
sqm	Square metres
URP	Usual Resident Population

3. The proposal

3.1 Location and description of subject site

The Victorian Government is currently rolling out a program to remove 50 level crossings by way of grade separation works. Ormond Station at North Road, located 16 km south-east of the Melbourne CBD, is the subject of one of the Victorian Government's proposals (refer Map 1).

Map 1 Location of Ormond Station



Source: Deep End Services; MapInfo; Ausway

Ormond Station is located on the Frankston line. The latest available Public Transport Victoria (“PTV”) data for Melbourne’s railway network indicated a relatively high number of station movements (803,000 in 2011/12). This ranked the station 54th out of the 204 metropolitan stations. The station averaged 2,339 daily entries in 2011/12 and ranked 50th during the afternoon peak (3 pm to 7 pm), with 737 entries.

North Road, Ormond is also served by major bus routes from Monash University to Elwood (route 630) and Oakleigh Station to Elsternwick Station (route 625), with both services stopping close to Ormond Station.

Ormond Station is currently poorly integrated with the surrounding activity centre, with Katandra Road and Newham Grove contributing to a physical separation from the North Road retail and commercial precinct and there is no direct connectivity to buses.

3.2 Proposed development

The exact form and scale of development to be delivered via the Indicative Project is not known at this time. However, preliminary plans prepared in conjunction with the Indicative Project site’s location, the CDZ1 and the CDP indicate that following development components are reasonable to assume for the purposes of this NEIA:

Land use	Component	Approximate floorspace (sqm)
Retail premises	Supermarket	4,100
	Take away food premises	250
	Other food and drink premises	550
	Other shop (assumed to be 10% food and 90% non-food)	2,000
	Total	6,900
	Allocated as:	
	Food	5,100
	Non-food	1,800
	Total	6,900
Office		500
Restricted recreation facility	Gymnasium	500

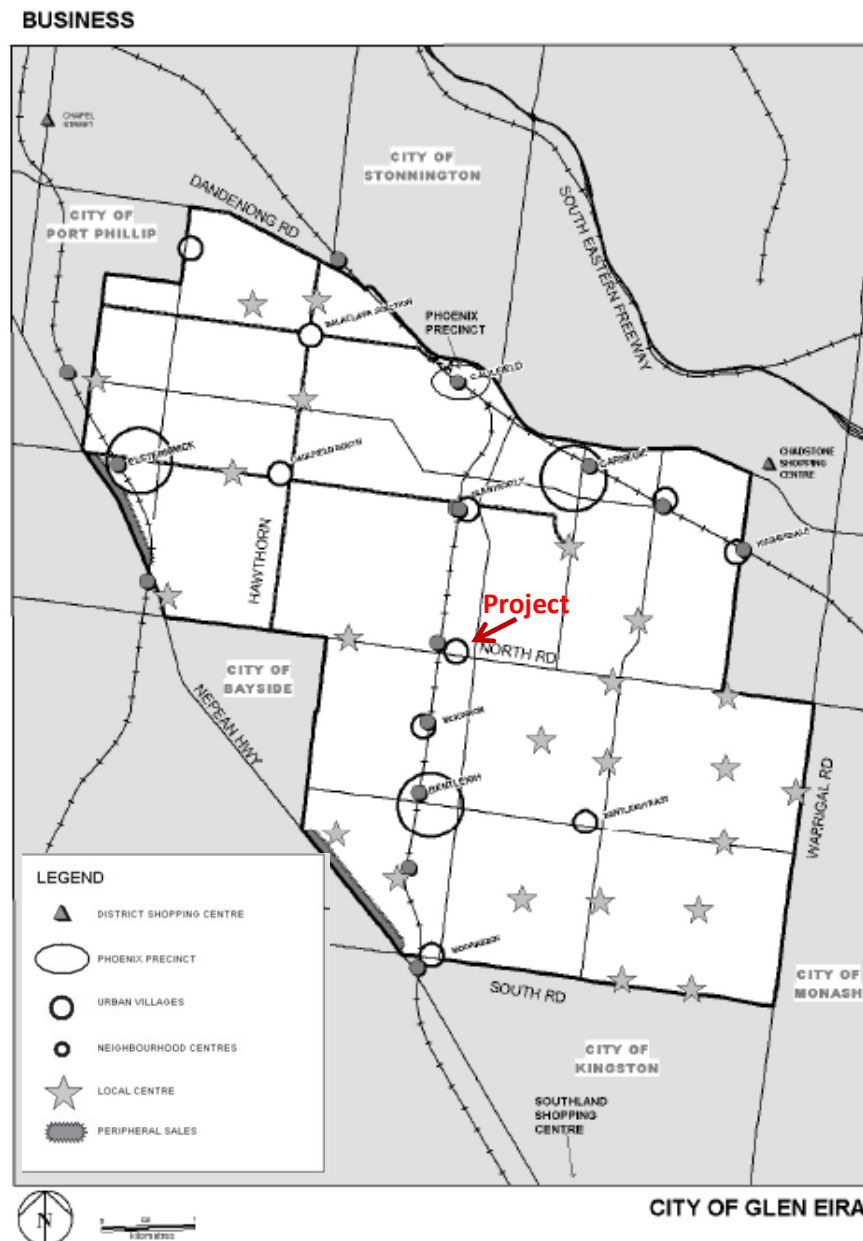
Source: Deep End Services; DealCorp; Hayball

It is also assumed that 200 apartments and 20 townhouses will be constructed as part of the project.

4. Planning context

The Indicative Project site is located within the City of Glen Eira (“Glen Eira”). Glen Eira’s activity centre network is shown on the map labelled “Business” and contained within Clause 21.06 (Business) of the Glen Eira Planning Scheme (refer Figure 2 below for a copy):

Figure 2 City of Glen Eira activity centre network



Source: Glen Eira Planning Scheme

It is apparent that the Indicative Project site is located within a Neighbourhood Centre as defined by Glen Eira. Clause 21.01 (Municipal Profile) and, specifically, Clause 21.01-5 (Business) provides further detail regarding the activity centre hierarchy adopted by Glen Eira.

In descending order, these are classified as Community and Sub-Regional Centres (also known as Urban Villages and the Phoenix Precinct), Neighbourhood Centres and Local Centres.

Retail floorspace estimates for all centres are provided in Figure 3 (Clause 21.01) as shown below (but with figures updated for relevant centres later in this report):

Figure 3 City of Glen Eira retail floorspace estimates

Figure 2 Regional Retail Hierarchy and Estimates of Existing Floor space

Shopping Centres		Retail floor space (m ²)
Regional or District Centres outside the Municipality	Chadstone	89,000
	Southland plus Cheltenham Market	83,800
	Prahran District Centre	67,300
Community and Sub-Regional Centres (Urban Villages and Phoenix Precinct)	Bentleigh	29,500
	Elsternwick	21,700
	Carnegie	19,500
	Derby Road (Phoenix Precinct)	5,400 ⁽¹⁾
Neighbourhood Centres	Caulfield South	10,800
	Bentleigh East	8,850
	Ormond	8,800
	Glen Huntly	8,150
	Caulfield Park	4,450
	McKinnon	4,100
	Murumbeena	2,300
	Hughesdale	2,250 ⁽²⁾
	Moorabbin	2,000 ⁽³⁾
	Alma Village	1,950
Local Centres	Patterson	2,900
	Glen Eira Rd/Hotham St	2,300
	Town Hall Precinct	1,200
	Mackie Rd	1,060
	Chesterville Rd/South Rd	1,000
	Crimea (Kooyong Rd)	1,000
	Gardenvale	950 ⁽⁴⁾
	Mackie Rd/Centre Rd	880
	McKinnon Rd/East Boundary Rd	820
	Bambra Rd/North Rd	800
	Poath Rd/North Rd	680
	Tucker Rd/Patterson Rd	600
	Murumbeena Rd/Oakleigh Rd	585
	Hawthorn Rd/Inkerman Rd	550
	Orange Rd/Warrigal Rd	380
	Koorang Rd/Truganini Rd	310
	McKinnon Rd/Tucker Rd	305
	Brewer Rd/Todd St	180
	Bignell Rd/Matthews Rd	130
	Kooyong Rd/Glen Huntly Rd	Unspecified
	Scanlon Ct/South Rd	Unspecified
	Clarence St/East Boundary Rd	Unspecified
	North Rd/East Boundary Rd	Unspecified
Other Centres / Individual Shops / Restricted Retail Sales		17,830
Total Retail Provision in Glen Eira		167,200

Source: ABS Retail Census 1991/2; field surveys by HHA 1991 & 1993; Council information; Australian Council of Shopping Centres; and other sources.

Notes: (1) An additional 750 m² located outside Glen Eira

(2) An additional 2,250 m² located outside Glen Eira

(3) An additional 12,250 m² located outside Glen Eira

(4) An additional 2,150 m² located outside Glen Eira

NB - The purpose of this table is to illustrate the hierarchy of activity centres in Glen Eira. Retail floor areas will change constantly as redevelopment occurs.

Source: Glen Eira Planning Scheme

The Ormond centre is therefore one of the largest within Glen Eira and is at the second-highest level of the local retail hierarchy. It is an unusual centre for its size and position within the hierarchy as it does not currently contain a full-line supermarket.

5. Catchment area

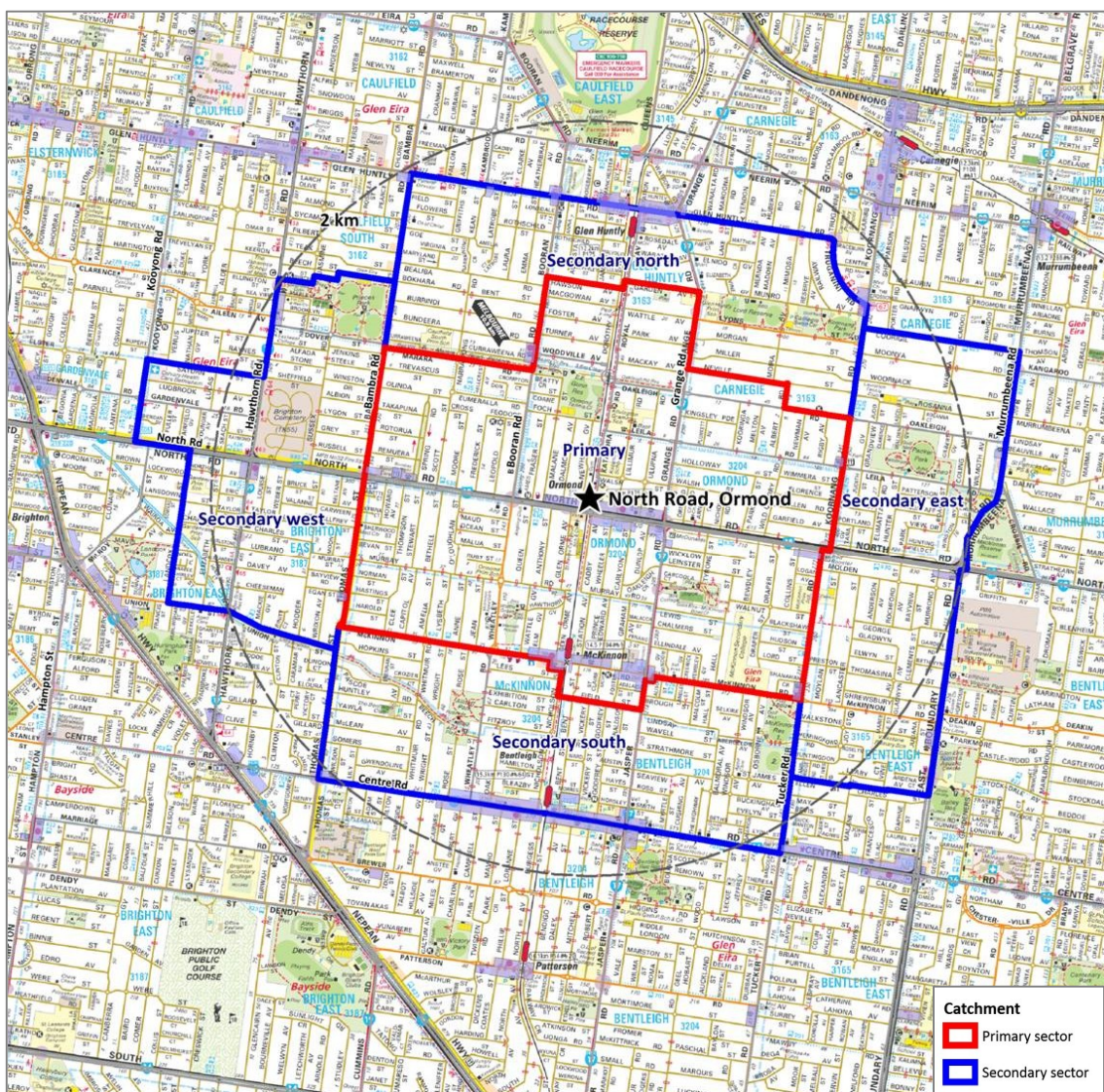
5.1 Catchment area definition

The Indicative Project would be anchored by Ormond's first full-line supermarket and would be supported by a range of new specialty shops, dedicated parking and a relatively high level of train station movements.

The catchment area for the Indicative Project (as shown on Map 2) has been defined by taking these factors into account along with:

- The North Road location and exposure to passing traffic;
- The surrounding retail centres and supermarket network; and
- Relatively uninhibited site access from all directions with a strong grid street pattern.

Map 2 Catchment area



Source: Deep End Services; MapInfo; Ausway

The catchment is almost entirely contained within a 2 km radius and comprises a primary and four secondary sectors as follows:

- A **Primary** sector which is elongated along North Road and includes Ormond and parts of Carnegie, Glen Huntly and McKinnon. The Frankston railway line bi-sects this sector but does not represent a significant impediment to site access, given the surrounding main roads and local street network. The sector extends up to 1.5 km from the site and is generally within 3 minutes' drive.
- A narrow **Secondary north** sector which extends up to 2 km from Ormond Station to Glen Huntly Road. Royal Parade, Grange Road and Booran Road have a north-south orientation and offer convenient access to the Project.
- A **Secondary east** sector which incorporates parts of Carnegie and Bentleigh East and extends up to 2 km to East Boundary Road.
- A **Secondary south** sector which comprises parts of McKinnon and Bentleigh and extends 1.6 km to Centre Road.
- Finally, a **Secondary west** sector which includes parts of Brighton East and Caulfield South. The limited full-line supermarket offering to the west of the site and straightforward access along North Road enables this sector to extend just beyond 2 km and as far as Kooyong Road.

5.2 Demographics

The demographic and housing characteristics of the catchment area are sourced from the 2011 Census and presented in [Table 1](#).

The **Primary sector** has a slightly smaller average household size (2.57 persons per household compared to the average across Melbourne of 2.68) but the proportion of families is close to the Melbourne average. Household incomes are 11.9% above average and there are higher proportions of white collar workers and residents with a tertiary education. The proportion of people born in Australia is slightly lower than average (61% versus 69%), with a small skew towards people born in China and India. Detached houses account for only 49% of the dwelling mix (compared to 72% for Melbourne), with a slightly higher proportion of rented properties.

Highlights of the secondary sectors are as follows:

- The **Secondary north** sector has the smallest average household size and has the highest proportion of overseas-born (47%), including 8% from India. This sector also has the highest proportion of rented dwellings and apartments.
- The **Secondary east** sector has the lowest household incomes, although still 4.5% above the Melbourne average.
- The **Secondary south** is the only sector with larger household sizes than the Melbourne average and has the highest proportion of families and detached dwellings.
- The **Secondary west** sector has the oldest age profile and is the most affluent sector, contains the highest proportion of white collar workers (70%) and has the highest home ownership levels.

Overall, the population within this area, while sharing some similar characteristics with Melbourne's metropolitan area, is more affluent, has a high proportion of residents in white collar occupations, high levels of education, higher than average levels of ethnicity and more likely to reside in townhouses, semi-detached dwellings or apartments.

Table 1 Catchment area demographic profile, 2011 Census

Demographic characteristic - 2011 Census	Primary	Secondary north	Secondary east	Secondary south	Secondary west	Total catchment	Melbourne
Usually resident population	16,528	7,183	7,020	6,588	4,927	42,246	3,999,618
At same address: ⁽¹⁾							
• 1 year ago	85%	84%	84%	87%	89%	86%	85%
• 5 years ago	61%	59%	59%	63%	66%	61%	61%
Total private dwellings ⁽⁶⁾	6,956	3,197	2,915	2,587	2,062	17,717	1,636,261
• % unoccupied	8%	8%	5%	8%	8%	7%	9%
Persons per dwelling ⁽⁷⁾	2.57	2.43	2.54	2.77	2.59	2.57	2.68
Participation rate ⁽²⁾	67%	65%	66%	65%	67%	66%	62%
Unemployment rate ⁽²⁾	5.6%	5.2%	4.9%	4.9%	3.3%	5.0%	5.5%
White collar workers ⁽²⁾	65%	65%	61%	66%	70%	65%	53%
Bachelor degree or higher ⁽²⁾⁽³⁾	37%	40%	34%	34%	37%	37%	24%
SEIFA	1,079	1,074	1,065	1,077	1,107	1,079	1,007
Age group							
0-9	12%	11%	12%	12%	14%	12%	13%
10-19	12%	9%	13%	15%	13%	12%	12%
20-34	22%	27%	20%	16%	14%	21%	23%
35-49	23%	22%	24%	25%	24%	23%	22%
50-64	17%	18%	15%	18%	20%	18%	17%
65+	13%	13%	15%	13%	16%	14%	13%
Average age	38.2	38.5	38.9	38.5	40.2	38.6	37.8
Annual individual income ⁽²⁾							
<\$20,800	35%	35%	36%	37%	33%	35%	39%
\$20,800 - \$52,100	30%	31%	31%	28%	27%	30%	32%
\$52,100 - \$104,200	24%	23%	24%	23%	25%	24%	22%
>\$104,200	11%	11%	9%	12%	14%	11%	7%
Average individual income	\$47,936	\$46,849	\$45,350	\$48,313	\$52,459	\$47,897	\$41,423
Variation from Melbourne average	15.7%	13.1%	9.5%	16.6%	26.6%	15.6%	-
Country of birth ⁽¹⁾							
Australia	61%	53%	59%	65%	68%	61%	67%
India	5%	8%	4%	3%	1%	5%	3%
China	4%	5%	4%	5%	1%	4%	2%
United Kingdom	4%	3%	3%	4%	4%	4%	4%
Other	26%	30%	30%	23%	26%	27%	24%
Occupied private dwelling tenure ⁽¹⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾							
Fully owned	32%	34%	35%	37%	41%	35%	34%
Being purchased	33%	28%	32%	35%	38%	33%	38%
Rented	34%	38%	34%	29%	21%	32%	28%
Dwelling type ⁽¹⁾⁽⁴⁾⁽⁷⁾							
Separate house	49%	42%	53%	67%	66%	53%	72%
Townhouse/semi-detached	20%	14%	27%	20%	27%	21%	12%
Apartment	31%	43%	20%	13%	6%	26%	16%
Household composition ⁽⁴⁾⁽⁵⁾							
Couples with children	35%	31%	36%	43%	39%	36%	35%
Couples without children	23%	28%	23%	22%	25%	24%	26%
One parent family	9%	6%	9%	10%	9%	9%	11%
Lone person	27%	28%	28%	22%	25%	27%	23%
Group	5%	8%	3%	3%	2%	5%	5%
Motor vehicle ownership per dwelling ⁽¹⁾⁽⁵⁾							
None	10%	15%	8%	7%	6%	10%	9%
One	43%	41%	44%	37%	34%	41%	36%
Two	36%	35%	36%	41%	47%	38%	38%
Three or more	11%	10%	11%	14%	13%	12%	16%

Notes:

⁽¹⁾ Excludes not stated

⁽²⁾ 15 years and over and excludes not stated

⁽³⁾ Excludes inadequately described and/or partially stated

⁽⁴⁾ Excludes other

⁽⁵⁾ Occupied private dwellings

⁽⁶⁾ Includes visitor only households

⁽⁷⁾ Excludes visitor only households

⁽⁸⁾ Multi-response question; total sums to >100%

Source: Deep End Services; Australian Bureau of Statistics

5.3 Population

The catchment contained an estimated population of 47,598 people as at June 2016, as shown in [Table 2](#). The largest proportion of people resided within the key Primary sector (18,414 or 39% of the total).

Population growth within the catchment area averaged 1.3% per annum between 2006 and 2011 and accelerated to 1.5% per annum between 2011 and 2016. This resulted in almost 6,200 people being added to the catchment during the past ten years, a significant change from low or no growth as experienced during the 1990s. The increase in population is due to a combination of demographic factors (primarily young families replacing older residents) and the addition of new medium and higher density infill housing.

[Map 3](#) provides a representation of all dwelling approvals by ABS-defined Statistical Areas 1 ("SA1s") between 2011/12 and 2014/15. The map illustrates a relatively even distribution of dwelling approvals throughout the catchment area, with small pockets of development evident in most sectors. Stronger activity can be seen beyond the catchment area, particularly along the Glen Huntly Road and Koornang Road corridors, as well as the commencement of the redevelopment of land adjoining the Caulfield Racecourse. A longer history of development approvals within the catchment is outlined in [Figure 4](#), showing a general upward trend, with approvals hitting a peak of 328 in 2013/14, double the low of 164 in 2008/09.

Forecasts of future population growth are based upon the latest *Victoria in Future* population projections for Glen Eira and produced by the State Government in 2016. Allowance for the addition of approximately 200 new apartments and 20 new townhouses as part of the Project has also been made. As a result, it is expected that the catchment area population will reach 50,988 by 2022.

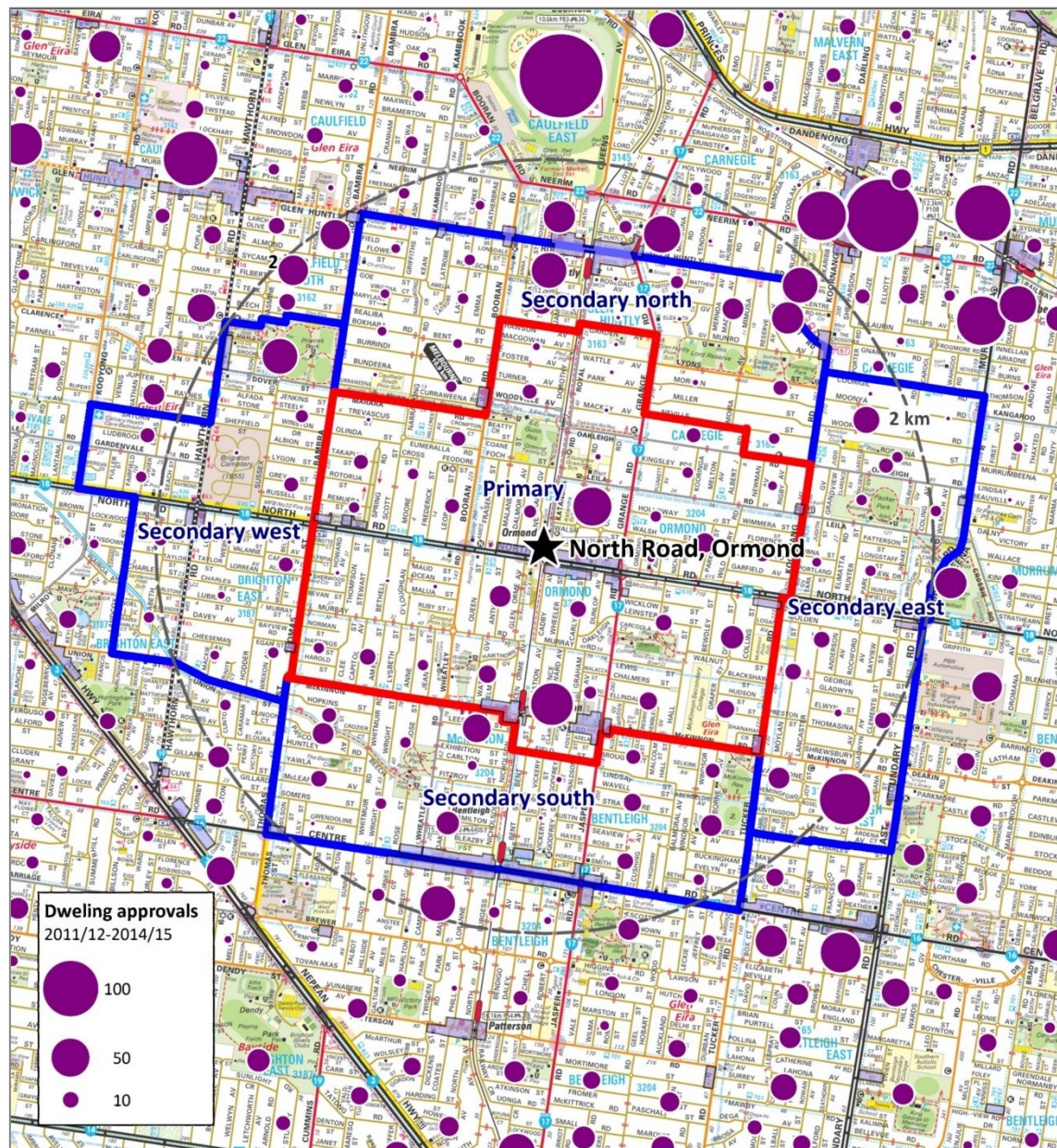
Population growth within the City of Glen Eira has historically underperformed the Melbourne metropolitan area as shown in [Figure 5](#). Looking ahead, *Victoria in Future* population forecasts for Glen Eira are projected to average 0.9% per annum between 2016 and 2031, with an overall increase of only 22,027 people. Growth across the Melbourne metropolitan area is forecast to average 1.8% per annum for the same period and, hence, the historical trend is expected to continue.

Table 2 Catchment area population, 2006 - 2031

Catchment area sector	2006	2011	2016	2019	2022	2027	2031
Population							
Primary	16,383	17,332	18,414	19,184	19,814	20,344	20,744
Secondary north	7,030	7,520	8,150	8,470	8,730	9,110	9,390
Secondary east	6,562	7,333	8,123	8,473	8,793	9,273	9,603
Secondary south	6,353	6,916	7,452	7,712	7,952	8,272	8,472
Secondary west	5,077	5,157	5,459	5,589	5,699	5,849	5,939
Total	41,405	44,258	47,598	49,428	50,988	52,848	54,148
Population growth (No. per annum)							
Primary	-	190	216	257	210	106	100
Secondary north	-	98	126	107	87	76	70
Secondary east	-	154	158	117	107	96	83
Secondary south	-	113	107	87	80	64	50
Secondary west	-	16	60	43	37	30	23
Total	-	571	668	610	520	372	325
Population growth (% per annum)							
Primary	-	1.1%	1.2%	1.4%	1.1%	0.5%	0.5%
Secondary north	-	1.4%	1.6%	1.3%	1.0%	0.9%	0.8%
Secondary east	-	2.2%	2.1%	1.4%	1.2%	1.1%	0.9%
Secondary south	-	1.7%	1.5%	1.1%	1.0%	0.8%	0.6%
Secondary west	-	0.3%	1.1%	0.8%	0.7%	0.5%	0.4%
Total	-	1.3%	1.5%	1.3%	1.0%	0.7%	0.6%

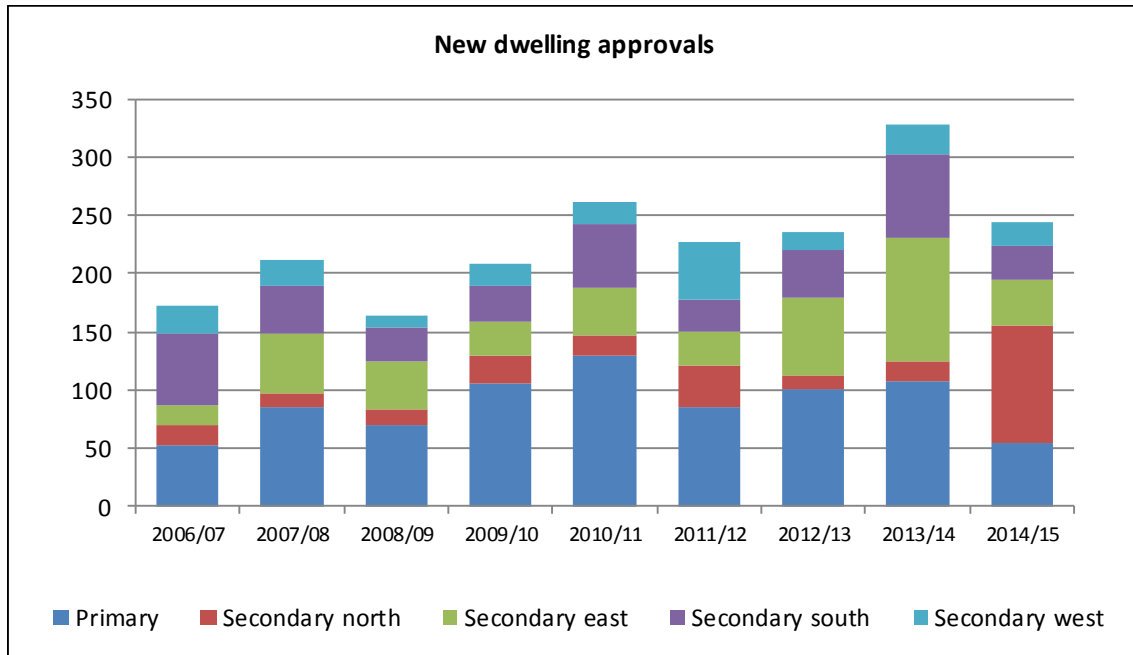
Source: Deep End Services; ABS; Department of Transport, Planning & Local Infrastructure, "Victoria in Future 2016"

Map 3 Dwelling approvals, 2011/12-2014/15



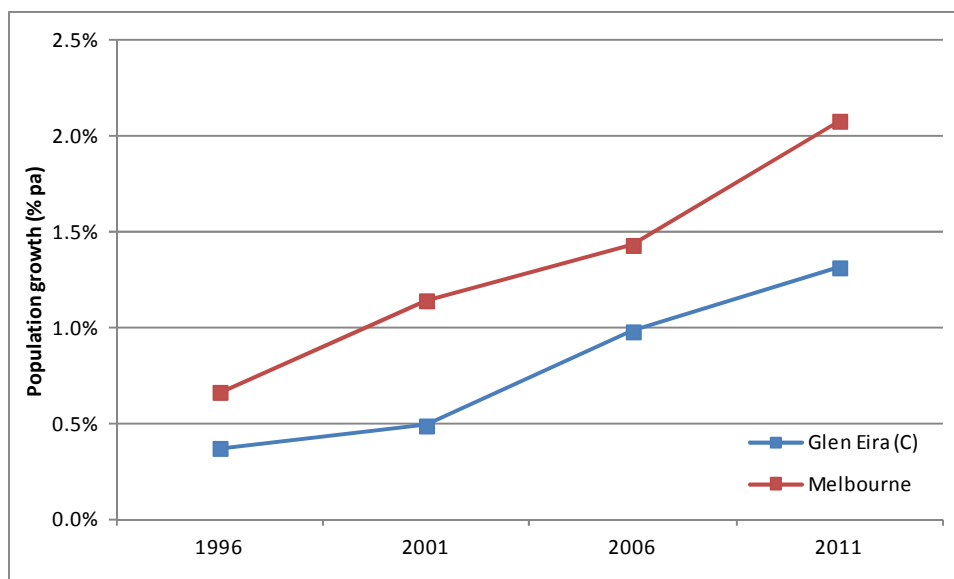
Source: Deep End Services; ABS; MapInfo; Ausway

Figure 4 Catchment area dwelling approvals



Source: Deep End Services; ABS

Figure 5 Historical population growth – Glen Eira vs Melbourne



Source: Deep End Services; ABS

5.4 Retail spending

This section provides an estimate of the current retail spending capacity of catchment area residents and growth over the forecast period to June 2031.

Spending on commodities sold within shopfront retailers is classified under the following groups:

Broad category	Spending group	Spending categories
Food, Liquor & Groceries	Food & Groceries	Edible supermarket goods (“ESGs”), non-food groceries inc. health & beauty, magazines & stationery.
	Packaged Liquor	Take-home liquor
Other Food	Food Catering	Take-away food, dining-in.
Non-Food & Retail Services	Non-Food	Auto accessories, fashion, furniture & furnishings, hardware & garden, pharmaceuticals, home appliances & entertainment, homewares, reading & writing, recreational goods.
	Retail Services	Hairdressing & personal care, repairs & alterations, dry cleaning, optical, photo developing, video hire.

Deep End Services uses small area spending information supplied by Market Data Systems (MDS). The MDS product known as *MarketInfo*, estimates spending propensity on a range of retail items at the small area level using a micro-simulation model and key data sets, including the ABS’ *Household Expenditure Survey (HES)*, the Census and Australian National Accounts (“ANA”).

MarketInfo models the effects of demographic variables such as income, ethnicity, age and education level and geographic location on a household’s propensity to purchase retail products and services. The results are generally regarded as the best proprietary data base of its type in Australia. To update *MarketInfo* to recent and future spending estimates, growth rates are drawn from the ‘Detailed Consumer Spending’ series produced by Deloitte Access Economics (and drawing heavily upon ABS data).

Catchment area retail per capita spending rates, set out in [Table 3](#), are currently 8.0% above the Melbourne average and reflect the relatively high income levels within the area. Spending rates vary by sector, with residents spending at rates above the Melbourne average in all sectors. The Secondary west sector has the highest spending rates, at 17.2% above average.

While spending on Food, Liquor & Groceries (“FLG”) is close to the Melbourne average, spending rates are well above the Melbourne average in the Other Food and Non-Food & Retail Services categories.

Table 3 Catchment area retail spend per capita rates by spending category, 2015/16

Spending category	Primary	Secondary north	Secondary east	Secondary south	Secondary west	Total	Comparison to Melbourne	Comparison to Melb. average
Spend per capita								
Food, Liquor & Groceries	\$6,019	\$6,113	\$5,927	\$6,046	\$6,348	\$6,062	\$5,958	1.7%
Other Food	\$2,423	\$2,583	\$2,240	\$2,214	\$2,395	\$2,383	\$2,103	13.3%
Non-Food & Services	\$6,944	\$7,062	\$6,512	\$6,982	\$8,036	\$7,022	\$6,256	12.2%
Total	\$15,386	\$15,758	\$14,679	\$15,242	\$16,778	\$15,466	\$14,317	8.0%
Comparison to Melbourne average								
Total	7.5%	10.1%	2.5%	6.5%	17.2%	8.0%	-	-

Source: Deep End Services; ABS; Market Data Systems; Deloitte Access Economics

When combined with current and future population and spend per capita forecasts, estimates and forecasts of the catchment area retail spending markets are generated and are outlined in Table 4 below:

Table 4 Catchment area retail spending market, 2010/11-2030/31

Spending category	Spending market (\$m)						Average change (%pa)		
	2011	2016	2019	2022	2027	2031	2019-22	2022-27	2027-31
Food, Liquor & Groceries	239.6	288.5	325.7	370.5	445.6	519.0	4.4%	3.8%	3.9%
Other Food	98.5	113.4	122.2	135.1	154.2	171.6	3.4%	2.7%	2.7%
Non-Food & Services	296.0	334.2	342.3	369.4	401.9	434.5	2.6%	1.7%	2.0%
Total	634.1	736.2	790.2	875.0	1,001.7	1,125.1	3.5%	2.7%	2.9%

Source: Deep End Services; ABS; Market Data Systems; Deloitte Access Economics

Hence, it is estimated that catchment area residents spent \$736.2million in retail goods and services in 2015/16, of which \$288.5 million (or 39%) was spent on FLG, the majority of which was directed to supermarkets.

Looking forward, it is expected that catchment area retail spending will increase at an average rate of just under 3% per annum and will exceed \$1 billion by 2026/27.

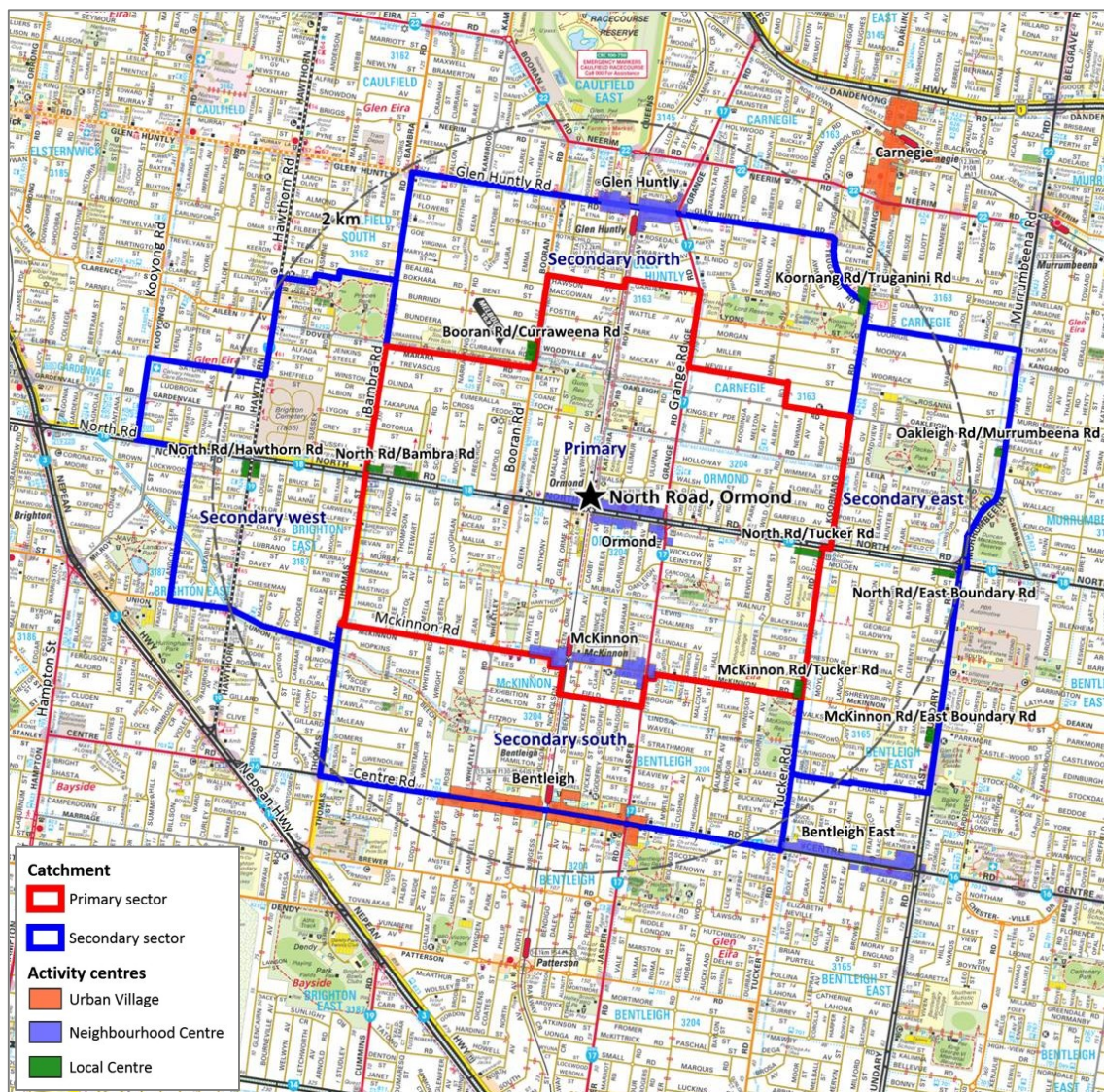
6. Competition

6.1 Overview

The location of all relevant activity centres defined by Glen Eira and located within the Indicative Project's catchment are shown in Map 4. Also identified are:

- Three smaller precincts, which have also been classified as Local Centres at:
 - North & Tucker Roads, Ormond
 - Curraweena & Booran Roads, Caulfield South
 - North & Hawthorn Roads, Brighton East
- Larger centres outside the catchment area, but of particular relevance, at Carnegie and Bentleigh East.

Map 4 Relevant Activity Centres



Source: Deep End Services; MapInfo; Ausway

The findings of retail shopfront surveys carried out by Deep End Services in October 2015 for the relevant activity centres within or on the perimeter of the Project catchment area are summarised in Table 5.

Table 5 Activity centres floorspace

Shopping Centre / Area	Food Floorspace (sqm)			Non-Food Floorspace (sqm)			Total retail
	Smkts	Other Food	Total Food	Non-Food	Retail Services	Total Non-Food & Services	
Urban Villages							
Bentleigh (Centre Rd)	6,421	9,050	15,471	9,780	3,090	12,870	28,341
Sub-total Urban Villages	6,421	9,050	15,471	9,780	3,090	12,870	28,341
Neighbourhood Centres							
Glen Huntly	2,565	2,740	5,305	2,800	1,540	4,340	9,645
Ormond	870	3,330	4,200	2,780	1,160	3,940	8,140
McKinnon	-	1,680	1,680	920	770	1,690	3,370
Sub-total Neighbourhood Centres	3,435	7,750	11,185	6,500	3,470	9,970	21,155
Local Centres							
Hawthorn & North Rds, Brighton East	430	400	830	160	330	490	1,320
North & Bamba Rds, Caulfield South	-	740	740	390	-	390	1,130
Oakleigh & Murrumbeena Rds, M'beena	350	360	710	90	290	380	1,090
North & Tucker Rds, Ormond	-	740	740	90	140	230	970
McKinnon & East Boundary Rds, Bentleigh East	-	560	560	380	-	380	940
Curraweena & Booran Rds, Caulfield South	-	480	480	130	220	350	830
North & East Boundary Rds, Bentleigh East	-	320	320	430	70	500	820
McKinnon & Tucker Rds, McKinnon	-	350	350	80	120	200	550
Truganini & Koornang Rds, Carnegie	-	410	410	-	-	-	410
Sub-total Local Centres	780	4,360	5,140	1,750	1,170	2,920	8,060
Total Centres	10,636	21,160	31,796	18,030	7,730	25,760	57,556
Total Ormond Station Catchment⁽¹⁾	5,271	16,200	21,471	13,280	4,970	18,250	39,721

Note:

⁽¹⁾ Catchment floorspace excludes part of Bentleigh (Centre Road - south side) and Glen Huntly (north side), located outside the catchment boundary

Source: Deep End Services

The centres contain a total of 57,556 sqm of retail floorspace, of which 39,721 sqm is located within the catchment area (i.e. excluding the south side of Centre Road, Bentleigh and the north side of Glen Huntly Road, Glen Huntly).

The catchment area retail floorspace supply is broken into 3 key categories as follows:

- Supermarkets 5,271 sqm
- Other Food 16,200 sqm
- Non-Food & Services 18,250 sqm
- **Total 39,721 sqm**

Of particular note is that there is only one full-line supermarket within the catchment area (i.e. Coles at Bentleigh) and none within the Primary sector.

6.2 Existing activity centre network

6.2.1 Urban Village

6.2.1.1 Bentleigh (Centre Road)

This elongated precinct straddles the boundary of the Secondary south sector and extends 1 km west along Centre Road, from the corner of Centre Road and Jasper Road. The Bentleigh retail precinct is the largest strip shopping centre in Glen Eira and the only precinct classified as an 'Urban Village' within the catchment area.

The findings from the retail shopfront survey identified a total of 191 retail tenancies occupying 28,341 sqm. An additional 1,540 sqm of floorspace (or 5.2% of retail tenancies) is vacant. The strong occupancy rate confirms the on-going strength of this precinct.

The precinct comprises three major supermarkets, a 2,250 sqm Coles and 1,370 sqm ALDI on the north side of Centre Road and a 2,800 sqm Woolworths at the eastern end of the precinct on the south-east corner of Centre Road and Jasper Road. Although the Coles and Woolworths stores are somewhat constrained by their comparatively small sizes, both stores are believed to be trading strongly. An eclectic mix of specialty cafes, specialty food, apparel, homewares and retail services are located elsewhere along the busy strip.

The Bentleigh railway station is centrally located on the north side of the strip. Grade separation has recently been completed at this location, with the station being rebuilt and the rail line lowered below the road.

6.2.2 Neighbourhood Centres

6.2.2.1 Glen Huntly

The Frankston railway line also splits this retail strip which extends 400 metres west from the corner of Glen Huntly Road and Grange Road. This precinct, designated as a 'Neighbourhood Centre', is anchored by a recently expanded and refurbished Woolworths supermarket (2,565 sqm) which also has the only off-street parking in the area.

Glen Huntly has total retail floorspace of 9,645 sqm, with a relatively low vacancy rate of 4.2%, or 420 sqm. The mix of specialty retailing is varied with a number of operators in older-style tenancies.

6.2.2.2 Ormond

The Ormond retail strip is also classified as a 'Neighbourhood Centre', with the Frankston railway line located centrally within the strip. The Project is located on the northern side of North Road, and the retail strip extends 600 metres west from Grange Road.

North Road is a major 6-lane arterial road, attracting significant traffic volumes of approximately 33,000 vehicles per day. Whilst this could be a boon for local traders, the width of the road and the lack of convenient parking creates challenges for the centre's tenants.

The centre also suffers from the lack of an anchor tenant with the IGA supermarket comprising floorspace of less than 1,000 sqm (and is poorly provided with parking).

Ormond has 8,140 sqm of occupied retail floorspace, with a vacancy rate at 9.3% of retail floorspace (830 sqm) underlining the challenges facing the centre at the current time.

6.2.2.3 McKinnon

The McKinnon 'Neighbourhood Centre' is smaller than the other designated Neighbourhood Centres in the catchment, with 3,370 sqm of retail floorspace. In addition, there is a significant amount of non-retail floorspace which includes medical and allied health services.

The strip, located 800 metres south of the subject site, straddles McKinnon Road which is also split by the Frankston railway line. The crossing has also been subject to a recent grade separation with the rebuilt station and rail-line now below the road.

This strip is differentiated from other surrounding retail strips with the current and proposed development of several multi-level residential projects. The character of the strip is also different with several relatively new eateries but no anchor tenant.

6.2.3 Local Centres

There are nine smaller retail strips, classified as 'Local Centres', scattered throughout the catchment and generally located on prominent roads and/or intersections. Only two, North Rd/Hawthorn Rd and North Rd/Bambra Rd, are located west of the subject site. This reinforces the view that there is a deficiency of convenient retail facilities between Ormond Station and Kooyong Road, at the catchment's western perimeter.

The centres highlight the changing character of local shopping in recent years, offering a range of eateries (cafes and takeaways) and personal services which serve their immediate communities. These centres are also increasingly emerging as important locations for service businesses, consulting and related office uses for small companies.

The retail floorspace within these centres ranges from 1,320 sqm at North Rd/Hawthorn Rd to 410 sqm at Truganina Rd/Koornang Rd. Only two centres (North Rd/Hawthorn Rd and Oakleigh Rd/Murrumbeena Rd) provide supermarket offers and these are small IGA Xpress supermarkets (both less than 500 sqm).

6.2.4 Beyond catchment area

There are two other activity centres located beyond the Indicative Project catchment which help to define the extent of the Indicative Project's potential influence.

The Carnegie 'Urban Village' is located 3.5 km north of the subject site and extends 600 metres along Koornang Road from Dandenong Road to Neerim Road. This activity centre is bi-sected by the Cranbourne-Pakenham railway line on Koornang Road which is designated to be lowered below the road. The buoyant retail strip is complemented by the enclosed Carnegie Central (anchored by Spotlight, Woolworths and ALDI), at the corner of Dandenong Road and Koornang Road, and a second and older Woolworths supermarket trading behind the Koornang Road shops. Carnegie has 23,482 sqm of retail floorspace, with a very low vacancy rate of 2.3%.

The Bentleigh East 'Neighbourhood Centre' is a retail strip located on Centre Road, 2.8 km south-east of the Project. A 1,730 sqm Ritchies Supa IGA anchors the strip and is located behind the Centre Road shops. The strip has 9,670 sqm of retail floorspace and is evolving with several large sites proposed for mixed-use developments including a recently completed development at 658 Centre Road.

6.3 Future retail developments

On advice from SJB Planning, several future projects have been identified in Glen Eira with varied retail elements in excess of 1,000 sqm, but none within the catchment area. These projects include:

- Possible future supermarket and associated specialty retail as part of 15,000 sqm of retail floorspace at **Caulfield Village** (Station Street, Caulfield East). This relates to Glen Eira's Planning Scheme Amendment C60. A development application for 1,200 sqm of retail was recently refused by Glen Eira and is now the subject of a VCAT hearing. Whilst this relatively modest amount of new retail floorspace is currently the subject of dispute between the developer and Glen Eira, it is likely that more substantial retail operations will be in place at Caulfield Village by 2021. For the purposes of this NEIA, it has been assumed that such floorspace will comprise a 4,000 sqm supermarket and 3,000 sqm of other retail facilities.
- Proposed rezoning of the **Virginia Park Estate** at 236-262 East Boundary Road, Bentleigh East to Commercial 1 Zone to facilitate up to 12,000 sqm of retail floorspace. This was to be achieved via Glen Eira's Planning Scheme Amendment C126 which was exhibited in June 2015. However, Glen Eira abandoned this Amendment on 21 April 2016. Hence, while a future altered Planning Scheme Amendment may approve a rezoning to permit a site redevelopment and associated retail element, the uncertainty of this occurring means that it is assumed to not occur before commencement of trade at the Indicative Project.

In addition, as a result of the grade separations at **Bentleigh** and **McKinnon** railway stations, a small amount of new retail floorspace – less than 1,000 sqm in each location – has been factored into the analysis in this report.

6.4 Current trading levels

The estimated sales at relevant activity centres are set out in Table 6 for 2015/16. These sales estimates have been generated on the following bases:

- Detailed inspections and land use surveys of the centres and precincts in October 2015;
- Industry averages;
- Experience in working with retailers located in some of the centres; and
- Internal databases.

The sales are presented for the two major product categories – Food and Non-Food & Services.

Table 6 shows the estimated sales in the activity centres in the catchment area (including all of Bentleigh and Glen Huntly) were \$469.4 million in 2015/16, representing an average trading level of \$8,156 per sqm. These trading levels are strong, influenced by the dominant and larger activity centres at Bentleigh and Glen Huntly.

The stronger centres (measured by sales per sqm) generally have a higher proportion of floorspace in high-trading supermarkets. The lower rates can generally reflect the absence of a supermarket or speciality food retailers which trade at higher average rates per sqm.

Table 6 Activity centres, sales estimates (2015/16) by major spending category

	Floorspace (sqm)			Estimated sales			Trading level (\$/sqm)		
Shopping centre /precinct									
	Non-Food Food & Services	Total Retail		Non-Food Food & Services	Total Retail		Non-Food Food & Services	Total Retail	
Urban Village									
Bentleigh (Centre Rd)	14,522	13,820	28,343	183.5	102.5	285.9	\$12,634	\$7,414	\$10,088
Bentleigh (Centre Rd - north)	8,443	7,628	16,072	110.4	56.5	166.9	\$13,078	\$7,402	\$10,384
Bentleigh (Centre Rd - south)	6,079	6,192	12,271	73.1	46.0	119.0	\$12,017	\$7,427	\$9,701
Sub-total Urban Villages	14,522	13,820	28,343	183.5	102.5	285.9	\$12,634	\$7,414	\$10,088
Neighbourhood Centres									
Glen Huntly	4,814	4,831	9,645	51.1	28.0	79.1	\$10,614	\$5,797	\$8,201
Ormond	4,217	3,924	8,140	30.1	17.5	47.6	\$7,132	\$4,457	\$5,843
McKinnon	1,655	1,716	3,370	9.8	8.7	18.5	\$5,947	\$5,049	\$5,490
Sub-total Neighbourhood Centres	10,686	10,470	21,155	91.0	54.2	145.2	\$8,517	\$5,172	\$6,862
Local Centres									
Hawthorn & North Rds, Brighton East	742	578	1,320	4.5	2.3	6.9	\$6,121	\$4,040	\$5,210
North & Bamba Rds, Caulfield South	731	399	1,130	4.0	1.5	5.5	\$5,404	\$3,852	\$4,856
Oakleigh & Murrumbeena Rds, M'beena	641	450	1,090	3.9	1.8	5.7	\$6,042	\$3,984	\$5,194
North & Tucker Rds, Ormond	727	244	970	3.4	0.8	4.2	\$4,631	\$3,483	\$4,343
McKinnon & East Boundary Rds, Bentleigh East	560	380	940	2.7	1.5	4.1	\$4,769	\$3,852	\$4,398
Curraweena & Booran Rds, Caulfield South	444	386	830	2.3	1.3	3.7	\$5,205	\$3,486	\$4,405
North & East Boundary Rds, Bentleigh East	320	500	820	1.4	1.9	3.3	\$4,494	\$3,762	\$4,048
McKinnon & Tucker Rds, McKinnon	314	236	550	2.2	1.1	3.3	\$7,013	\$4,512	\$5,939
Truganini & Koornang Rds, Carnegie	406	0	406	1.7	0.0	1.7	\$4,137	n.a.	\$4,137
Sub-total Local Centres	4,883	3,173	8,056	26.0	12.3	38.3	\$5,329	\$3,867	\$4,753
Total Centres	30,091	27,463	57,554	300.5	168.9	469.4	\$9,987	\$6,149	\$8,156
Beyond catchment									
Carnegie	13,094	10,389	23,483	136.8	56.0	192.8	\$10,447	\$5,393	\$8,211
Bentleigh East (Centre Rd)	5,115	4,555	9,670	36.5	23.6	60.1	\$7,134	\$5,181	\$6,214
Total beyond catchment	18,209	14,944	33,153	173.3	79.6	252.9	\$9,516	\$5,329	\$7,629

Source: Deep End Services

6.5 Future trading levels

The future retail sales for retailers in the relevant activity centres in the catchment area are projected to increase to \$567.9 million in 2021/22, as set out in Table 7. Sales growth is based on a combination of forecast retail spending growth by category within the area and impacts resulting from the assumed development of new retail facilities at Bentleigh, McKinnon and Caulfield Village as set out earlier in this report.

These are the sales forecasts against which the impact of the development of the Indicative Project are measured.

Table 7 Activity centres, sales estimates (2021/22) by major spending category

	Floorspace (sqm)			Estimated sales			Trading level (\$/sqm)		
	Non-Food		Total	Non-Food		Total	Non-Food		Total
Shopping centre /precinct	Food & Services		Retail	Food & Services		Retail	Food & Services		Retail
Urban Village									
Bentleigh (Centre Rd)	14,792	14,240	29,033	234.9	116.2	351.1	\$15,880	\$8,159	\$12,093
Sub-total Urban Villages	14,792	14,240	29,033	234.9	116.2	351.1	\$15,880	\$8,159	\$12,093
Neighbourhood Centres									
Glen Huntly	4,814	4,831	9,645	59.6	29.5	89.2	\$12,381	\$6,117	\$9,243
Ormond	4,217	3,924	8,140	36.6	19.1	55.7	\$8,678	\$4,877	\$6,846
McKinnon	1,955	2,165	4,119	13.9	12.1	25.9	\$7,088	\$5,587	\$6,299
Sub-total Neighbourhood Centres	10,986	10,919	21,904	110.1	60.8	170.8	\$10,018	\$5,566	\$7,799
Local Centres									
Hawthorn & North Rds, Brighton East	742	578	1,320	5.7	2.6	8.3	\$7,703	\$4,466	\$6,285
North & Bamba Rds, Caulfield South	731	399	1,130	5.0	1.7	6.7	\$6,820	\$4,258	\$5,915
Oakleigh & Murrumbeena Rds, M'beena	641	450	1,090	4.9	2.0	6.8	\$7,597	\$4,404	\$6,280
North & Tucker Rds, Ormond	727	244	970	4.1	0.9	5.0	\$5,632	\$3,850	\$5,185
McKinnon & East Boundary Rds, Bentleigh	560	380	940	3.3	1.6	4.9	\$5,919	\$4,258	\$5,247
Curraweena & Booran Rds, Caulfield South	444	386	830	2.9	1.5	4.3	\$6,464	\$3,823	\$5,235
North & East Boundary Rds, Bentleigh East	320	500	820	1.8	2.1	3.8	\$5,501	\$4,158	\$4,682
McKinnon & Tucker Rds, McKinnon	314	236	550	2.8	1.2	3.9	\$8,793	\$4,987	\$7,159
Truganini & Koornang Rds, Carnegie	406	0	406	2.0	0.0	2.0	\$5,006	n.a.	\$5,006
Sub-total Local Centres	4,883	3,173	8,056	32.4	13.5	45.9	\$6,633	\$4,271	\$5,703
Total Centres	30,661	28,332	58,993	377.4	190.5	567.9	\$12,307	\$6,725	\$9,626
Beyond catchment									
Carnegie	13,094	10,389	23,483	167.2	60.7	227.8	\$12,766	\$5,842	\$9,703
Bentleigh East (Centre Rd)	5,115	4,555	9,670	45.8	26.1	71.8	\$8,945	\$5,726	\$7,429
Total beyond catchment	18,209	14,944	33,153	212.9	86.8	299.7	\$11,693	\$5,807	\$9,040

Source: Deep End Services

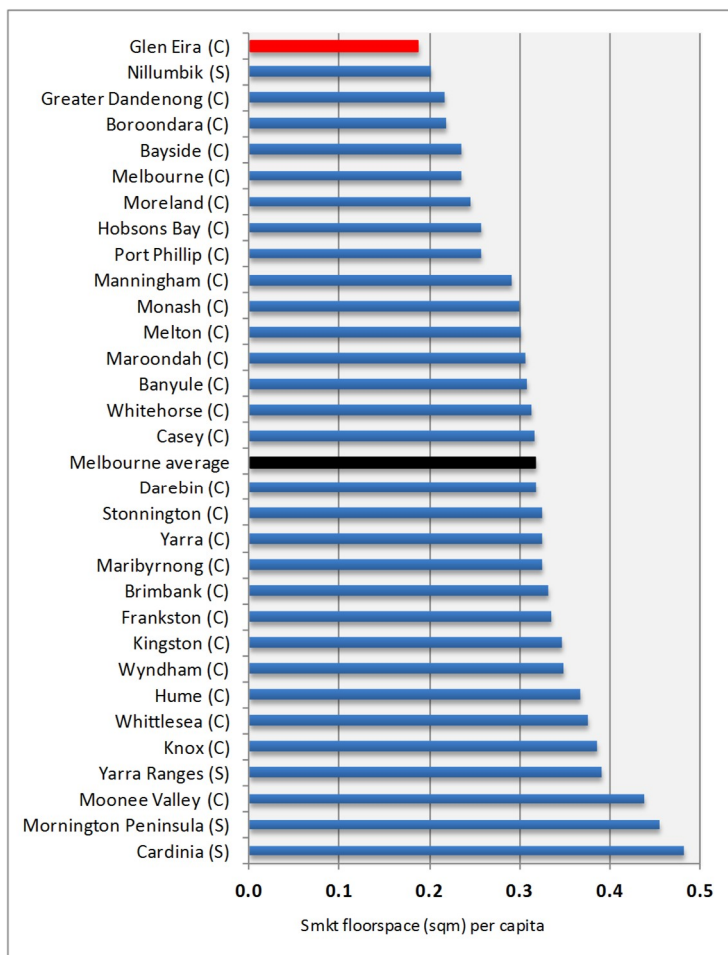
7. Need

7.1 Current undersupply of retail floorspace

Residents of the Project's catchment area are currently poorly provided with retail floorspace. Indeed, the provision rate – calculated by dividing the amount of retail floorspace located within the catchment area's activity centres by the catchment area population – is just 0.84 sqm per capita. Allowing for an additional 5,000 sqm of retail floorspace scattered throughout the catchment area but outside of the centres would increase the provision rate to 0.95 sqm per capita. Both measures are less than half the average Melbourne and national provision rates of approximately 2.3 sqm per capita.

The catchment is also poorly supplied with supermarket floorspace, with a provision rate of just 0.11 sqm per capita (i.e. one-third the Melbourne average of 0.32 sqm per capita). The provision rate elsewhere within Glen Eira is a little higher but the municipality has the lowest relative supply of supermarket floorspace in any of Melbourne's municipalities as shown in Figure 6.

Figure 6 Supermarket provision by local government area, October 2015



Source: Deep End Services; MapInfo

There are no identified proposals for additional retail floorspace within the catchment with the exception of minor increases at McKinnon Station and Bentleigh Station as part of the removal of level crossings in those locations.

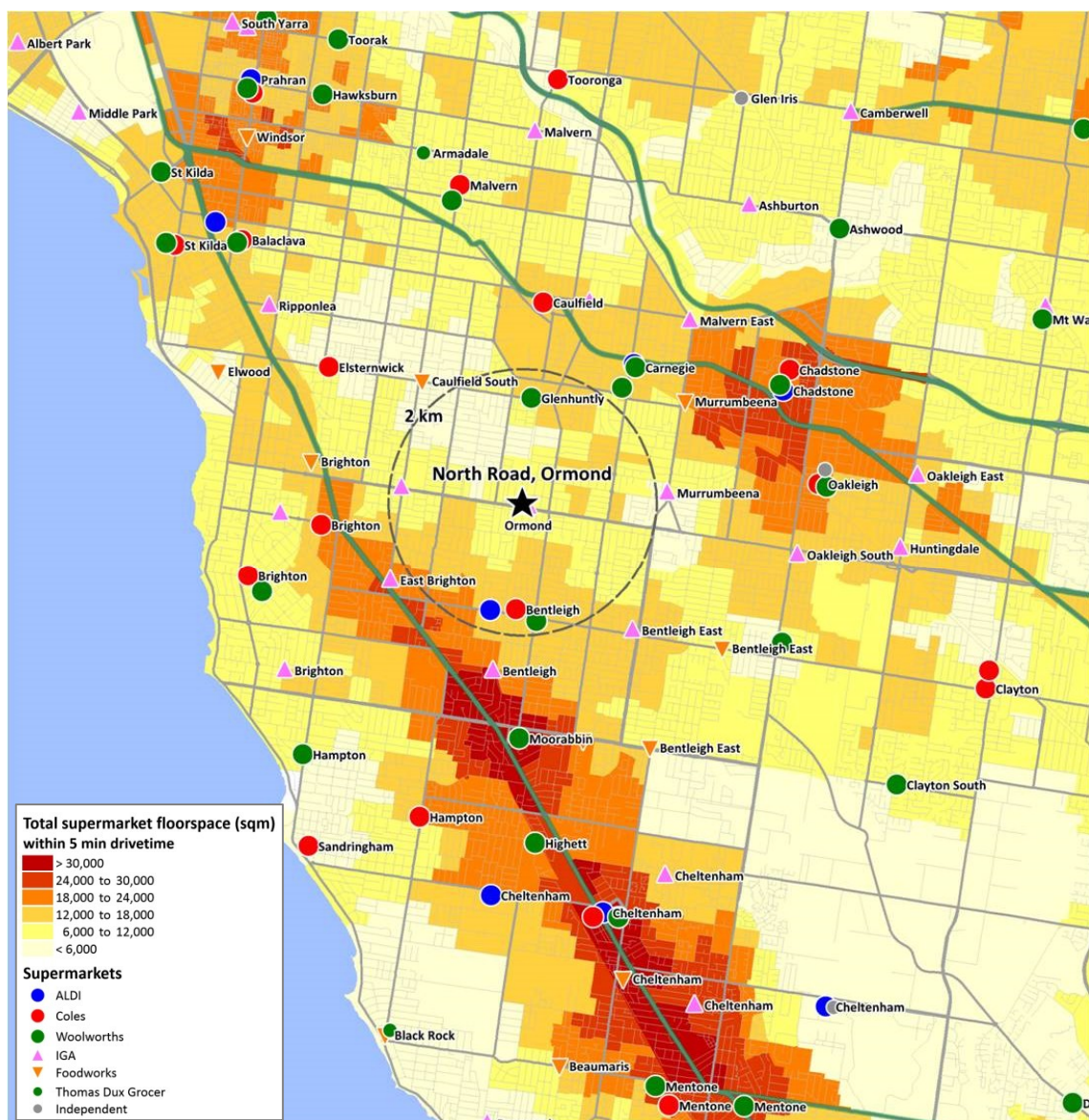
Consequently, the addition of the supermarket (4,100 sqm) and other retail premises (2,800 sqm) at the Indicative Project plus retail floorspace from the other level crossing removal projects would increase the catchment area supermarket floorspace provision to 0.18 sqm per capita and the total retail floorspace provision rate to 0.94 sqm per capita in 2021/22. Both measures are still well below typical provision rates observed elsewhere in Melbourne.

7.2 Poor supermarket accessibility

The amount of total supermarket floorspace within a 5 minute drivetime of each SA1 is depicted in Map 5.

The areas shaded yellow and light yellow have low rates of supermarket accessibility from the place of residence while areas shaded red or orange have either larger or more supermarket options within 5 minute drivetimes.

Map 5 Supermarket accessibility, October 2015



Source: Deep End Services; MapInfo

It is apparent that the residents living in the areas around the Indicative Project have poor supermarket accessibility. This includes the surrounding suburbs of Ormond, Bentleigh, Bentleigh East, Caulfield and Caulfield South, with the lack of a full-line supermarket on North Road being the central cause of this problem.

8. Economic impact assessment

This section provides the economic impact assessment for the retail elements of the Indicative Project. The analysis draws on data and commentary from earlier sections of this report and examines the benefits and trading impacts that would result from the proposal.

The findings are presented as a series of sequential steps:

- Generation of projected first-year retail sales for the Indicative Project;
- Assessment of sales impacts on other activity centres within or just beyond the catchment area; and
- Assessment of new employment and other positive benefits accruing to the community.

8.1 Sales forecasts for the Indicative Project

Sales forecasts for the Indicative Project are presented in the table below. The forecasts assume the following:

- The first full financial year of trading for the Indicative Project is 2021/22;
- Convenient vehicular access from Katandra Road, appropriate internal car park access and good pedestrian access from North Road and the station concourse;
- The catchment area retail market spending market will increase as set out previously; and
- The only additional relevant retail developments completed before 2021/22 are the small incremental increases at Bentleigh and McKinnon and the development of a full-line supermarket and associated retail speciality floorspace at Caulfield Village (well to the north of the catchment area).

It is forecast that the retailers located within the Indicative Project would record total sales of \$67.4 million in the first full financial year of trading of the facility (i.e. 2021/22). These sales are expected to be recorded as follows (and reflecting healthy sales levels for both the supermarket and specialty tenants):

Component	Sales (\$m)	Floorspace (sqm)	Trading level (\$/sqm)
Supermarket	46.3	4,100	\$11,297
Take away food premises	2.3	250	\$9,470
Other food and drink premises	4.0	550	\$7,502
Other food shops	2.3	200	\$11,930
Sub-total food	55.0	5,100	\$10,788
Non-food shops	12.3	1,800	\$6,992
Total retail premises	67.4	6,900	\$9,761

It is forecast that approximately 70% of these sales would be sourced from residents living within the catchment area, or \$47.4 million, as shown in [Table 8](#). Therefore, \$20.0 million, or 30% of total sales, would be generated from customers living beyond the catchment area. This is considered reasonable given:

- The attractiveness of the location not only to local residents but to commuters who travel from beyond the catchment to utilise the train station; and
- The important arterial road function of North Road which carries large volumes of through traffic.

Given catchment area resident retail spending of \$875.0 million in 2021/22, the Project is forecast to generate an 11.1% market share of total retail spending in the Primary sector, with an average of just 5.4% across the total catchment area.

Table 8 North Road, Ormond forecast market shares and sales (2021/22)

	Spending (\$m 2021/22)			Market share (%)		Forecast sales (\$m)			
Catchment area sector	Food & Services	Non-Food	Total Retail	Food & Services	Non-Food	Total Retail	Food & Services	Non-Food	Total Retail
Primary	196.4	141.8	338.3	14.8%	6.1%	11.1%	29.1	8.6	37.7
Secondary									
Secondary north	89.1	63.6	152.7	1.8%	0.8%	1.4%	1.6	0.5	2.1
Secondary east	84.4	59.1	143.5	3.0%	1.3%	2.3%	2.5	0.8	3.3
Secondary south	77.2	57.3	134.5	1.3%	0.5%	1.0%	1.0	0.3	1.3
Secondary west	58.4	47.6	106.0	3.9%	1.5%	2.8%	2.3	0.7	3.0
Total catchment area	505.6	369.4	875.0	7.2%	3.0%	5.4%	36.5	10.9	47.4
Beyond catchment (% sales)	-	-	-	27.6%	35.7%	29.6%	13.9	6.1	20.0
Total	-	-	-	-	-	-	50.4	17.0	67.4

Source: Deep End Services

8.2 Sales impacts on other retailers

Table 9 provides a summary of forecast impacts for activity centres within and beyond the catchment. These retail impacts would be largely confined to full-line supermarket based activity centres within the area, including Bentleigh and Glen Huntly. However, none of these impacts would be greater than -6.1% and, hence, equivalent to no more than two years of typical sales growth.

Most importantly, none of these one-off sales impacts are assessed as being capable of threatening the viability of any of the identified centres.

Table 9 Forecast retail sales impacts on local activity centres (2021/22)

Shopping centre /precinct	Floorspace (sqm)			Estimated sales			Trading level (\$/sqm)			Impacts of North Road, Ormond Development					
	Non-Food		Total	Non-Food		Total	Non-Food		Total	Change (%)			Change (\$m)		
	Food & Services		Retail	Food & Services		Retail	Food & Services		Retail	Food & Services	Non-Food	Total	Food & Services	Non-Food	Total
Urban Village															
Bentleigh (Centre Rd)	14,792	14,240	29,033	219.2	110.4	329.7	\$14,821	\$7,755	\$11,355	-6.7%	-5.0%	-6.1%	-15.7	-5.8	-21.4
Sub-total Urban Villages	14,792	14,240	29,033	219.2	110.4	329.7	\$14,821	\$7,755	\$11,355	-6.7%	-5.0%	-6.1%	-15.7	-5.8	-21.4
Neighbourhood Centres															
Glen Huntly	4,814	4,831	9,645	55.8	28.1	83.9	\$11,594	\$5,817	\$8,700	-6.4%	-4.9%	-5.9%	-3.8	-1.4	-5.2
Ormond	4,217	3,924	8,140	34.4	18.6	53.0	\$8,158	\$4,741	\$6,511	-6.0%	-2.8%	-4.9%	-2.2	-0.5	-2.7
North Road, Ormond Development	4,444	2,456	6,900	50.4	17.0	67.4	\$11,338	\$6,908	\$9,761	n/a	n/a	n/a	50.4	17.0	67.4
Total (incl. North Road , Ormond Development)	8,661	6,380	15,040	84.8	35.6	120.4	\$9,790	\$5,575	\$8,002	131.7%	85.9%	116.0%	48.2	16.4	64.6
McKinnon	1,955	2,165	4,119	13.3	11.5	24.8	\$6,812	\$5,296	\$6,016	-3.9%	-5.2%	-4.5%	-0.5	-0.6	-1.2
Sub-total Neighbourhood Centres excl North Rd, Ormond De	10,986	10,919	21,904	103.5	58.2	161.7	\$9,424	\$5,327	\$7,382	-5.9%	-4.3%	-5.3%	-6.5	-2.6	-9.1
Sub-total Neighbourhood Centres incl North Rd, Ormond Dev	15,430	13,375	28,804	153.9	75.1	229.1	\$9,976	\$5,617	\$7,952	39.9%	23.6%	34.1%	43.9	14.4	58.2
Local Centres															
Hawthorn & North Rds, Brighton East	742	578	1,320	5.5	2.5	8.0	\$7,370	\$4,408	\$6,072	-4.3%	-1.3%	-3.4%	-0.2	0.0	-0.3
North & Bamba Rds, Caulfield South	731	399	1,130	4.9	1.7	6.6	\$6,752	\$4,194	\$5,849	-1.0%	-1.5%	-1.1%	0.0	0.0	-0.1
Oakleigh & Murrumbeena Rds, M'beena	641	450	1,090	4.7	2.0	6.6	\$7,318	\$4,360	\$6,098	-3.7%	-1.0%	-2.9%	-0.2	0.0	-0.2
North & Tucker Rds, Ormond	727	244	970	4.1	0.9	5.0	\$5,576	\$3,803	\$5,131	-1.0%	-1.2%	-1.0%	0.0	0.0	-0.1
McKinnon & East Boundary Rds, Bentleigh East	560	380	940	3.3	1.6	4.9	\$5,889	\$4,241	\$5,223	-0.5%	-0.4%	-0.5%	0.0	0.0	0.0
Curraweena & Booran Rds, Caulfield South	444	386	830	2.9	1.5	4.3	\$6,432	\$3,807	\$5,211	-0.5%	-0.4%	-0.5%	0.0	0.0	0.0
North & East Boundary Rds, Bentleigh East	320	500	820	1.7	2.1	3.8	\$5,446	\$4,121	\$4,638	-1.0%	-0.9%	-0.9%	0.0	0.0	0.0
McKinnon & Tucker Rds, McKinnon	314	236	550	2.7	1.2	3.9	\$8,749	\$4,967	\$7,126	-0.5%	-0.4%	-0.5%	0.0	0.0	0.0
Truganini & Koornang Rds, Carnegie	406	0	406	2.0	0.0	2.0	\$4,981	n.a.	\$4,981	-0.5%	0.0%	-0.5%	0.0	0.0	0.0
Sub-total Local Centres	4,883	3,173	8,056	31.8	13.4	45.2	\$6,513	\$4,231	\$5,614	-1.8%	-0.9%	-1.6%	-0.6	-0.1	-0.7
Total Centres	30,661	28,332	58,993	354.6	182.0	536.6	\$11,564	\$6,425	\$9,096	-6.0%	-4.5%	-5.5%	-22.8	-8.5	-31.3
Total Centres incl North Rd, Ormond	35,105	30,788	65,893	405.0	199.0	603.9	\$11,536	\$6,463	\$9,166	7.3%	4.4%	6.4%	27.6	8.5	36.1
Beyond catchment															
Carnegie	13,094	10,389	23,483	157.9	59.4	217.4	\$12,062	\$5,719	\$9,256	-5.5%	-2.1%	-4.6%	-9.2	-1.3	-10.5
Bentleigh East (Centre Rd)	5,115	4,555	9,670	43.5	25.2	68.7	\$8,500	\$5,543	\$7,107	-5.0%	-3.2%	-4.3%	-2.3	-0.8	-3.1
Total beyond catchment	18,209	14,944	33,153	201.4	84.7	286.1	\$11,062	\$5,666	\$8,629	-5.4%	-2.4%	-4.5%	-11.5	-2.1	-13.6
Other / non specified													-16.1	-6.4	-22.5

Source: Deep End Services

8.3 Benefits

There are a number of benefits that would accrue to the local community as a result of the development of the retail elements of the Indicative Project.

8.3.1 Permanent employment creation

The Indicative Project will create new direct employment and support indirect employment for other workers in the local economy. The assumptions used in generating the forecasts for the number of permanent Full-Time Equivalent ("FTE") jobs from the retail uses to be located at the Project include:

- Direct employment will be generated at rates varying from 4.4 FTE positions per 100 sqm for the supermarket to 6.1 FTE positions per 100 sqm for other retail premises.
- Indirect employment has been calculated using industry-specific Type 2B employment multipliers published by the ABS for 1996/97. These multipliers are the most current available within Australia but, as is standard industry practice, have been divided by two to more accurately reflect the number of indirect jobs supported within the region rather than across the broader national economy.

It is therefore estimated that development of retail floorspace at the Indicative Project would support a total of 285 FTE jobs on an ongoing basis as summarised in [Table 10](#) below:

Table 10 Indicative Project – ongoing employment creation

Employer	Direct FTE	Indirect FTE	Total FTE
Supermarket	91	56	147
Other retail	85	53	138
Total retail premises	176	109	285

Source: ABS; Deep End Services

8.3.2 Other benefits

Other benefits include:

- Short-term jobs generated by construction employment;
- Greatly improved local retail facilities which will reduce the need for travel out of the local area to access, for example, full-line supermarkets;
- Development of an under-utilised site;
- Revitalisation of the surrounding retail precinct by drawing additional customers to the area;
- Contribution to improved amenity with the concurrent removal of the level crossings on North Road; and
- The ability to combine train travel with convenient retail shopping close to home.

9. Net community benefit

The development of the retail component of the Indicative Project will result in some relatively minor one-off sales impacts to competing retailers within centres contained within the Indicative Project's catchment area (and located beyond the area at Carnegie and East Bentleigh).

However, there are a range of benefits which will accrue to the local community as a result of the development of the retail components of the Indicative Project and these comprise:

- 285 direct and indirect local FTE jobs on an ongoing basis;
- Short-term jobs generated by construction employment;
- Greatly improved local retail facilities which will reduce the need for travel out of the local area to access, for example, full-line supermarkets;
- Development of an under-utilised site;
- Revitalisation of the surrounding retail precinct by drawing additional customers to the area;
- Contribution to improved amenity with the concurrent removal of the level crossings on North Road; and
- The ability to combine train travel with convenient retail shopping close to home.

The relatively minor one-off sales impacts to competing retailers in other centres are more than offset by the range of positive benefits. The conclusion, therefore, is that the Indicative Project would deliver a **substantial positive net community benefit**.