

Retail / Commercial Development Strategy

City of Kingston

In association with

Charter Keck Cramer and

Hansen Partnership

Final Report

Prepared for

City of Kingston

July, 2006

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	9
1.1 Retailing Context.....	9
1.2 Traditional Retailing	10
1.3 Principal and Major Activity Centres	10
1.4 Commercial Office Development	10
1.5 Bulky Goods Retailing.....	10
1.6 Kingston Bulky Goods Retailing.....	11
1.7 Strategic Development Sites.....	12
1.7.1 Moorabbin Airport	12
1.7.2 Clayton Business Park.....	12
1.8 Conclusions and Recommendations	12
2. INTRODUCTION	13
2.1 Study Context.....	13
2.2 Policy Context	14
2.3 Study Aims, Objectives and Outcomes.....	17
2.4 Structure of Document	17
2.5 Conventions	18
PART A: RETAILING CONTEXT	19
3. REGIONAL CONTEXT: COMPETING DEVELOPMENTS	20
3.1 Chadstone Shopping Centre Expansion.....	21
3.2 Proposed Harvey Norman Homemaker Centre: 917 Princes Highway Clayton: Corner Princes Freeway and Westall Road.....	21
3.3 Proposed Frankston Bulky Goods Centre: McMahons Road, Frankston.....	21
4. RETAIL SECTOR ANALYSIS	23
4.1 Role of Activity Centres in Meeting Households' Retail Needs	23
4.2 Household Spending Trends.....	24
4.2.1 Economic Conditions	24
4.2.2 Price Induced Consumption.....	26
5. DEMOGRAPHIC CHANGE AND RETAIL SPENDING.....	29
5.1 Population Ageing	31
5.2 Household Income	31
5.3 City of Kingston Context.....	32
5.4 Conclusion	36
PART B: TRADITIONAL RETAILING	37
6. TRADITIONAL RETAILING PROVISION IN THE CITY OF KINGSTON	38
6.1 Kingston's Retail Hierarchy	38
6.2 Catchment Areas	39
6.3 Kingston's Northern Region	40
6.4 Kingston's Southern Region.....	40
7. SUPERMARKET PROVISION IN KINGSTON'S SOUTHERN AREA	43
7.1 Existing Situation Analysis	44
7.1.1 Aldi Development (Corner McLeod Rd and Station St, Carrum).....	44

7.2	Existing Catchment Areas.....	45
7.3	Key Conclusions	45
8.	ECONOMIC ASSESSMENT OF PROPOSED SUPERMARKET DEVELOPMENTS IN KINGSTON'S SOUTHERN AREA.....	46
8.1	Methodology.....	46
8.2	Main Trade Areas.....	47
8.2.1	Chelsea Shopping Centre.....	48
8.2.2	Patterson Lakes	48
8.2.3	Estimated Household Expenditure on Food, Groceries and Liquor (FG&L)	49
8.2.4	Distribution of Household Expenditure by Retail Format.....	50
8.2.5	Food and Grocery Retailing: Estimated Turnover by Centre	52
8.2.6	Supportable Supermarket (FG&L) Floorspace	53
8.3	Non-Food and Grocery Items Sold in Supermarkets.....	54
8.4	Sensitivity Analysis: Patterson Lakes - Total Supportable Supermarket Floorspace	55
8.5	Associated Retailing.....	55
8.5.1	Patterson Lakes Shopping Centre.....	55
8.5.2	Chelsea Shopping Centre.....	56
8.6	Forecast Population Growth by Retail Centre Catchment Area	57
8.7	Net Community Benefit	58
8.8	Urban Design	58
8.9	Conclusions and Recommendations	59
	PART C: STRATEGIC ASSESSMENT OF PRINCIPAL AND MAJOR ACTIVITY CENTRES	61
9.	KINGSTON'S PRINCIPAL AND MAJOR ACTIVITY CENTRES	62
9.1	Supportable Floorspace	62
9.1.1	Planning Policy Review	63
9.2	Melbourne 2030	63
9.3	Zoning Provisions.....	64
9.4	Retailing Role of Centres	64
9.5	Population and Demographic Change	65
9.6	Southland Shopping Centre	68
9.6.1	Future Demographic Change	69
9.6.2	Future Opportunities and Constraints.....	69
10.	CHELTENHAM MAJOR ACTIVITY CENTRE (MAC)	71
10.1	Overview	71
10.1.1	Future Demographic Change	71
10.2	Land Use: Retail.....	72
10.3	Land Use: Business and Commercial.....	72
10.4	Land Use: Other.....	73
10.5	Accessibility: Roads	73
10.6	Accessibility: Public Transport	73
10.7	Strengths and Weaknesses of the Centre	73
10.7.1	Strengths:.....	73
10.7.2	Weaknesses:	74
10.8	Opportunities	75
10.8.1	Strategic Initiatives.....	76
10.8.2	Facilitate an intensification of a mix of new uses within the centre over time.	76
10.8.3	Re-defining the 'edges' of the centre	77
10.8.4	Facilitating better connections to social infrastructure.....	77
10.9	Additional Considerations to Explore	77
11.	MOORABBIN ACTIVITY CENTRE MAC	78
11.1	Overview	78
11.2	Land Use: Retail.....	78
11.3	Land Use: Business and Commercial.....	79
11.4	Accessibility: Roads	79
11.5	Accessibility: Public Transport	79
11.6	Strengths and Weaknesses of the Centre	80
11.6.1	Future Commercial Opportunities and Constraints	81

11.7	Strategic Initiatives	82
11.7.1	Facilitate redevelopment opportunities	82
11.7.2	Facilitate a mix of uses through more appropriate zoning	83
11.7.3	Activate the centre	83
11.7.4	Address circulation issues	83
11.7.5	Consolidate bulky goods retailing opportunities	84
11.8	Moorabbin Bowl Precinct – Planning Considerations	84
12.	MENTONE, MAJOR ACTIVITY CENTRE (MAC)	85
12.1	Overview	85
12.1.1	Future Demographic Change	85
12.2	Land Use: Retail.....	86
12.3	Land Use: Business and Commercial	86
12.4	Accessibility: Public Transport	87
12.5	Strengths and Weaknesses	87
12.5.1	Strengths.....	87
12.5.2	Weaknesses	88
12.5.3	Future Opportunities and Constraints.....	88
12.5.4	Strategic Initiatives.....	89
12.5.5	Facilitate redevelopment opportunities.....	89
12.6	Additional Considerations to Explore	90
13.	MORDIALLOC, MAJOR ACTIVITY CENTRE (MAC).....	91
13.1	Overview	91
13.1.1	Future Demographic Change	92
13.2	Land Use: Retail.....	92
13.3	Land Use: Business and Commercial	92
13.4	Land Use: Other.....	93
13.5	Accessibility: Roads	93
13.6	Accessibility: Public Transport	93
13.7	Strengths and Weaknesses	93
13.7.1	Strengths:.....	93
13.7.2	Weaknesses:	94
13.8	Opportunities	94
13.8.1	Facilitate redevelopment opportunities.....	94
13.8.2	Facilitate 'lifestyle development'	95
13.9	Development of Additional Supermarket Floorspace	95
13.10	Additional Considerations to Explore	96
14.	CHELSEA, MAJOR ACTIVITY CENTRE (MAC)	97
14.1	Overview	97
14.1.1	Future Demographic Change	98
14.2	Land Use: Retail.....	99
14.3	Land Use: Business and Commercial	99
14.4	Land Use: Other.....	99
14.5	Accessibility: Roads	99
14.6	Accessibility: Public Transport	99
14.7	Strengths and Weaknesses	99
14.7.1	Strengths.....	99
14.7.2	Weaknesses	100
14.8	Opportunities	100
14.8.1	Future Opportunities and Constraints.....	100
14.8.2	Strategic Initiatives.....	100
14.8.3	Redevelopment of 'at-grade' car parking.....	101
14.8.4	DDO1 and DDO7.....	101
14.9	Additional Considerations to Explore	101
PART D: COMMERCIAL OFFICE SECTOR.....		103
15.	CONTEXT: MELBOURNE'S SUBURBAN OFFICE SECTOR	104
15.1.1	Market Composition	106
15.1.2	Demand Considerations	107

15.2	Business Services Sector: Analysis and Outlook	108
15.2.1	Outsourcing – A Key Driver of Growth in Business Services	109
15.3	Business Parks	109
15.3.1	Outlook.....	110
16.	CITY OF KINGSTON COMMERCIAL OFFICE SECTOR	111
16.1	Trends in Office Employment.....	111
16.2	Supply of Office Floorspace	111
16.3	Market Composition	114
16.3.1	Demand Considerations	114
16.4	Market Indicators.....	115
16.4.1	Leasing and Sales	115
16.4.2	Vacancy	116
16.5	Conclusion	117
	PART E: BULKY GOODS RETAILING	119
17.	BULKY GOODS RETAILING	120
17.1	Bulky Goods – The Changing Nature of Retail Demand	120
17.1.1	Free-Standing Superstores.....	121
17.1.2	Homemaker Centres.....	121
17.1.3	Highway Retail/Showroom Precincts.....	122
17.1.4	Hierarchy of Bulky Goods Destinations	122
17.1.5	Bulky Goods Tenants.....	123
17.2	Household Demand for Bulky Goods.....	123
17.2.1	Per Capita Expenditure 1998-2003	124
17.2.2	Determinants of Real Prices for Household Goods	126
17.2.3	Outlook for Per Capita Demand.....	127
17.3	Bulky Goods: A Maturing Market	128
17.4	Conclusion	128
18.	KINGSTON BULKY GOODS RETAILING	129
18.1	Supply Analysis.....	129
18.2	Recent Retailer Activity	131
18.3	Distribution of Household Demand	135
18.4	Retailer Churn	136
18.5	Competing Centres	137
18.6	Strategic Assessment of Kingston's Core Bulky Goods Precincts	138
18.7	Non-Core Bulky Goods Precincts	139
18.8	Conclusion	141
19.	SUPPORTABLE BULKY GOODS FLOORSPACE	142
19.1	Definitions.....	142
19.2	Methodological Issues.....	142
19.3	Methodology.....	144
19.3.1	Scope of Analysis	144
19.3.2	Identification of Household's Shopping Behaviour	145
19.4	Forecast Population Growth.....	149
19.5	Forecast Household Expenditure By Trade Area	149
19.5.1	Kingston's Core Bulky Goods Precincts: Projected Retail Turnover (Bulky Goods and Homewares).....	150
19.5.2	Forecast Supportable Bulky Goods and Homewares Floorspace.....	152
19.6	Sensitivity Analysis.....	153
19.7	Conclusion	154
	PART F: KEY STRATEGIC DEVELOPMENT SITES	156
20.	ASSESSMENT OF KEY STRATEGIC DEVELOPMENT SITES	157
20.1	Moorabbin Airport.....	157
20.1.1	Development Focus	157
20.1.2	Existing Retail Provision and Performance	158
20.1.3	Future Retail Expansion	159
20.1.4	Commercial Office Activities	159

20.1.5 Implications for Kingston Retail and Commercial Hierarchy.....	160
20.2 Clayton Business Park (Former Nissan Car Plant) - Westall.....	163
21. APPENDIX A: CHADSTONE SHOPPING CENTRE: ECONOMIC IMPACT ASSESSMENT REPORT.....	165
22. APPENDIX B: DEFINITION OF BULKY GOODS AND HOMEWARES CATEGORIES.....	170
23. APPENDIX C: DEFINITION OF FOOD EXPENDITURE CATEGORIES.....	172

1. EXECUTIVE SUMMARY

This Retail/Commercial Development Strategy has been developed to help guide the future direction of retail, commercial and office investment in the City of Kingston.

As the local planning authority, it is the City of Kingston's responsibility to ensure that urban and economic development in the municipality is carried out in such a way that it is economically, socially and environmentally sustainable. The needs of all stakeholders, including residents, property owners and developers, local businesses and the local workforce, need to be considered to ensure that Kingston remains a preferred location for each. It is only by balancing the often conflicting needs of stakeholders that long-term sustainable development can be achieved.

The Retail/Commercial Development Strategy sets the future direction for the City of Kingston's activity centres and key strategic development sites. In doing so, it establishes a basis for future land use decision-making that does not compromise the long-term sustainability of existing retail and commercial centres. This includes a basis for future structure planning of activity centres.

This strategy recognises the underlying trends in retail and commercial activities both at the national and industry levels in response to economic, operational and social developments. It also takes into account Kingston's role in a wider metropolitan economy and the impact that this has on future land use.

This report strives to provide the necessary background analysis required to make informed decisions regarding retail and commercial development in the city.

The report has been divided into the following key subject areas:

- Retailing Context.
- Traditional Retailing
- Strategic Assessment of Principal and Major Activity Centres
- Commercial Office Sector
- Bulky Goods Retailing
- Key Strategic Development Sites

1.1 Retailing Context

Future retailing opportunities in Kingston will be determined by:

- Competition from centres in neighbouring municipalities, including a number of significant bulky goods developments proposed for Chadstone Shopping Centre, Clayton and Frankston;
- A forecast slowing in spending on household goods in response to an anticipated weakening in the exchange rate, as well as a slowing in housing activity;
- Changing local population profiles that impact on household expenditure; and
- The existing distribution and structure of retailing activity.

1.2 Traditional Retailing

Traditional retailing refers to retailing in major activity centres, or shopping centres. A major aspect of this is food retailing, which accounts for more than 40% of a household's retail expenditure. Supermarkets play an important strategic role in shopping centres as they are the key anchor. The opportunity to further expand retailing opportunities is determined by the support for additional supermarket floorspace. Lifestyle-related activities such as cafes and restaurants are also becoming increasingly important.

Research undertaken as part of the strategy revealed that Kingston's northern region (north of Lower Dandenong Road) is well catered for, having good access to supermarkets suitable for weekly food shopping. However, residents living in Kingston's southern bayside area are often travelling considerable distances to access a suitable supermarket.

Currently, there are a number of proposals, including expansion of an existing Safeway supermarket at Chelsea and the development of a new Coles supermarket at Patterson Lakes. An economic assessment undertaken by the consultants found that:

- The proposed additional supermarket floorspace is economically sustainable;
- The proposed developments will significantly improve access to supermarket facilities for residents; and
- The level of escape expenditure from the Chelsea and Patterson Lakes retail catchments will be significantly reduced, thereby supporting additional activity in these centres;

Furthermore, the Mordialloc Structure Plan has identified the potential for additional retail floorspace to be supported in Mordialloc. The consultants have assessed the potential for a supermarket to be developed on the former timber yard site in Mordialloc, finding that approximately 2,000–3,000 sq.m. of additional supermarket floorspace would be supported on this site.

1.3 Principal and Major Activity Centres

Kingston's principal and major activity centres, together with key strategic development sites, will play an important role in accommodating future retail and commercial activity. The consultants have assessed the ability of each of these centres to support such activities, and the strategic initiative required for this to occur. In doing so, consideration has been given to economic and planning matters. Unfortunately, the diversity of issues covered prevents a concise summary of these assessments and readers are referred to the relevant sections of the report.

1.4 Commercial Office Development

The supply of commercial office space in Kingston has historically been concentrated in Moorabbin and Cheltenham. Kingston's office market is currently in a transition phase as the requirements of key office users continue to change. Increasingly, corporate tenants are choosing new business park environments over traditional office precincts such as the Nepean Highway, while strong growth in the business services sector has increased demand for smaller strata office suites close to facilities in activity centres.

Traditional office precincts along the Nepean Highway are expected to attract increasing levels of strata office activity through the refurbishment of former corporate offices as well as new purpose-built developments. Similarly, the Chifley Business Park at Moorabbin provides an opportunity to accommodate existing and new corporate tenants in a contemporary campus-style environment that offers a range of support facilities.

1.5 Bulky Goods Retailing

The growth of bulky goods retailing (furniture, white goods etc) has become increasingly popular over the past decade. This can be attributed to a number of reasons, including:

- Greater affordability of household goods in response to a strengthening Australian dollar;
- Increased consumption, supporting the growth of specialist 'big box' retailers at the expense of department stores;
- A desire by retailers to reduce costs in order to maintain profit margins as the real value of goods has fallen; and
- Strong residential construction activity and turnover of residential properties generating increased demand for household goods.

Real per capita expenditure on household goods is forecast to grow by an average of 1.5% per annum between 2006 and 2013 in response to a forecast weakening in the Australian dollar. However, over the short-term, growth in demand may be weaker than this in response to a slowing in residential construction and the property market in general.

1.6 Kingston Bulky Goods Retailing

Bulky goods retailing in the City of Kingston may be described as either core bulky goods retail precincts or non-core locations. Core bulky goods precincts offer consumers the opportunity to undertake comparison shopping in easily-accessible locations. Non-core areas are less prominent and may include suburban shopping strips, industrial areas and freestanding stores on secondary roads.

Kingston's core bulky goods retailing precincts span the Nepean Highway at Moorabbin, Cheltenham and Mentone as well as the Moorabbin Super Centre in Warrigal Road. Southland Shopping Centre continues to perform an important dual role in providing both traditional and bulky goods retailers. Together, these areas offer a competitive mix of national retailers. The total supply of bulky goods floorspace in these precincts is estimated to be 128,000 sq.m.

Furthermore, there is an additional 48,000 sq.m. of bulky goods floorspace approved for the Nylex site in Mentone (40,000 sq.m.) and the Moorabbin Super Centre (8,000 sq.m.), resulting in a potential supply of approximately 168,450 sq.m. of bulky goods floorspace in the identified Core Bulky Goods Areas. There is also the potential for a considerable amount of additional floorspace to be constructed at the Moorabbin Airport, as identified in its master plan. The recent establishment of a Good Guys store, together with current marketing of bulky goods floorspace at the airport, suggests that there is likely to be a significant amount of floorspace developed over the next few years.

Modelling the level and distribution of household demand for bulky goods (including homewares) reveals that the potential supply of bulky goods floorspace is sufficient to support demand until 2016, before any consideration is given to future floorspace at the Moorabbin Airport.

It is the consultants' recommendation that:

- No additional floorspace be approved before 2016;
- Recognition be given to the potential for additional floorspace to be developed at the Moorabbin Airport, which is outside of the control of the Kingston Planning Scheme;
- Council actively pursue strategies to alleviate the likely impacts associated with a significant increase in floorspace over the short-term;
- Council remove non-core precincts at Mentone and Chelsea Heights as preferred bulky goods precincts; and
- Council continue to monitor the performance of the Parkdale Plaza in light of the proposed redevelopment of the Nylex site to include 40,000 sq.m. of bulky goods floorspace. In the event that the centre's long-term viability is compromised, opportunities to redevelop the land for residential uses should be considered.

1.7 Strategic Development Sites

There are a number of strategic development sites in Kingston that could support future economic activity. Those not already identified are the Moorabbin Airport and the Clayton Business Park at Westall.

1.7.1 Moorabbin Airport

Moorabbin Airport Corporation (MAC) purchased a long-term lease over Moorabbin Airport in June 1998 from the Federal Government. Victorian Planning Provisions do not apply to the Moorabbin Airport site as it is owned by the Federal Government. This has resulted in a significant amount of retail floorspace being developed than may otherwise have been the case.

The Moorabbin Airport Corporation had indicated that it will continue to pursue opportunities for the development of retailing and commercial activities. The Moorabbin Airport Master Plan has identified the potential for these activities to be developed along its northern and eastern boundaries in the form of business and corporate related facilities, restricted retailing and showrooms.

The future development has significant implications for the location of retailing and commercial office activity in Kingston. The development of showroom facilities in the airport's established retail precinct will limit the provision of showroom facilities in Kingston's core bulky goods precincts.

The development of the Chifley Business Park represents a significant asset for the City of Kingston as it provides the opportunity for the city to retain corporate office users that may otherwise leave the municipality in search of a more contemporary campus-style office environment.

1.7.2 Clayton Business Park

The 31ha Clayton Business Park provides the current home to a number of existing Kingston businesses and has large potential for further investment by Macquarie Goodman. The strategy briefly explores the development and land use potential on this site and raises some opportunities to consider its expanding role from its core industrial origins. Further discussions with Macquarie Goodman will be required over the coming years in order to further build upon the lands strategic advantages.

1.8 Conclusions and Recommendations

The key conclusions and recommendations contained in this strategy reflect Council's key objective of ensuring that future land use decisions do not jeopardise the sustainability of established retail and commercial centres in the City of Kingston. The recommendations have been based on a thorough analysis of economic, market and land use conditions at a national, industry and local level, recognising the complexity of issues that must be considered in planning for the longer-term development of Kingston's retail and commercial sectors.

Future structure planning for Kingston's major activity centres will be directed by recommendations contained in the strategy, which provide a sound basis for the achievement of Melbourne 2030 objectives.

2. INTRODUCTION

In December 2004, the City of Kingston engaged Charter Keck Cramer in association with Hansen Partnership to develop a retail and commercial strategy. The strategy explores the potential for an expansion of retail and commercial activities in general, as well as at identified strategic development sites within the municipality.

The strategy establishes a basis for future land use decision-making consistent with the longer-term sustainability of existing retail and commercial centres. The document purposefully provides a detailed analysis of the issues and opportunities both at a micro and macro level in order to ensure that the factors which influence retail and commercial planning in the City of Kingston are properly understood.

2.1 Study Context

The City of Kingston has a determining role in urban management and facilitating ongoing economic development. Activity centres represent a vital component of the City of Kingston's economic and community development, and a key resource that should be managed in a proactive manner to ensure that they are both efficient and competitive.

The strategic role of activity centres has been expanded under Melbourne 2030 to encourage a broader mix of uses, which include commercial office and residential development. Generally, this is consistent with trends within the commercial office market with the strength of office precincts becoming heavily dependent on an ability to create vibrant environments that attract an increasingly skilled and professional workforce. Similarly, the changing composition of the population is generating greater demand for increased density housing, primarily reflecting the housing preferences of an ageing population.

There is, however, a need to recognise the market realities that determine the commercial viability of property development and how they influence resulting patterns of land use. Similar to the horse and water analogy, planning and design initiatives may lead property developers to activity centres, but they cannot make them build them. Only through ensuring that planning policies have a sound economic basis may development opportunities be fully realised. Accordingly, planning and design initiatives aimed at stimulating economic activity should reflect the primary economic role of activity centres.

The longer-term economic, social and environmental sustainability of retail centres is dependent upon recognising the requirements of a range of stakeholders including residents, retailers, property owners and developers. For example, the retail industry has undergone considerable structural change over recent decades in response to competitive pressures, declining real prices for discretionary retail goods, growth in the range of franchised retail outlets within the bulky goods retail sector and the rising affluence of the Australian population. These trends have resulted in:

- Continued concentration of retail activity within the supermarket industry;
- Reduced concentration within non-food retailing;
- New retail formats such as bulky goods and showroom retailing;
- Changes in the property and location requirements of businesses;
- Increasing presence of hospitality related activities such as cafes and restaurants within activity centres.

Similarly, social changes such as the increasing participation of women in the workforce, the ageing of the population, increasing car ownership and a more affluent population have also had a major impact on the household shopping behaviour and the role of individual centres. For example, the increasing popularity of cafes and restaurants has also provided opportunities for the rejuvenation of many older centres.

The performance of activity centres within the City of Kingston is also dependent on the attraction of increasing levels of private sector investment, which enables the centres to be continually updated in order to maintain their competitive position within a constantly changing retail environment. Accordingly, an understanding of the property development sector and its role in the future development of land within Kingston is an important component in developing a Strategy that is both realistic and able to be implemented.

A co-ordinated approach to urban development is important to ensure that the level and location of activity centres is consistent with the requirements of households, retailers and the property market. In doing so, the resulting network of centres will encourage:

- Private motor vehicle trips to be minimised;
- Accessibility to facilities to be maximised; and
- A focus for the local community to be further strengthened.

To summarise, the future success and performance of activity centres in the City of Kingston will be dependent upon strategies and planning policies that reflect the environment within which they operate including:

- Changes in the characteristics of each centre's catchment population;
- The role and competitive position of each centre;
- The ability of each centre to meet the needs of shoppers, traders and the retail property market (including investors, managers etc); and
- Trends in the retail industry and consumer behaviour.

The Project Brief that directed this strategy identified a number of strategic redevelopment opportunities, some of which lie outside existing activity centres. The development of these sites must be managed in a careful manner to ensure Kingston's broader aspirations to reinforce its well established retail hierarchy is not undermined. With the development in recent years of extensive 'bulky goods' precincts and the substantial expansion of retail activity at the Moorabbin Airport, ensuring that these new facilities do not unreasonably undermine existing centres remains a key objective of this strategy.

2.2 Policy Context

Melbourne 2030 categorises activity centres according to their role and function as follows:

- Principal Activity Centre: Southland, Cheltenham.
- Major Activity Centres: Moorabbin, Cheltenham, Mentone, Mordialloc and Chelsea.

Key objectives contained within the City of Kingston Planning Scheme include:

- To protect and strengthen the hierarchy of activity centres within Kingston.
- To reinforce the existing role of the Cheltenham Business Centre including the Westfield Southland centre as the predominant regional focus for retail activity and for entertainment, community, professional services and business services;
- To facilitate opportunities for diversification which enhance the viability of sub regional, neighbourhood and local centres; and
- To reinforce the character and identity of local centres in a manner appropriate to their function.

A key objective of the City of Kingston Planning Scheme is to "*promote the development of bulky goods retail activity in locations which enhance, rather than undermine, Kingston's hierarchy of activity centres.*"

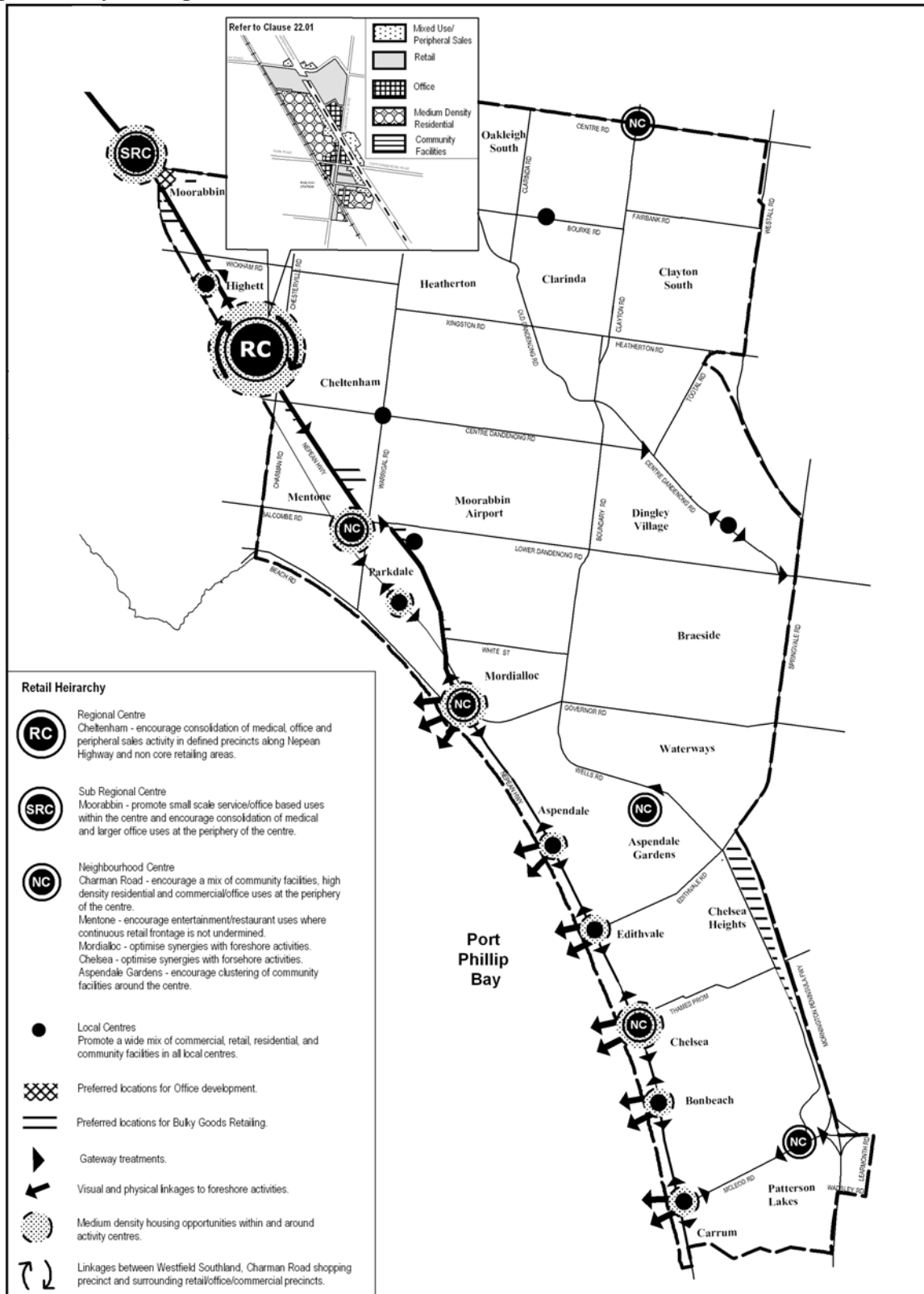
The strategies to achieve this objective include:

- Encouraging the consolidation of bulky goods retail activity in selected locations along the Nepean Highway frontage and in other locations on major roads which are zoned for commercial purposes;
- Requiring that proposals for bulky goods retailing take into account:
 - Their impact on the existing retail hierarchy.
 - The relative location of existing activity centres.
 - Market feasibility and related supply/demand indicators.
 - Seek to achieve high standards of landscaping and urban design which positively contribute to the character of the surrounding urban environment;
- Recognising the particular locational requirements of bulky goods retailing which emphasise a site with main road frontage, good exposure to passing trade, accessibility to a wide regional or sub-regional catchment, and ability to accommodate required onsite car parking; and
- Discouraging the location of bulky goods outlets in established industrial areas.

The City of Kingston Planning Scheme has to this point identified preferred locations for bulky goods retailing along the Nepean Highway and Wells Road in Chelsea. With the emergence of the following projects since the Kingston Planning Scheme was created, this strategy seeks to revisit the above policy context and make recommendations to Kingston which take into account changes which have occurred within the broader retail environment. The recent projects include:

- Substantial redevelopment of the Southland Shopping Centre in the late 1990s;
- Development of the Moorabbin Home Maker Centre, Moorabbin Super Centre and Mentone Homemaker Centre totalling in excess of 85,000m² of additional 'Bulky Goods' floor space; and
- Continued expansion of the Direct Factory Outlets, creation of Kingston Central Plaza Shopping Centre, the introduction of bulky goods retailers (i.e. Good Guys) and the encouragement through the Moorabbin Airport Master Plan for substantial additional retail and commercial floorspace.

Figure 1: City of Kingston – Retail and Commercial Land Use Framework Plan



Source: City of Kingston Planning Scheme

2.3 Study Aims, Objectives and Outcomes

The principal aim of the study, as defined by the Project Brief, is to:

'Establish a comprehensive understanding of the current and future retail and commercial opportunities and constraints which exist within the City of Kingston in order to inform Council's ongoing strategic land use decision making'.

Key objectives identified in the Project Brief are to:

- Identify issues and trends affecting commercial and retail activity within the municipality;
- Clearly indicate the strategic initiatives required within Council's Principal and Major Activity Centres to further facilitate their competitive position ensuring that niche opportunities are maximised;
- Assess each Principal and Major Activity centre on its ability or inability to further support a diversity of non-residential roles (i.e. restricted retail, retail, commercial) as outlined in Melbourne 2030;
- Give meaning to the socio economic (population, income profiles etc) changes envisaged within the municipality and the manner in which these will influence the decisions made by Council with respect to retail and commercial development planning;
- Provide estimates of the additional retail (including restricted retail)/commercial floor space which could be supported in Kingston with specificity provided in relation to its spatial distribution being mindful of Council's existing retail and commercial land use framework plan;
- Provide Council with an understanding of any significant development or policy initiatives in adjoining municipalities which may have potential impacts on the sustainability of Council's existing commercial/retail (restricted retail) hierarchy; and
- Allow Council to make informed decisions in order to best respond to the merits of the 'mooted' proposals.

More specific, task-orientated, objectives identified in the Brief are:

- To better understand the future demands with respect to retail and commercial floor space within Council's existing retail centre hierarchy given the evolving socio economic profile of the City;
- To identify emerging macro economic, technological, spatial and structural trends influencing retail and commercial related land uses (i.e. advanced business services);
- To provide Council with sufficient information on its Principal and Major Activity Centres in relation to future retail and commercial floor space demands and catchments to inform the development of future structure plans;
- To better understand the trends, future directions and implications of out of centre retail/commercial activities on existing activity centres; and
- To provide recommendations relating to a subsequent planning scheme amendment seeking to further refine the Local Planning Policy Framework of the Kingston Planning Scheme.

2.4 Structure of Document

This document has been structured to reflect the key objectives of the Strategy as contained in the Study Brief. Accordingly, the document has been divided into the following parts on the basis of key strategic issues being addressed:

- Part A: Retailing Context.
- Part B: Traditional Retailing.
- Part C: Strategic Assessment of Activity Centres.

- Part D: Commercial Office Sector.
- Part E: Bulky Goods Retailing.
- Part F: Key Strategic Development Sites.

Where deemed relevant, a series of recommendations is made to the City of Kingston at the completion of each section of the document.

2.5 Conventions

Within this document numerical values within tables may not exactly sum to totals due to rounding or individual values.

Part A: Retailing Context

3. REGIONAL CONTEXT: COMPETING DEVELOPMENTS

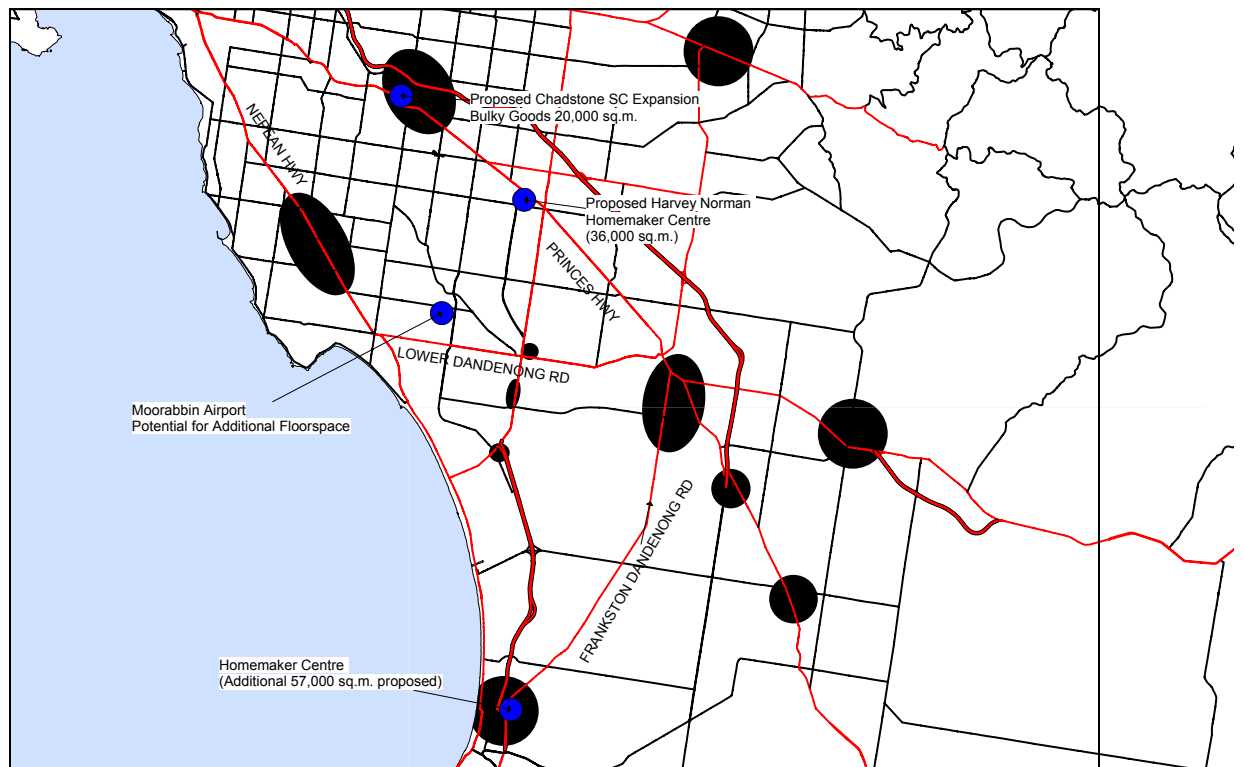
An objective of the Strategy is to 'provide Council with an understanding of any significant development or policy initiatives in adjoining municipalities which may have potential impacts on the sustainability of Council's existing commercial/retail (restricted retail) hierarchy'¹.

The potential impacts upon Kingston's retail hierarchy will be limited to those retail centres and formats that have extensive catchment areas that may encroach into those of Kingston's retail centres. This section of the Strategy provides a review of development proposals in adjoining municipalities. Where appropriate an initial assessment of their potential impact upon retailing within Kingston is undertaken. In the absence of any significant expansions being proposed for regional or sub-regional retail centres, potential impacts upon Kingston's centres will arise as a result of proposed bulky goods developments.

Key developments identified by the consultants are:

- Chadstone Shopping Centre expansion;
- Harvey Norman Homemaker Centre, Clayton; and
- Frankston Bulky Good Centre expansion.

Figure 2: Competitive Environment - Existing and Proposed Bulky Goods Precincts



¹ Study Brief p.9

3.1 Chadstone Shopping Centre Expansion

Description: Expansion of the existing retail floorspace of the Chadstone Shopping Centre to include:

- 19,500 sq.m. restricted retail uses (comprising bulky goods retailing, homewares and furniture, whitegoods, etc); and
- 18,000 sq.m. of retail floor area (comprising conventional retail forms).

An economic impact assessment prepared by JHD which accompanied the application for this development estimated the impacts of the proposal on individual centres relative to their estimated 2005 turnover level.

The strategy estimated the percentage impact on the retail turnover of dedicated bulky goods precincts in Kingston to be:

- Nepean Highway, Mentone (5.0%); and
- Moorabbin (Nepean Highway) (3.2%).

3.2 Proposed Harvey Norman Homemaker Centre: 917 Princes Highway Clayton: Corner Princes Freeway and Westall Road

Description: 36,600 sq.m. of restricted retailing.

A permit application has been lodged with the City of Greater Dandenong for the redevelopment of a former Telstra exchange site (8 ha currently zoned industrial 1) for restricted retail uses over a total floor area of 36,600 sq.m. A total of ten retail tenancies will be provided, ranging in size from 1,350 sq.m. to 13,100 sq.m. with the majority over two levels. A 24 lane bowling alley will occupy one of the tenancies.

The site was purchased by Harvey Norman Holdings in 2004 and the application is being made on behalf of Calardu Springvale Pty. Ltd.

This proposed development will be located approximately 11 km from the Nepean Highway along Centre Road and 8 km in a straight line from Southland Shopping Centre. This development would be expected to limit the primary catchment area for the Kingston's bulky goods precincts to that area west of the green wedge (Old Dandenong Rd/Centre Dandenong Road. In addition, it would increase competition for household expenditure north of Centre Road.

3.3 Proposed Frankston Bulky Goods Centre: McMahons Road, Frankston

Description: 57,000 sq.m. of restricted retailing associated with a rezoning from a residential zone to Business 4.

There is a proposal to develop 57,135 sq.m. of restricted retailing adjacent to an existing bulky goods precinct at McMahons Road, Frankston. Two anchor tenants have already been identified for the development being:

- Harvey Norman (10,000 sq.m.); and
- Spotlight (8,000 sq.m.)

An economic impact analysis completed by Essential Economics that accompanied the application indicated that the proposed homemaker centre will have:

- Strong regional drawing power from a wide area that extends throughout the southern part of Melbourne; and

- A primary trade area that extends to the north to include the suburbs of Carrum, Bonbeach, Patterson Lakes and Seaford;

Immediate access to the Mornington Freeway together with the existing presence of national bulky goods retailers will provide strong competition for retail expenditure generated by households within the southern areas of Kingston.

4. RETAIL SECTOR ANALYSIS

The future requirement for retail facilities within the City of Kingston will be determined by:

- Future growth and demographic composition of Kingston's population;
- The impact of economic events upon household income and consumer sentiment;
- The availability of retail facilities within neighbouring municipalities to serve the needs of Kingston residents; and
- Retailing trends occurring at the metropolitan and industry levels.

The purpose of this section is to provide a context for assessing current retailing conditions and factors influencing retail activity at a metropolitan level. The influence of the factors identified above upon retail activity and the role of activity centres may be illustrated by the following examples:

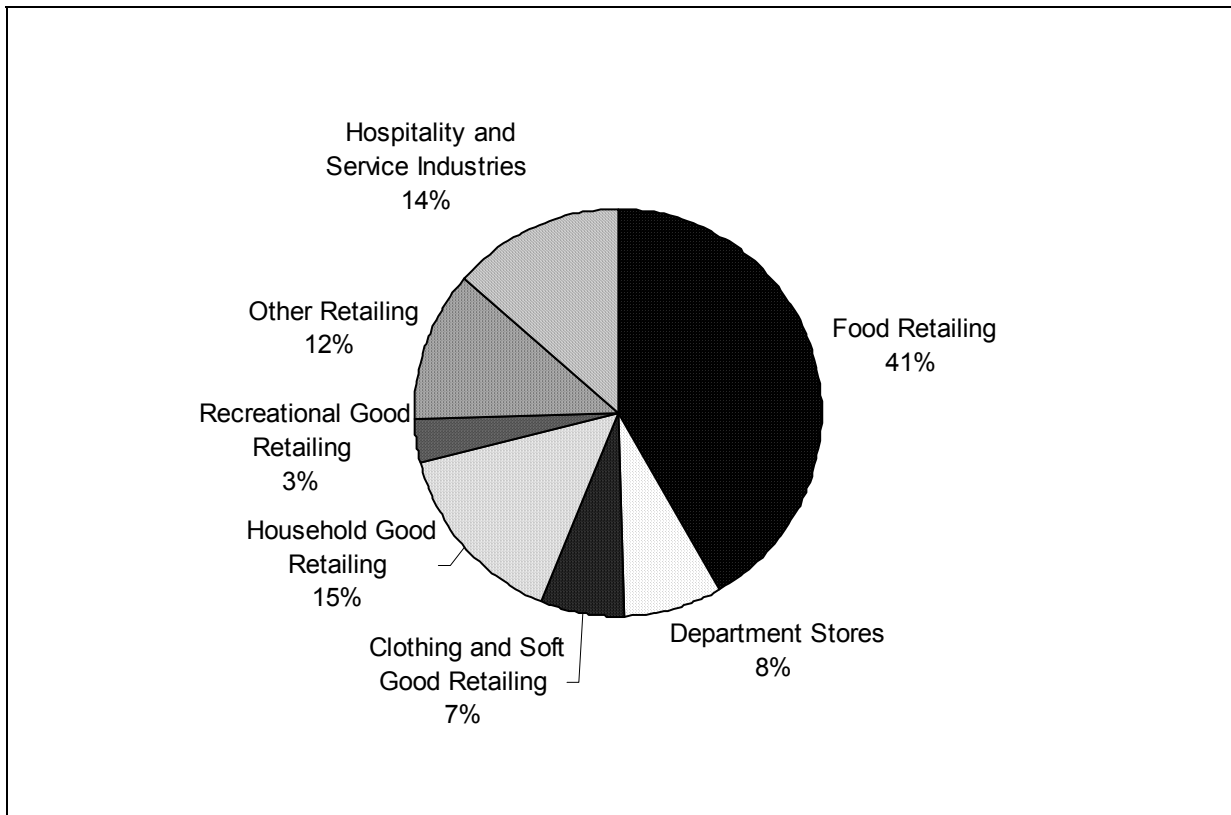
- a) Bulky goods retailing is an example of how economic and industry developments have stimulated growth in a new retail format with resulting impacts upon the distribution of retail activity and land use patterns. Increasing affordability of household goods has resulted in growing demand for an increasing variety of household goods. In turn, this has supported the growth of concentrations of big box retailing in dispersed locations across Melbourne.
- b) Increasing demand for lifestyle related activities reflects a general rise in living standards and the affluence of households. This has enabled the partial transformation of otherwise redundant shopping strips into cafe and restaurant precincts.
- c) Strong economic conditions in Victoria over the past decade have supported population growth and per capita retail spending especially on discretionary goods such as clothing, household goods and hospitality related activities. Much of this growth reflected a catch-up for Victorian retailers following poor economic conditions during the early 1990's. More recently, this growth has begun to slow with likely implications for the future development of additional retail floorspace.

4.1 Role of Activity Centres in Meeting Households' Retail Needs

A primary role of activity centres is to meet the retailing needs of households in an efficient and sustainable manner. The evolution and performance of activity centres across Kingston and the wider metropolitan area has reflected their ability to fulfil their roles over time. This has led to a hierarchy of activity centres emerging that reflects the needs of households for a range of different retailing formats that in their simplest form reflect the trade-off between accessibility of centres to shoppers and the level of comparison shopping offered.

Food retailing remains the single largest category of retailing, accounting for over 40% of total retail trade in Victoria (refer Figure 3). It is also a core activity within the majority of activity centres as supermarkets and grocery stores account for approx 70% of households' expenditure on food, takeaway food 11% and 'other food' retailing 17%. Hospitality related activities also play an important role within many traditional strip based activity centres.

Non-food retailing is generally characterised by relatively high desire of households to compare goods before purchasing, particularly for higher-end goods. These goods are generally characterised as being durables rather than consumables, higher value and able to be differentiated as opposed to more generic goods such as food. Lower value generic items of clothing, homewares etc. will however continue to be found within the same retail centres (or even the same store) as food reflecting the common generic nature of each.

Figure 3: Victoria: Distribution of Retail Trade

Source: ABS Cat No. 8501.0, May 2006

4.2 Household Spending Trends

Household demand for retail goods and services has been primarily influenced by a number of key factors, including:

- The impact of economic conditions on consumer sentiment, per capita spending and population migration levels;
- Reduced import tariffs and exchange rate movements resulting in lower prices for clothing, footwear, household and electrical goods;
- The changing composition of the population and the impact on household size and retail consumption; and
- Changes in the affordability of retail goods in response to increasing competition within the retail sector.

Each of these factors has been analysed at the state and national levels to determine the opportunities for longer-term growth in retail activity. In doing so, the importance of understanding the underlying influences of growth in retail activity is highlighted.

4.2.1 Economic Conditions

The recent strong performance of Victoria's retail sector should be analysed within the context of its longer-term performance. By understanding the reasons for this recent performance, a more accurate forecast of future performance can be made rather than merely extrapolating on the basis of recent trends.

Strong growth in retail activity in Victoria since the late 1990s largely represents a 'catch up' following a period of relatively weak performance during the early 1990s which was a result of:

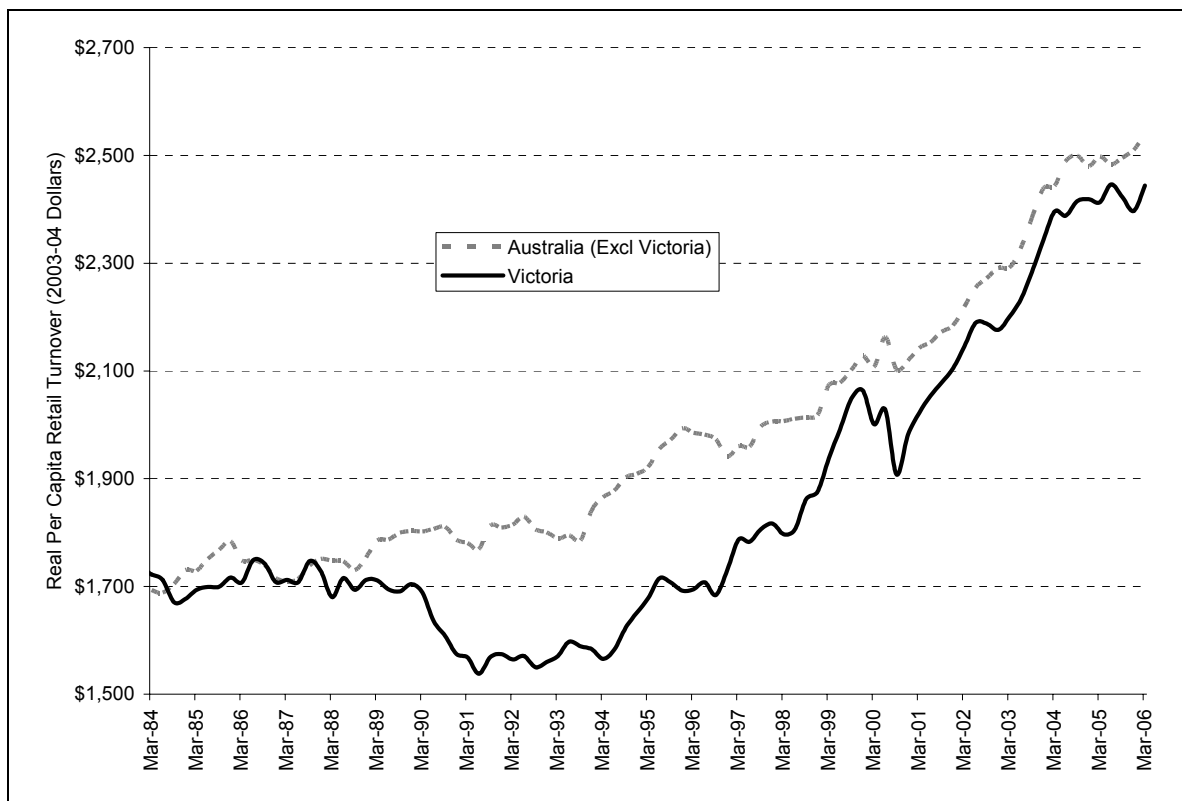
- A substantial increase in the net flow of Victorians interstate and a sharp slowing in Victoria's overall population growth rate from 1.4% per annum to only 0.3% per annum; and
- A fall in per capita retail turnover relative to the rest of Australia (refer Figure 4). This has been followed by a strong recovery over the past decade with a return to levels consistent with the rest of Australia.

Since the late 1990s, improving economic conditions has resulted in a recovery in consumer sentiment and a reversal of interstate migration trends, leading to strong growth in retail activity. With per capita retail spending having recovered to levels consistent with the rest of Australia and interstate migration from other states also slowing, the outlook is for a slowing in Victoria's rate of growth in retail activity to levels consistent with that recorded at a national level.

The impact of changing economic conditions varies across the retail sector depending upon the extent to which goods or services may be classified as either staple or discretionary purchases. Figure 5 shows the correlation between quarterly sales volumes and economic conditions (measured by the unemployment rate) for different retail categories. Food retailing has a relatively low exposure to economic conditions compared to more discretionary items such as clothing, footwear, household goods and hospitality related activities.

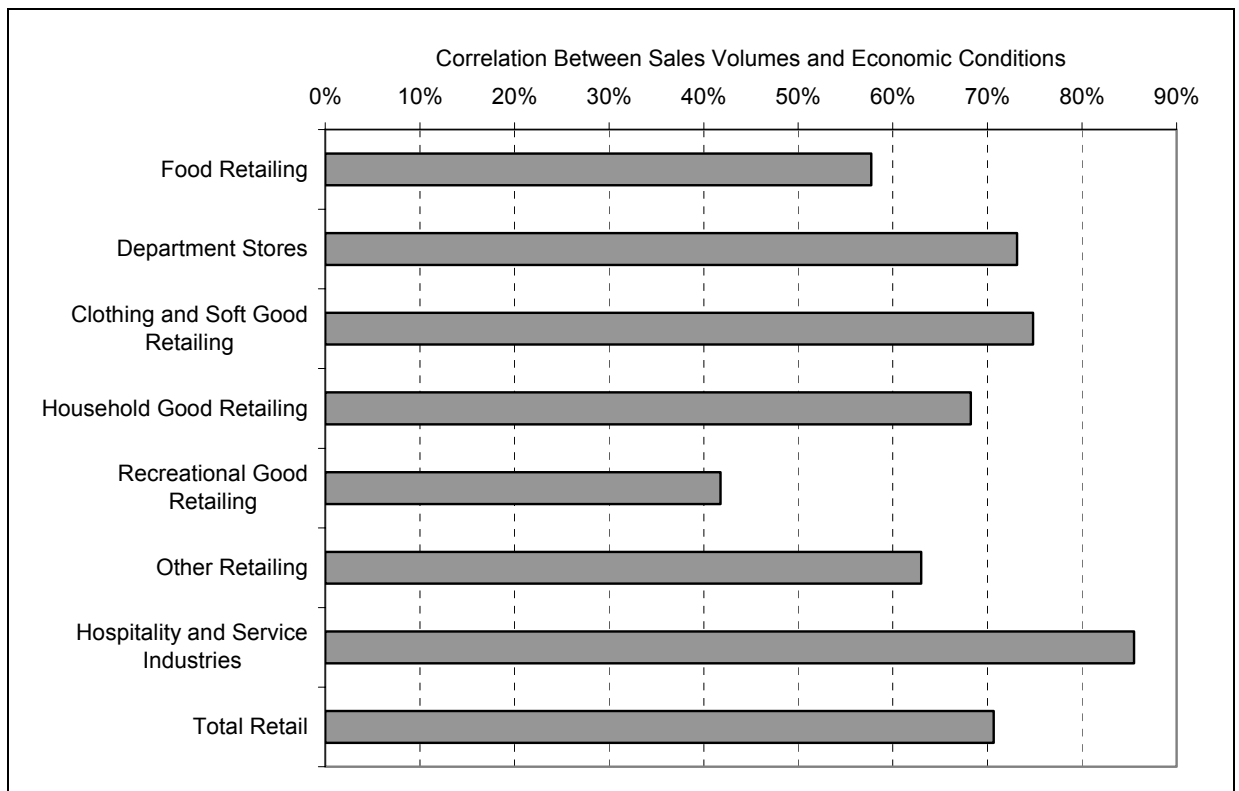
For retail centres with a fully developed catchment area, movements in per capita expenditure represent the greatest short-term influence on demand for retail goods and services. Privately-owned and managed centres are attempting to expand their catchment area by changing their tenancy mix or expanding the type of activities offered to include entertainment or hospitality functions. For traditional shopping strips, the challenge lies in identifying their role and function within the context of the retail hierarchy and the retailing opportunities available to them as a basis for establishing a competitive advantage.

Figure 4: Per Capita Retail Turnover (1984-2006)



Source; ABS Cat No. 8501.0

Figure 5: Exposure to Economic Conditions (1988-2006)



Source; ABS Cat No. 8501.0

4.2.2 Price Induced Consumption

The preceding discussion highlighted the influence of economic conditions upon retail activity. Similarly, there is a strong relationship between the affordability of retail goods and retail activity. Affordability as measured by the real price of retail goods is determined by economic factors such as tariff levels and exchange rates with respect to imported goods, and wage growth. As retail goods have become increasingly affordable, there has been a natural tendency for households to consume more. This relationship is strongest for discretionary retail items such as clothing, household goods, and lifestyle related activities.

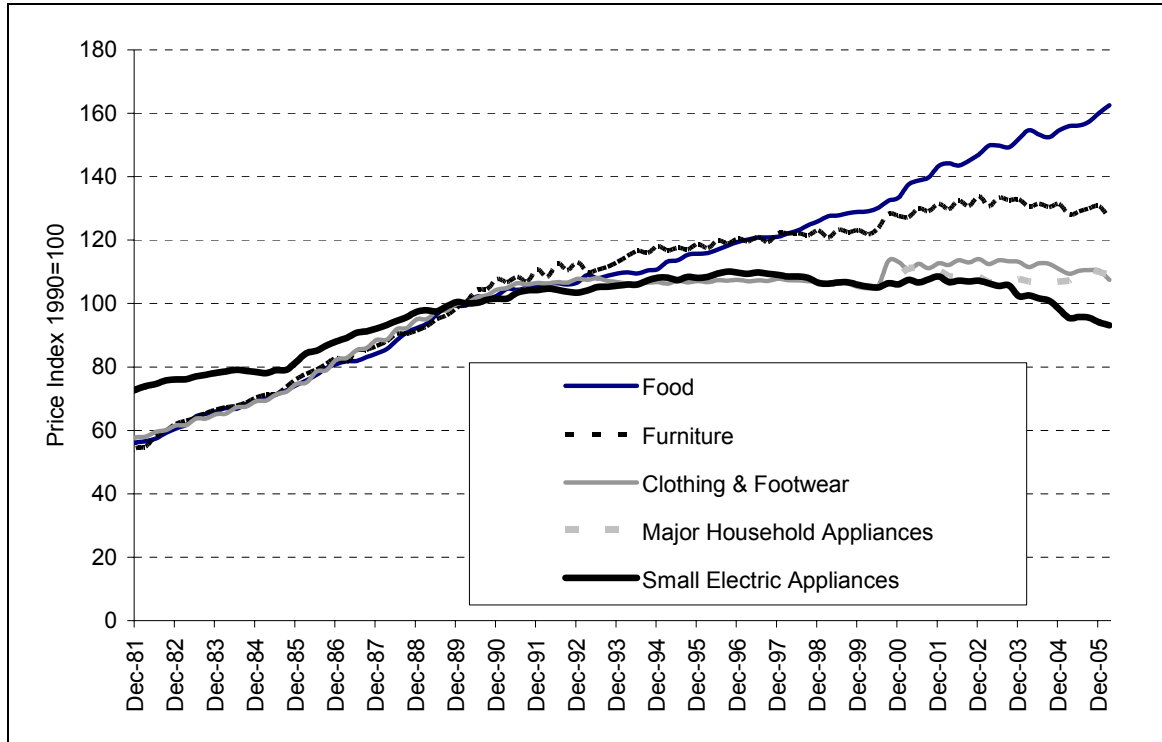
Since the early 1990s, there has been a stabilisation in the nominal price of discretionary retail items such as clothing and household goods largely in response to reduced import tariffs and increased competition within the retail industry. This has resulted in a significant increase in the affordability of these retail items as average weekly earnings have continued to grow. Relative to wages, average retail prices for clothing and household goods have fallen by approximately 30%. By comparison, nominal food prices have continued to increase and as a result have only fallen by 8% relative to wages.

While falls in real prices for retail goods have encouraged increased household consumption, it has at the same time impacted on retailers' operations. Retailers have sought to maintain sales turnover and profit margins by increasing sales volumes, which has required an increasing amount of more affordable floorspace. At the same time, increasing per capita consumption and expanding product ranges have supported the establishment of dedicated superstores selling single categories of retail merchandise. These factors have supported the development of bulky goods outlets in highway locations offering exposure to a wider catchment area required to maintain turnover levels. The emergence of bulky goods retailing highlights the influence of seemingly unrelated national economic policies and events on local land use patterns.

The impact of falling real prices and growing product ranges on the structure of the retailing sector has been particularly notable. Department stores, traditionally the dominant retailer of household goods, have been unable to respond effectively to these changes with franchise based retailers rapidly expanding their market share through adopting a bulky goods format. As a result,

department stores' market share² has fallen from approximately 25% to 18% over the period 1985 to 2005 before stabilising. Retail speciality stores that rely on department stores to attract shoppers to centres are also susceptible to a decline in turnover.

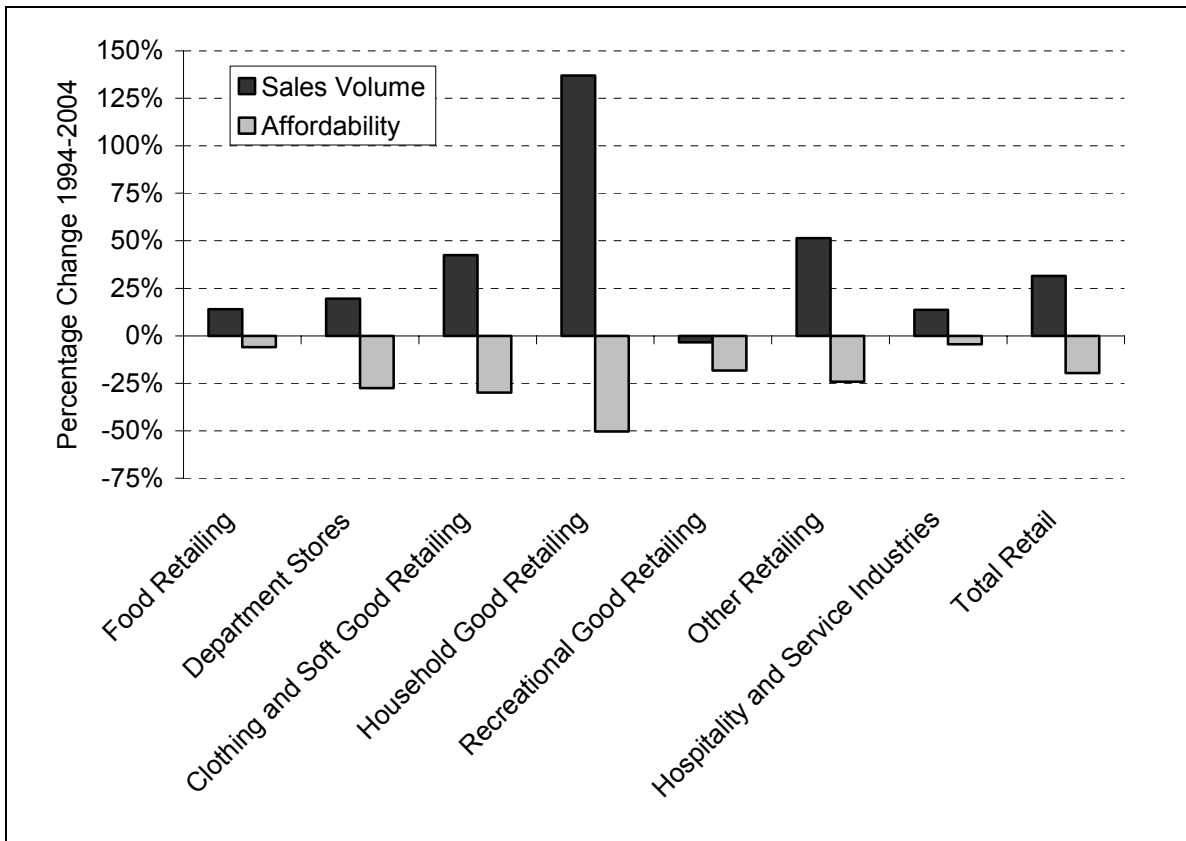
Figure 6: Nominal Price Index – Retail Goods Vs Average Weekly Earnings



Source: ABS Cat No. 6401.0

² Market share of household expenditure on clothing & soft goods, household goods, recreational goods and 'other retail' goods.

Figure 7: Change in Affordability* and Sales Volumes 1996-2006



Source: ABS Cat No. 8501.0

* Affordability = prices relative to average weekly earnings

Source: ABS, Charter Keck Cramer

5. DEMOGRAPHIC CHANGE AND RETAIL SPENDING

Demographic change has the potential to impact on the role, function and performance of retail centres, especially where there are limited opportunities for population growth. This is largely due to the impact of an ageing population on household size and composition, but also household income.

The growing popularity of Melbourne's inner city area as a residential location for an increasing number of higher income professionals working in the CBD has transformed many strip centres into cafe and restaurant precincts. This contrasts with some middle suburban areas that are now experiencing declining population levels as households mature, resulting in declining demand for retail goods and services.

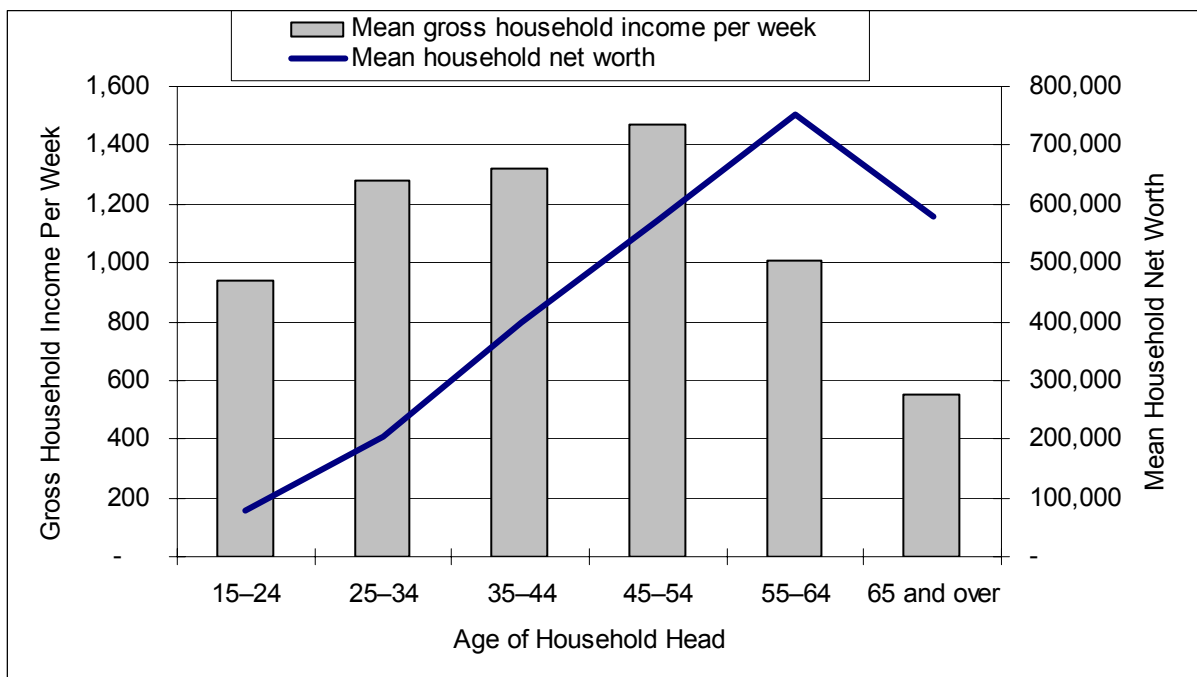
The 2003-04 ABS Household Expenditure Survey provides a basis for examining the relationship between age, household characteristics and expenditure on retail goods. The age of the 'household head' is representative of a number of other demographic and socio economic characteristics that directly influence retail expenditure including household income, home mortgage expenses and household structure.

- Household Income.

Household income rises gradually as the age of the household head increases from under 25 years to '45-54 years', before falling sharply as workers begin to retire (refer Figure 8).

The workforce participation rate is a contributing factor to household income. The number of employed people in a household peaks when the age of the household head is in the '45-54' year-old age group when the majority of women may have returned to the workforce and children are also beginning to enter the workforce.

Figure 8: Australia: Average Weekly Household Income and Net Worth by Age

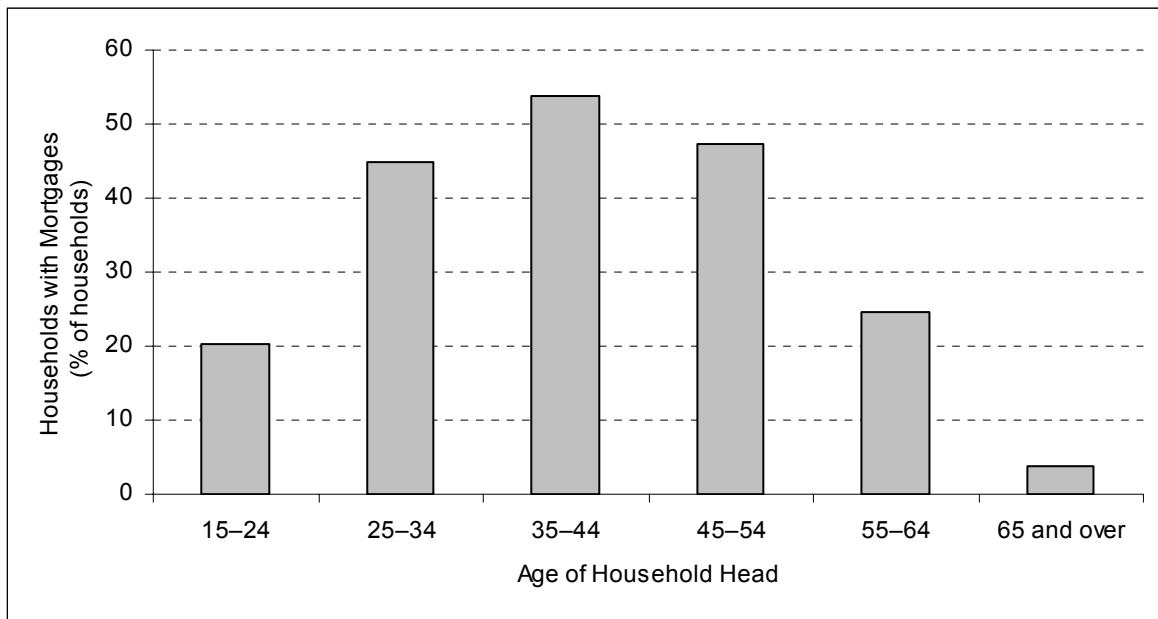


Source: ABS Household Expenditure Survey 2003-04

- **Housing Mortgages**

The proportion of households with a housing mortgage peaks within the '35-44' year-old age group. Mortgages may have a significant influence on the level of income available for spending on retail goods and services. While mortgages and debt in general also represents a means of purchasing household goods and homewares, excessive debt levels has longer-term implications for household finances and the wider economy.

Figure 9: Proportion of Households with a Mortgage

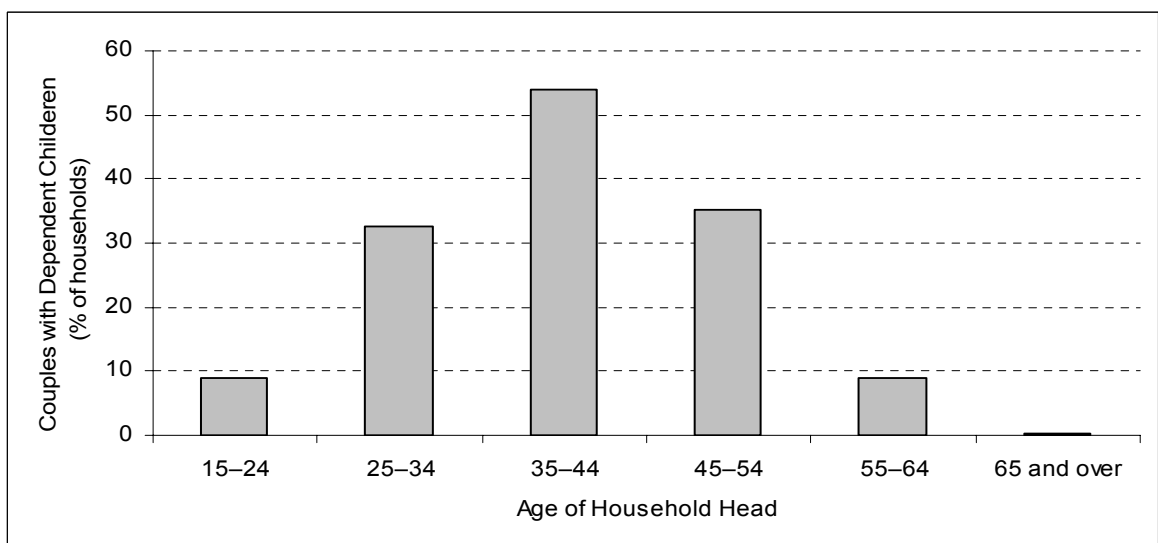


Source: ABS Household Expenditure Survey 2003-04

- **Household Structure**

The proportion of households with dependent children is a good indicator of household structure. The proportion of households in this group rises and then falls sharply as the age of the household head passes 45 years. The presence of dependent children impacts upon the level of retail spending particularly for staple items.

Figure 10: Household Structure: Couples with Dependent Children

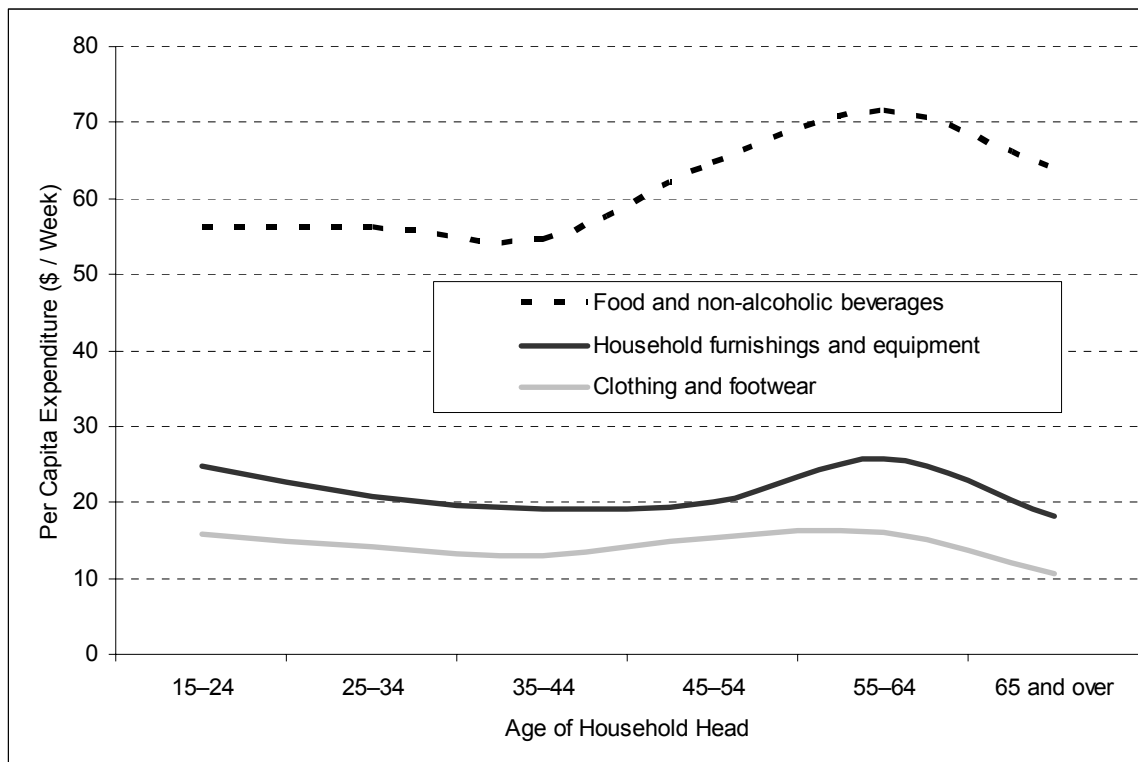


Source: ABS Household Expenditure Survey 2003-04

- Age of Household Head

Given the strong and generally predictable relationships between the age of the 'household head' and factors that influence household expenditure levels, it reflects a household's propensity to purchase retail goods and services. The graphs below highlight the tendency for per capita expenditure to vary across the life cycle of a household, but with the pattern varying according to the nature of the good e.g. staple vs. discretionary good.

Figure 11: Per Capita Food and Grocery Expenditure by Age of Household Head



Source: ABS Household Expenditure Survey Cat No 6530.0, 2003-04

5.1 Population Ageing

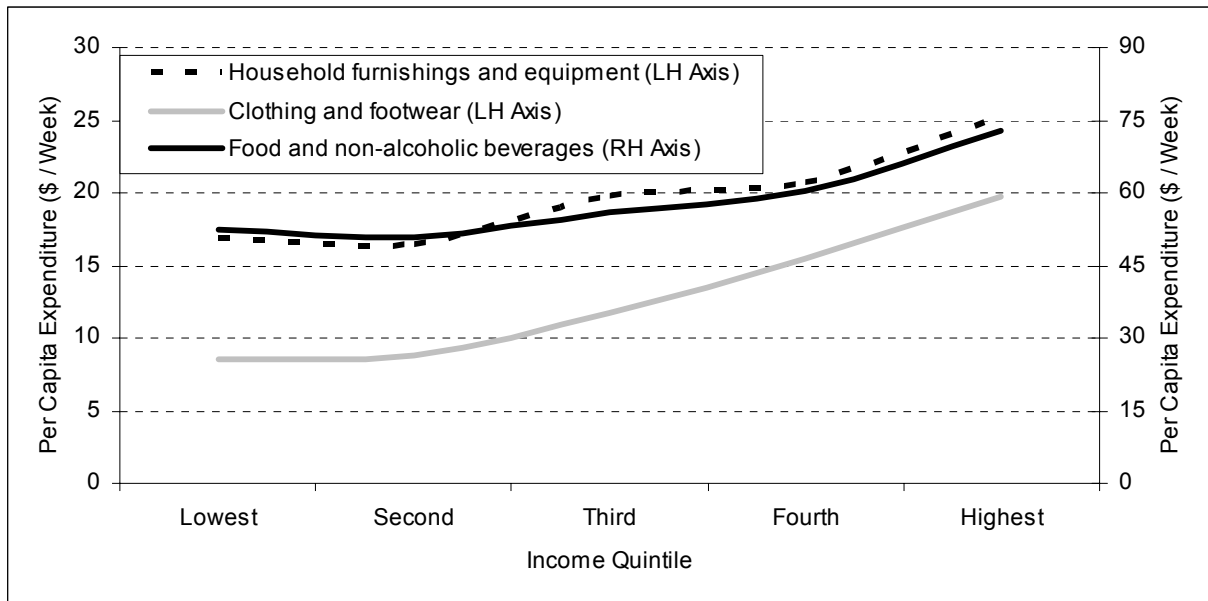
The ageing of the population within established residential areas has the potential to impact on both individual and household expenditure on retail goods and services. Data from the ABS Household Expenditure Survey indicates that household expenditure increases with the age of the household head up until retirement age and then declines sharply. This coincides with the pattern of family formation and the size of households.

Similarly, the pattern of average per capita spending shows an initial decline as a family grows through the addition of young children that consume relatively little, and then an increase as these children become adults. Spending then begins to fall as children leave home with a further decline when parents fully retire after 65 years and the number of lone households increases.

5.2 Household Income

Many inner and middle suburban areas have experienced a change in the composition of their local population as a result of either gentrification or through infill residential development. Such developments generally result in an increased number of higher income households within the local area. As shown by Figure 12, higher income households have a much greater propensity to consume discretionary items such as clothing and footwear, eat out or purchase takeaway meals. This contrasts with food purchases which increase at a lesser rate as incomes rise.

Figure 12: Per Capita Expenditure by Household Income Group (2003-04)



Source: ABS Household Expenditure Survey, Charter Keck Cramer

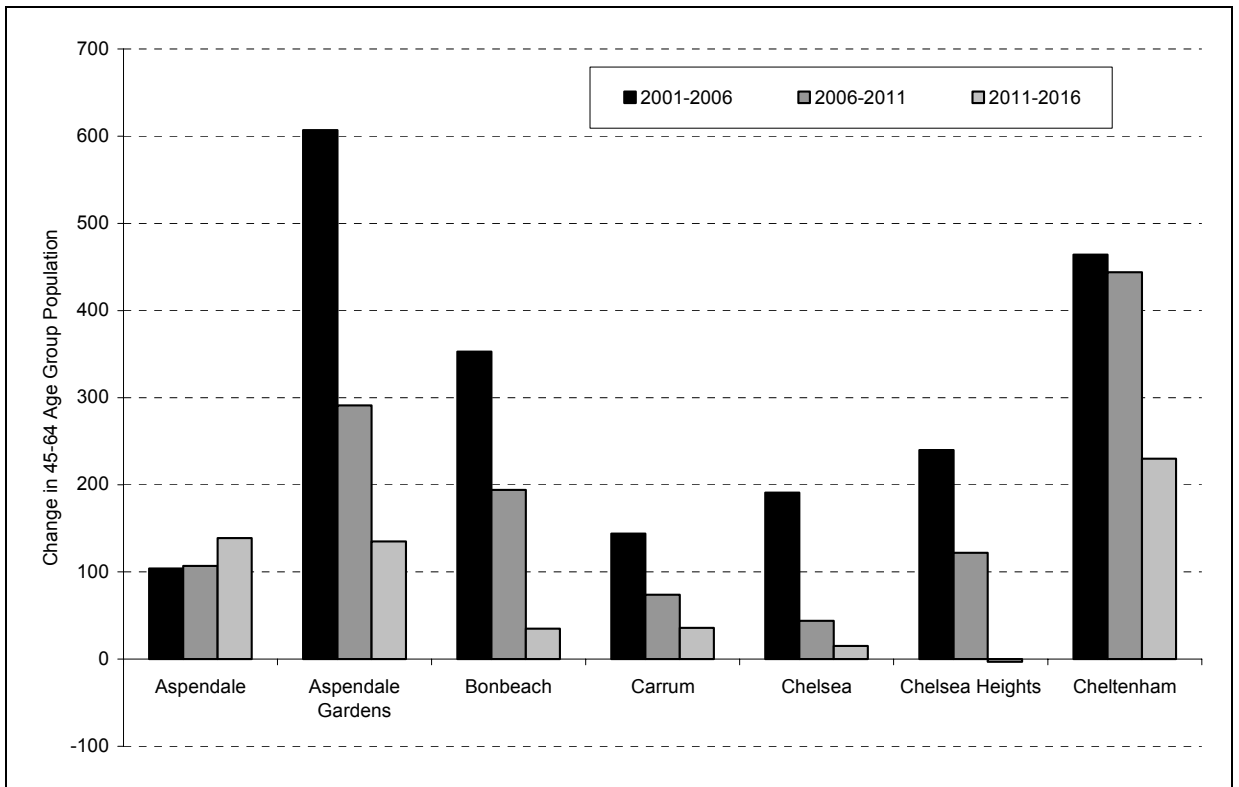
5.3 City of Kingston Context

An analysis of forecast population growth and demographic change within the City of Kingston indicates that:

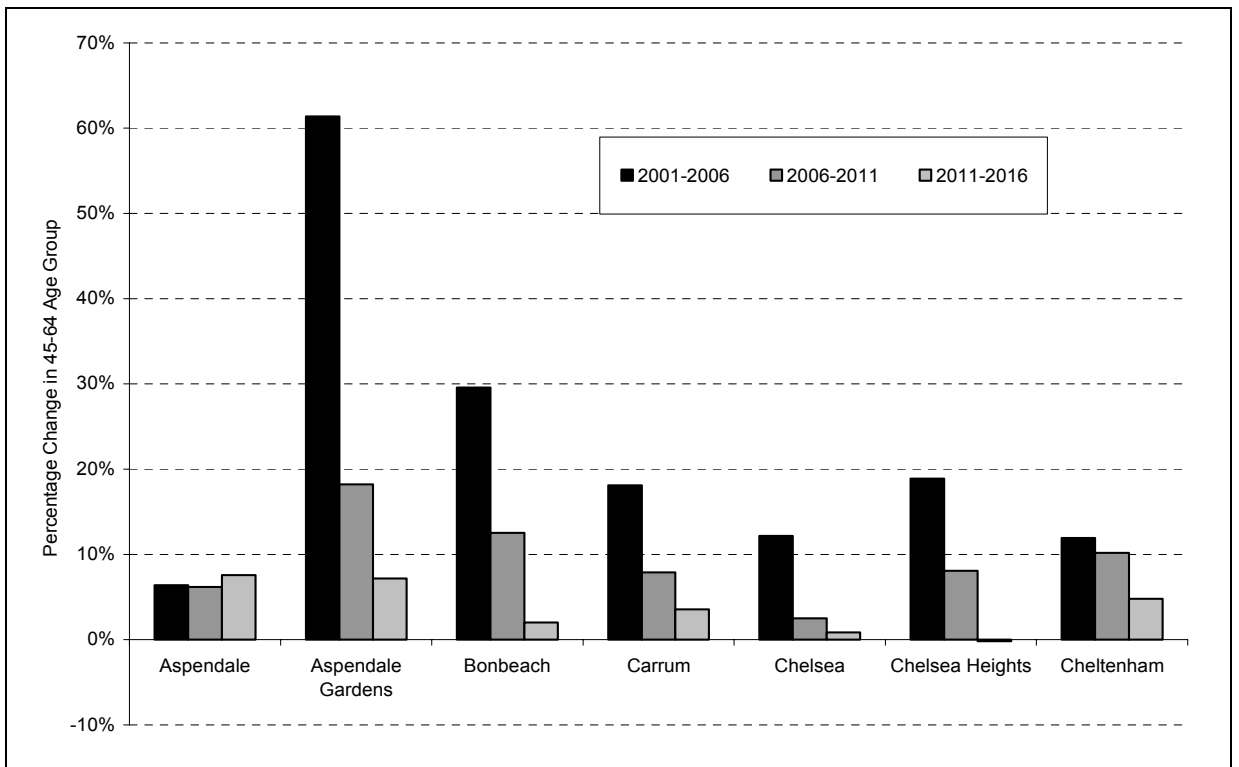
- Strong growth in households with dependant children experienced over recent years will not continue in the future;
- Forecast growth in the 45-64 year-old age group will support increased expenditure by these households. Many of these will already have dependant children, but will enter the higher consumption phase of the lifecycle; and
- Areas such as Mentone, Mordialloc, Parkdale, Patterson Lakes and Cheltenham may offer the greatest opportunities for increased retail activity based on recent and projected growth in this age group.

The following graphs indicate the actual and percentage change in the population of 45-64 year-olds, and households with dependant children at a suburb level within Kingston.

Figure 13: Actual and Percentage Change in the 45-64 Age Group (Suburb Group A)

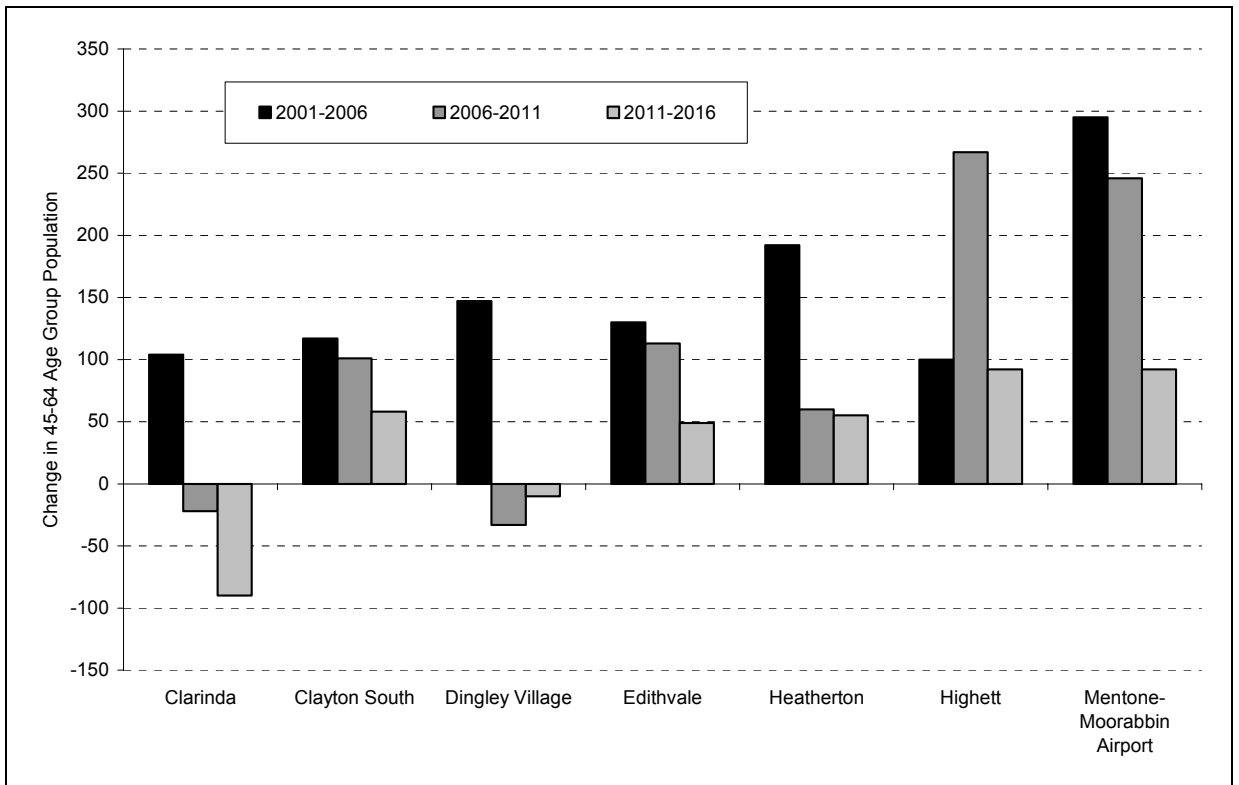


Source: ID Consultants

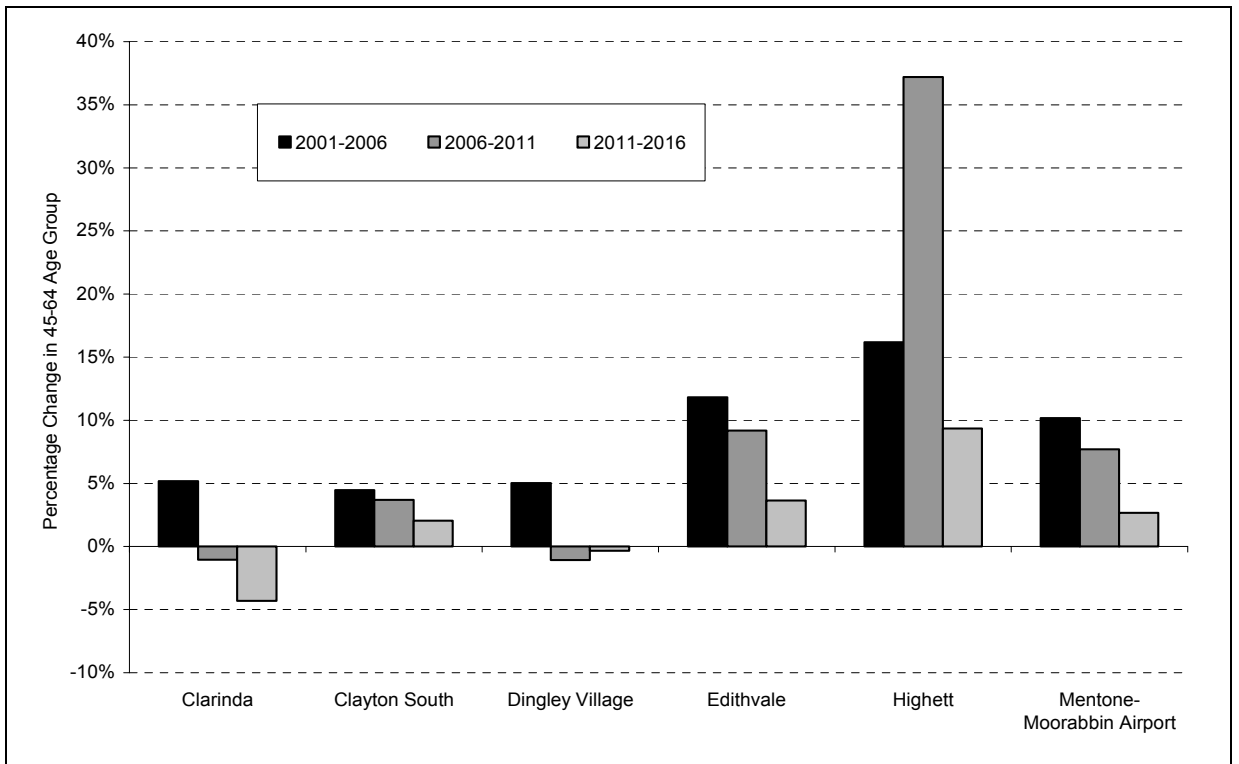


Source: ID Consultants

Figure 14: Actual and Percentage Change in the 45-64 Age Group (Suburb Group B)

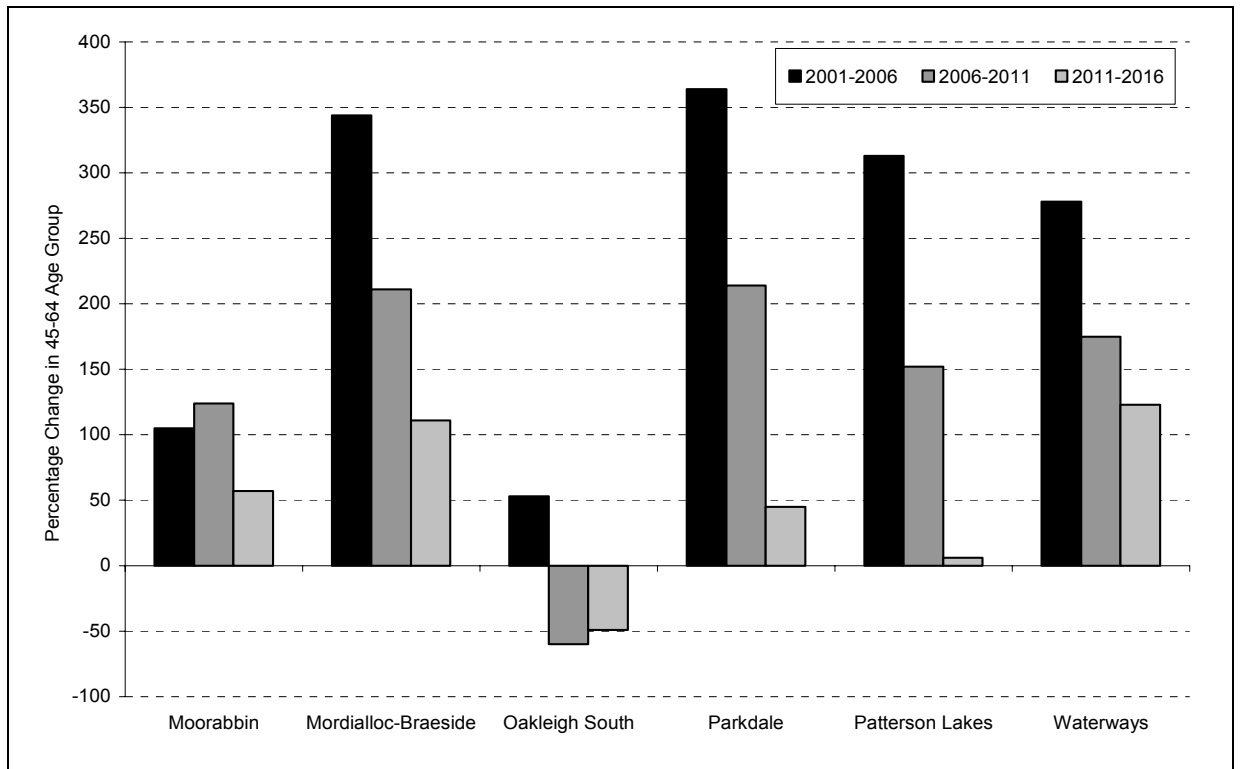


Source: ID Consultants

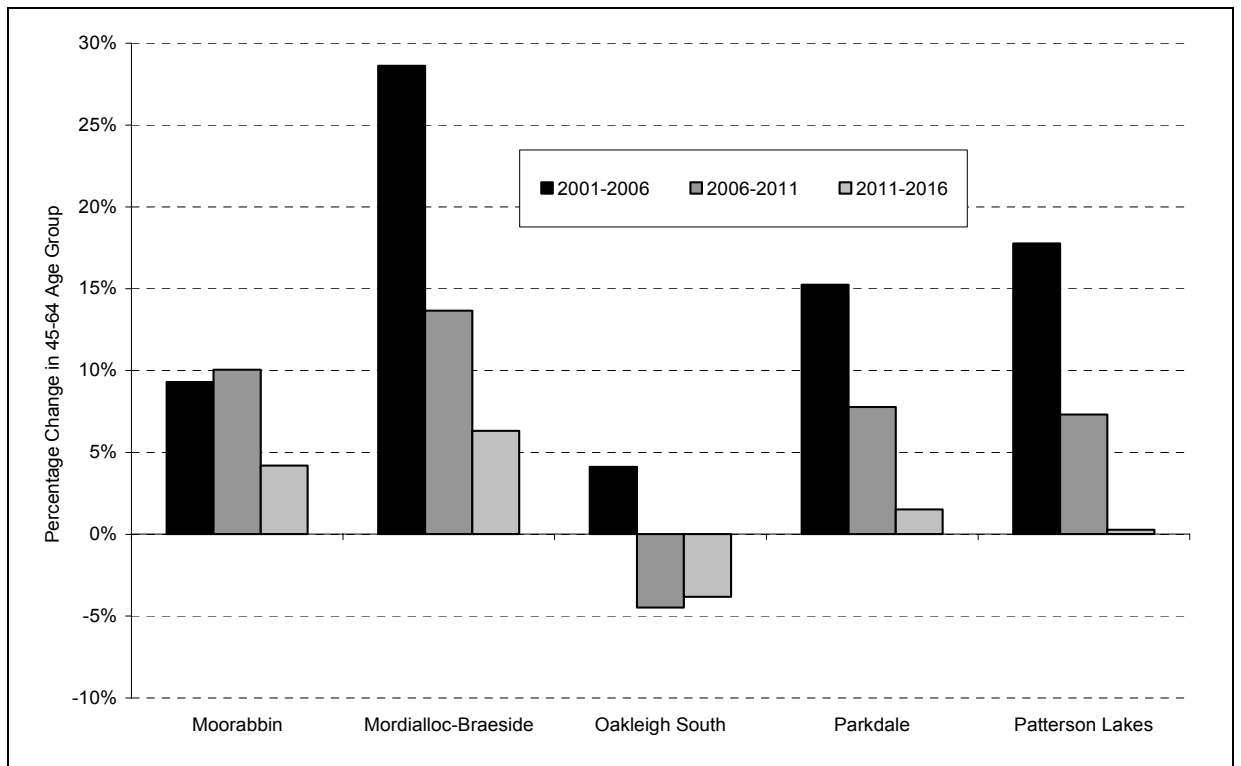


Source: ID Consultants

Figure 15: Actual and Percentage Change in the 45-64 Age Group (Suburb Group C)



Source: ID Consultants



Source: ID Consultants

Table 1: Households with Dependant Children

Area	2001	2006	2011	2016	2021
Aspendale	895	949	982	1,017	1,063
Aspendale Gardens	1,026	1,256	1,226	1,183	1,150
Bonbeach	486	535	544	525	508
Carrum	366	411	415	414	412
Chelsea	606	628	621	613	609
Chelsea Heights	851	817	779	745	730
Cheltenham	2,116	2,176	2,256	2,250	2,238
Clarinda	1,277	1,148	1,042	974	929
Clayton South	1,592	1,556	1,494	1,417	1,348
Dingley Village	1,662	1,682	1,670	1,680	1,701
Edithvale	586	599	601	601	603
Heatherton	134	344	361	360	352
Highett	295	342	440	451	452
Mentone-Moorabbin Airport	1,359	1,387	1,411	1,389	1,360
Moorabbin	654	671	705	730	737
Mordialloc-Braeside	643	790	821	810	800
Oakleigh South	753	719	675	638	612
Parkdale	1,361	1,399	1,408	1,424	1,445
Patterson Lakes	1,015	1,076	1,074	1,036	1,003
Waterways	6	326	413	405	380
Total	17,683	18,811	18,939	18,662	18,432

Source: ID Consultants

5.4 Conclusion

The analysis undertaken in this section highlights the influence of demographic factors upon overall retail activity as well as the mix of retail goods demanded by households depending upon their stage in the life cycle. It will be important that as Kingston reviews its population projections once the 2006 ABS Census data becomes available, that it consider the implications of any statistically significant changes in population profile against the demographic elements which this section of the strategy has been developed around.

Part B: Traditional Retailing

6. TRADITIONAL RETAILING PROVISION IN THE CITY OF KINGSTON

Traditional retailing is defined by activities usually undertaken on Business 1 zoned land in recognised activity centres as distinct from bulky goods precincts. The purpose of this stage of the Strategy is to:

- Provide a broad overview of retail provision within the City of Kingston;
- Identify the characteristics of existing and potential centre catchments; and
- Explore the opportunities for traditional retail activities and the potential for additional retail floorspace.

6.1 Kingston's Retail Hierarchy

Using the Melbourne 2030 categorisation for activity centres, the City of Kingston's most significant activity centres are grouped as follows.

Principal Activity Centres

- Southland Shopping Centre.

Major Activity Centres

- Cheltenham;
- Mentone;
- Moorabbin;
- Mordialloc; and
- Chelsea.

It is, however, noted that this classification does not necessarily reflect levels of retail activity. For example, Cheltenham although classified as a major activity centre has less retail activity than some neighbourhood activity centres. Cheltenham does, though, have a substantially higher concentration of office and medical floorspace than other activity centres within Kingston.

Neighbourhood Activity Centres

These centres often have less than 10,000 sq.m. of retail floorspace with a limited mix of uses meeting local convenience needs and providing a community focal point. For the purpose of this strategy, any analysis of neighbourhood activity centres has been limited to those centres whereby some direct impact attributable to mooted major retail redevelopments has been identified. It is understood to be the intent of Council that further detailed economic analysis can be undertaken in such centres if large retail redevelopment proposals are advanced or as part of structure planning for this level of activity centre.

Out of Centre Retailing

Melbourne 2030 provides some recognition of retailing outside of the above hierarchy and nominates such locations as 'out of centre'. In Kingston such retailing activities have historically and predominantly occurred as part of planned 'Bulky Goods' developments. This strategy does not seek to legitimise any further 'out of centre' retail development and provides specific recommendations to Council in relation to responding to all previously identified 'out of centre' locations. Given the diversity of retailing opportunities which are prevalent in planned locations within the City of Kingston this strategy specifically discourages the potential for new forms of retailing being pursued in the following areas:

- Locations not specifically identified by this strategy or any other relevant adopted strategies of Council; and

- Locations such as Industrial Zones where considerations regarding some retail premises are discretionary (when not prohibited) and require policy substantiation.

6.2 Catchment Areas

Catchment areas have been measured using data from the Victorian Activity and Travel Survey undertaken by the Royal Melbourne Institute of Technology (RMIT) Transport Research Centre over the period 1994-2002. Survey respondents maintain a travel diary which identifies locations visited and activities undertaken together with respondents' residential location. From this data, it is possible to identify visitors to specific supermarkets within Kingston, and from this draw catchment maps based on their residential origin, provided there is a sufficient number of respondents that visited that supermarket.

Catchment maps provide a basis for assessing the role and attractiveness of centres, their performance, and the supportability of additional centres within the City of Kingston. Given that supermarkets are the traditional retail anchor in all centres except Southland Shopping Centre and Cheltenham, catchment areas have been measured on the basis of visits to supermarkets.

6.3 Kingston's Northern Region

The City of Kingston's northern region includes the municipality's only principal activity centre (Southland) and four of its five major activity centres. Weekly shopping facilities are presently available at varying levels at all of these centres as well as at Dingley and Clarinda neighbourhood shopping centres. It is understood that a planning permit has issued to provide for a supermarket at the Highett Activity Centre which may also elevate this centre's role in catering for 'weekly' shopping needs. Residents also have the opportunity to use centres in adjoining municipalities at Bentleigh, Hampton, Sandringham and Clayton. While Southland offers supermarket facilities that are used by visitors across Kingston, this is generally as part of a multi-purpose shopping visit to this centre.

The estimated catchments for centres in this region indicate that, generally, there is a good level of provision with catchment areas consistent with that of comparable centres across the metropolitan area (refer Figure 16). Southland Shopping Centre appears to be servicing the weekly shopping needs of residents within the immediate residential area. In part, this may be a reflection of the reasonable access offered by the Coles supermarket located on the ground floor of the centre.

Industrial and green wedge zoned land across this region limits the extent of individual centre catchments, particularly for Clarinda, Moorabbin and Dingley Village shopping centres. This has a mixed impact on the performance of these centres by limiting the physical extent of their catchment areas, but also reducing their exposure to competition from other centres.

There are no obvious opportunities for the development of new retail centres within this region with any additional retail floorspace expected to largely occur within existing centres. Two areas where change may occur within and proximate to the northern catchment include:

- Thrift Park Shopping Centre whereby recent land ownership changes may provide for an improved supermarket offer; and
- The potential expansion of retail activities at the Moorabbin Airport on 'non aviation' land as identified in the Airport's Masterplan.

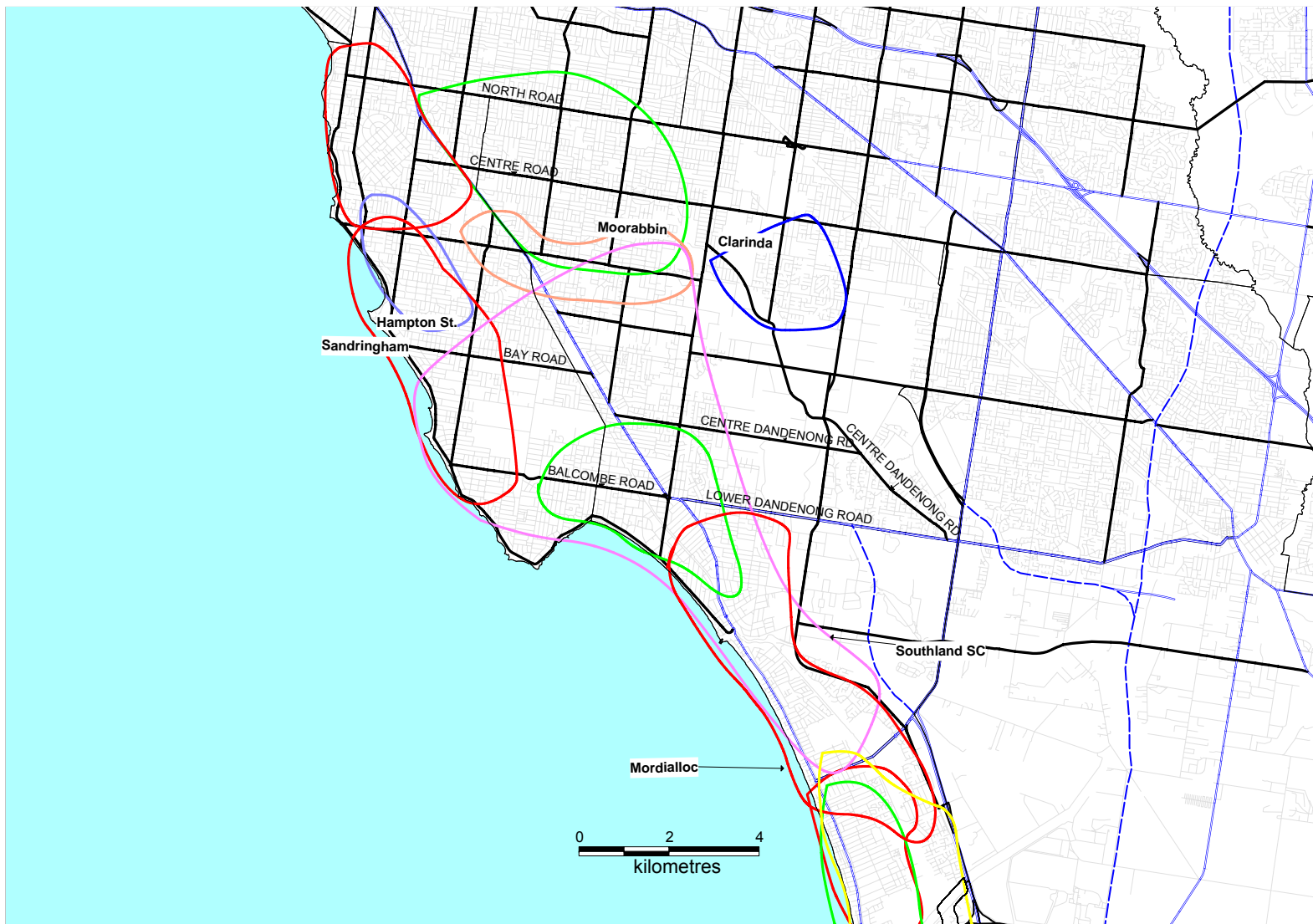
6.4 Kingston's Southern Region

The pattern of urban development within Kingston's southern region, south of Lower Dandenong Road, differs from that of the northern region by being constrained to a narrow corridor of residential development that varies between 1 km and 2.5 km wide. Within this corridor, residential development is generally discontinuous (particularly south of Mordialloc) with significant areas of land accounted for by the Edithvale wetlands, the Rosedale Golf Course, Chelsea Bicentennial Park, Patterson River Country Club and the Patterson Lakes canal system.

This pattern of land use has impacted on the provision of retail south of Mordialloc with a series of smaller local centres serving households' convenience retailing needs. Supermarket provision within the region is limited to a small Safeway supermarket at Chelsea and a more contemporary sized Safeway supermarket at Patterson Lakes. Larger Safeway supermarkets at Mordialloc and Seaford are the primary weekly shopping destinations for many residents in this region. The catchment areas of supermarkets at Mordialloc and Seaford are both extensive reflecting the limited supermarket provision within Kingston's southern bayside area.

At the time of the developing this strategy formal discussions had been conducted between Council land owners and representatives of major supermarket chains which involved the expansion of the existing Safeway supermarket at Chelsea and the provision of a new Coles supermarket at Patterson Lakes. Section 8 of this Strategy provides a detailed analysis of the supportability of these proposed developments. Considerations regarding possible additional retail floor space in Mordialloc are addressed in Section 13 of this strategy.

Figure 16: Estimated Supermarket Catchment Areas (Northern Region)



Source: Victorian Activity and Travel Survey, Charter Keck Cramer

Figure 17: Estimated Supermarket Catchment Areas (Southern Region)



Source: Victorian Activity and Travel Survey, Charter Keck Cramer

7. SUPERMARKET PROVISION IN KINGSTON'S SOUTHERN AREA

The City of Kingston's southern bayside area that extends from Mordialloc south to the Patterson River is characterised by:

- A narrow strip of urban development of approximately 2.5 km wide and 7 km long;
- A number of strip retail centres along the Nepean Highway largely catering for the convenience shopping requirements, including a small Safeway supermarket at Chelsea;
- A Safeway supermarket at Patterson Lakes; and
- A general under-provision of weekly shopping facilities with households primarily travelling to either Mordialloc or Seaford for weekly shopping activities;

Current proposals by developers that would expand the provision of retail facilities within the area include:

- Expansion of an existing Safeway supermarket at Chelsea from 1,800 sq.m. to 2,800 sq.m.; and
- An expansion to the existing neighbourhood centre in Patterson Lakes adjacent to the existing Lakeview Shopping Centre comprising a full-line Coles supermarket of approximately 3,000 sq.m. together with a number of supporting speciality stores.

The purpose of this section of the strategy is to:

- Assess the existing provision of supermarket facilities within the wider region and the use of these centres by residents within the southern Kingston area;
- Determine the ability of existing retail facilities to satisfactorily meet the future weekly shopping requirements of residents within the area;
- Identify the likely shopping behaviour of residents in the event that the proposed developments at Chelsea and Patterson Lakes proceeded; and
- Assess the economic supportability of proposed developments within Kingston's southern bayside area.

Figure 18: Kingston Southern Bayside Area

7.1 Existing Situation Analysis

The environment within which existing supermarkets operate is characterised by:

- Dominance of food retailing by Safeway with no Coles supermarket currently within the region;
- Limited availability of full-line supermarket facilities with the nearest being at Seaford, Patterson Lakes and Mordialloc. The travel distance between these supermarkets exceeds that usually found in middle suburban areas (2-3 km.);
- The existing Chelsea Safeway has been earmarked for redevelopment into a 2,800 sq.m. full line supermarket. Currently this store is only 1,800 sq.m. and does not satisfactorily meet the needs of residents. Site visits indicated that this is primarily operating as a convenience supermarket with shoppers undertaking top-up shopping; and
- Independent supermarkets catering for the convenience shopping needs of local residents; and
- A recently opened Aldi Supermarket at Carrum.

7.1.1 Aldi Development (Corner McLeod Rd and Station St, Carrum)

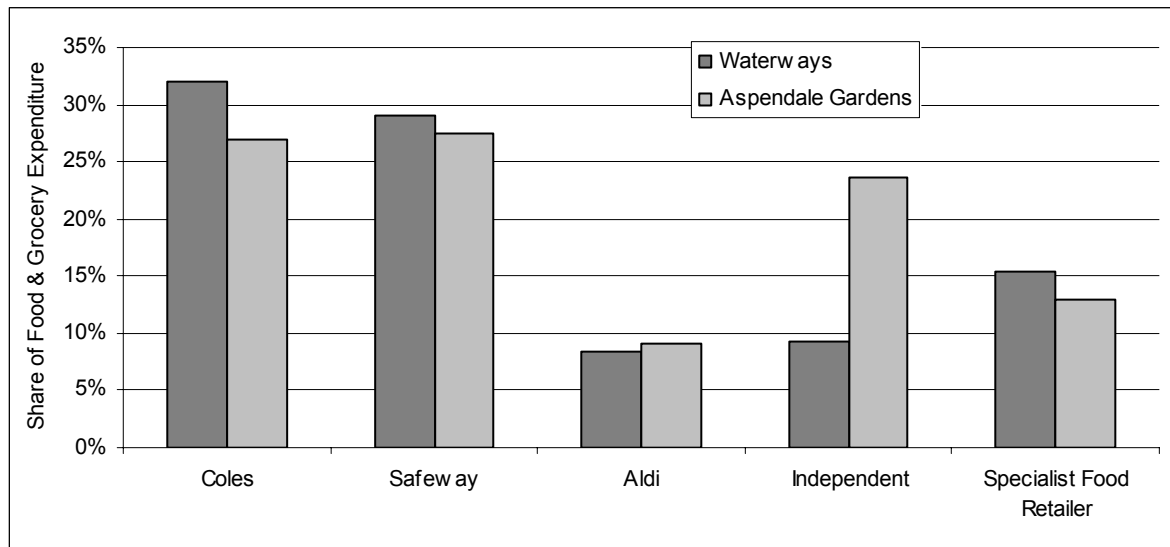
The impact of the recently opened Aldi store on the competitive environment may be estimated/based on the results of a recent survey of 133 households from Aspendale Gardens and Waterways regarding supermarket shopping preferences³.

That survey identified that Aldi may potentially capture approximately 10% of food, grocery and liquor expenditure in Waterways/Aspendale Gardens. Surveys undertaken by the consultants of residents in other areas of Melbourne have indicated that the ability to purchase food, groceries and liquor at cheaper prices is a significant factor influencing household decision not to shop at their local centre. Generally, 15% of households that do not shop locally nominate this as a reason.

³ Charter Keck Cramer (2005), Keysborough South Retail Needs Assessment. Report prepared for the City of Kingston and City of Greater Dandenong

It may be reasonably assumed that the Aldi store will capture 10-15% of household expenditure from within the immediate area. The store is likely to have a greater appeal to price conscious consumers likely to reside in lower socio-economic areas.

Figure 19: Keysborough South Retail Needs Assessment - Residents' Preferred Distribution of Food and Grocery Expenditure



Source: City of Kingston: Retail Needs Study (Waterways and Keysborough South)

7.2 Existing Catchment Areas

In the absence of formal surveys of residents or shoppers, an indication of the catchment areas for the key existing supermarkets may be drawn from results of the Victorian Activity and Travel Survey (VATS) data.

An analysis of supermarket visits indicates that:

- A relatively high proportion of households travel to either Mordialloc, Seaford or Patterson Lakes to undertake their weekly food and grocery shopping;
- The extent of the catchment areas for the Mordialloc and Seaford supermarkets extend significantly into Chelsea and surrounding areas;
- The distance travelled by households to access supermarket facilities is noticeably greater than that typically travelled by other Melbourne households; and
- The nature of the catchment areas highlights the overall inability of existing supermarket facilities to conveniently meet the weekly shopping needs of residents in Kingston's southern bayside area.

7.3 Key Conclusions

The key conclusions that may be drawn from the above analysis of the shopping behaviour of households in Kingston's southern bayside area are that:

- There is a significant under-provision of supermarket facilities within the area as evidenced by the greater distances that residents travel in order to undertake weekly food and grocery shopping; and
- Initiatives which seek to diversify supermarket retailing opportunities into the area will significantly change current shopping patterns given the importance of range and variety of goods carried by supermarkets in determining where households shop.

8. ECONOMIC ASSESSMENT OF PROPOSED SUPERMARKET DEVELOPMENTS IN KINGSTON'S SOUTHERN AREA

This stage of the Strategy analyses the supportability of proposed supermarket developments within Kingston's southern area. Supermarkets represent large investments that are typically constructed in increments of approximately 3,000 sq.m. being the minimum size for a full-line supermarket. In the event that a significant proportion of the proposed additional floorspace cannot be supported, the performance of all supermarket floorspace may be impacted upon, thereby resulting in reduced incentives for ongoing investment in the upgrading of stores.

8.1 Methodology

The methodology adopted for assessing the supportability of a proposed Coles supermarket of approximately 3,000 sq.m. within Patterson Lakes, and an expansion of the existing Safeway supermarket at the Chelsea shopping centre comprises a number of interrelated stages. These stages are:

- Definition of Main Trade Areas for Patterson Lakes and Chelsea Retail Centres based on a competitive supermarket offer at each centre with each capturing a share of supermarket expenditure by local households that is consistent with industry benchmarks;
- Calculation of existing (2006) expenditure on food, groceries and liquor (FG&L) generated within MTA based on Marketinfo 2003/04 estimates adjusted for population growth (ID Consultants projections), per capita consumption growth and nominal price growth.
- Allocation of estimated FG&L expenditure generated within each centre's MTA across retail formats based on indicative market shares and competitive situation at a suburb level;
- Calculation of potential market size by retailer format;
- Allocation of available market to retailers within the MTA; and
- Supportable floorspace estimated based upon indicative retail turnover densities and estimated expenditure directed to each retail format/centre.

Alternative approaches that compare per capita floorspace provision at a trade area level with national averages have not been adopted for the purpose of this Strategy on the basis that they:

- Do not take account of the local competitive environment and the availability of different retail formats with which supermarkets may compete;
- Do not recognise the potential for smaller supermarkets to trade better than larger supermarkets on a per unit area basis; and
- Do not allow any sensitivity analysis to be undertaken.

8.2 Main Trade Areas

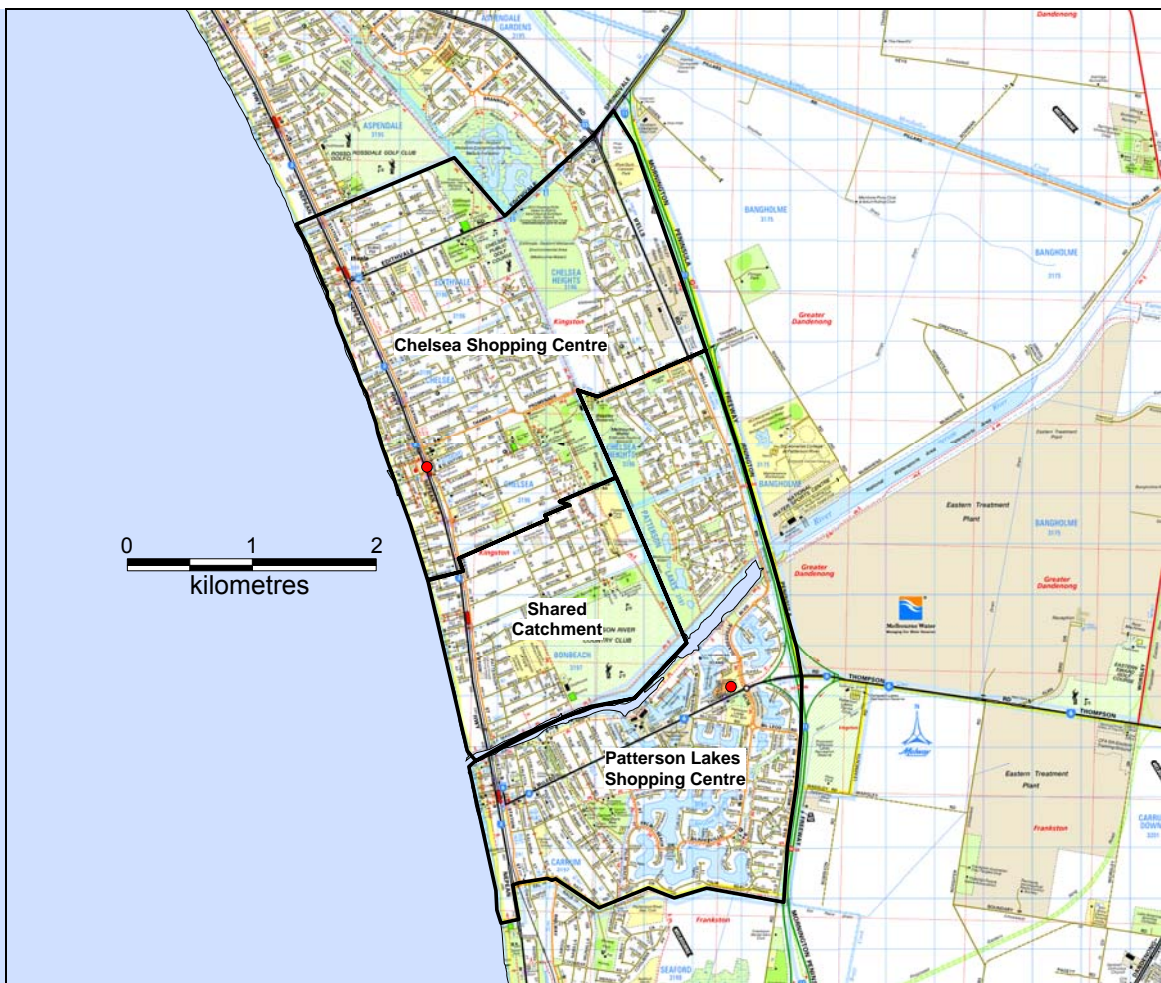
Main Trade Areas (MTAs) have been defined for the Patterson Lakes and Chelsea activity centres based on existing and proposed full line supermarkets at each of these locations. MTAs have been defined on the basis of research undertaken by the consultants with respect to household shopping behaviour in comparable areas where there is an appropriate level of retail provision.

Results from various surveys undertaken by the consultants across the metropolitan area indicate that households' choice of centre for weekly food shopping, and as a result a centre's MTA, is primarily determined by:

- Proximity to home with approximately 70-80% of households shopping locally from home;
- Tenancy mix with a wide range of shops enabling one-stop grocery shopping to be undertaken;
- Ease of parking; and
- Access to a preferred supermarket chain.

In addition, a centre will attract some expenditure from outside its MTA depending on its exposure to main roads, accessibility to a local workforce population and proximity to other attractions that may encourage people to visit the area.

Figure 20: Defined Main Trade Areas: Chelsea and Patterson Lakes Shopping Centres



8.2.1 Chelsea Shopping Centre

The proposed redevelopment of the existing Safeway supermarket from 1,800 sq.m. to 2,800 sq.m. would:

- Improve the competitiveness of this centre and enable it to reach its full potential based on the strong mix of supporting speciality stores;
- Improve the trading performance of other retailers that typically have strong synergies with supermarkets; and
- Establish a MTA based on households' accessibility to the centre.

The MTA for this centre will, however, be limited by:

- Poor accessibility to the centre from the east via the railway crossing at Chelsea station; and
- The location of parking facilities behind the centre,

The MTA for this centre (refer Figure 20) would be expected to be defined by the following suburbs:

- Chelsea
- Edithvale to the north, beyond which there is relatively greater proximity to Mordialloc where a larger Safeway supermarket will still be available. There is also a greater tendency for households to shop on the city side of where they live reflecting their greater familiarity with these locations.
- Chelsea Heights North, as defined by Wells Road to the east and Thames Promenade to the south. The ability to penetrate into Chelsea Heights South will be limited by the barrier created by the secondary drain and competition from Patterson Lakes where a comparable Safeway supermarket offer exists; and
- Bonbeach, to the extent that competition from Patterson Lakes allows. It is expected that the shopping behaviour of households in Bonbeach will be relatively evenly divided between full-line supermarkets at Chelsea and Patterson Lakes depending upon households preferred supermarket chain, and their preference for strip shopping versus a free-standing centre;

8.2.2 Patterson Lakes

The development of a full line supermarket at Patterson Lakes would also establish a stronger competitive position for this centre based on:

- Choice of Coles and Safeway supermarkets; and
- Additional speciality food retailing through the provision of smaller retail tenancies

In addition, the provision of highly accessible and convenient car parking facilities at both the existing and proposed supermarket locations will support the attractiveness of this centre.

The MTA for supermarket operators within Patterson Lakes would be expected to be defined by:

- The suburbs of Patterson Lakes and Carrum reflecting the immediate proximity to existing and proposed retail facilities;
- Chelsea Heights South as bounded by the secondary drain to the west, Wells Road to the east, and Thames promenade to the north; and
- A share of the suburb of Bonbeach.

The MTA would not be expected to extend noticeably southwards into Seaford given the barrier provided by the existing road network and the good level of accessibility to the Safeway supermarket at Seaford provided by Railway Parade for residents to the south.

8.2.3 Estimated Household Expenditure on Food, Groceries and Liquor (FG&L)

The central component of this analysis relates to the estimated future sales of FG&L and supportable supermarket floorspace at Patterson Lakes and Chelsea. This analysis does not include sales of other items sold in supermarkets (e.g. stationary, homewares, clothing etc.) and hence represents a conservative estimate of turnover and supportable floorspace.

Expenditure on FG&L by households within the defined supermarket MTAs has been estimated for 2006 based on the following data sources:

- *Marketinfo* micro-simulation model developed by Market Data Systems. The model estimates potential household expenditure at a local level based on the relationship between socio-economic characteristics of the population and expenditure as derived from the ABS Household Expenditure Survey. The current version of this model estimates expenditure for 2003-04 in 2003-04 dollars. Data has been updated by the consultants based on per capita growth in food expenditure in Victoria to December 2005;
- Population growth projections prepared by ID Consultants for suburbs within the defined MTAs; and
- Projected growth in the per capita volume of food, groceries and liquor consumed.

All expenditure estimates are in 2005 dollars.

Table 2: Estimated Household Expenditure on Food, Groceries and Liquor by Residential Suburb and Centre MTA (2006)

Suburb	\$Mill
Bonbeach	\$27.7
Carrum	\$18.4
Chelsea	\$35.1
Chelsea Heights North	\$15.3
Chelsea Heights South	\$10.2
Edithvale	\$25.6
Patterson Lakes	\$36.3
Total Region	\$168.4
Main Trade Area	
Patterson Lakes Shopping Centre	\$78.6
Chelsea Shopping Centre	\$89.8

Source: Market Data Systems, "MarketInfo", ID Consultants, ABS, Charter Keck Cramer

8.2.4 Distribution of Household Expenditure by Retail Format

The share of supermarket-type merchandise purchased by households from a supermarket will vary depending on the category and the opportunity to purchase these items elsewhere. For example, supermarkets experience strong competition from fresh food retailers (butchers, greengrocers, bakeries etc.), but little competition for staple packaged food items that are generally purchased as part of a weekly food shopping trip.

The Senate inquiry into the retail sector⁴ undertaken in 1999 addressed the issue of supermarket share of the food and grocery market. The most appropriate basis for obtaining an indicative measure of market share for the purpose of this strategy covers the following activities:

- Supermarket and grocery industry;
- Liquor industry;
- Other food retailing (bread and cakes, fresh meat, fish and poultry, fruit and vegetables); and
- Specialist food retailing (delicatessens, tobacco and confectionary).

The ABS estimated that the three major supermarket chains at the time (Coles, Woolworths and Franklins) held a 62% market share nationally. At a local level, the market share held by supermarkets will vary depending upon the availability of specialist retailers, convenience stores etc. For example, within inner metropolitan areas the market share held by supermarkets is likely to be lower due to greater competition from traditional strip retailers and the difficulty for the supermarket chains to acquire sites for the development of full-line supermarkets. In outer suburban areas the reverse may apply where supermarkets are better placed to capture a greater market share.

For the purpose of this assessment, market shares have been estimated based on local retailing conditions (refer Table 3). The distribution of estimated household expenditure across different retail formats will reflect the dominance of larger supermarket chains, the quality and variety of the retail offer within centres, and the range of shopping options available within the region. The recent development of an Aldi supermarket in Carrum, together with accessibility to traditional strip retailing and smaller independent supermarkets across the region, have been taken into account.

The trading performance of existing and proposed supermarkets at Chelsea, Patterson Lakes and Seaford will reflect the likely key attributes of each centre as briefly outlined below.

Patterson Lakes

- Choice of two full-line supermarkets;
- Presence of supporting speciality food retailers that are likely to establish in the centre reflecting the synergies with a full-line supermarket and sufficient critical mass to support them;
- Availability of supporting business services (banks etc.);
- Good accessibility and exposure to passing traffic via Thompson Road; and
- Availability of convenient, well-located, car parking.

⁴ Joint Select Committee on the Retailing Sector (1999), Fair Market or Market Failure? A Review of Australia's Retailing Sector

Chelsea

- Strip retailing as opposed to Patterson Lakes free-standing format;
- Presence of supporting speciality food retailers;
- Availability of supporting business services; and
- Exposure to passing trade via Nepean Highway.

Seaford

- Convenient parking; and
- Free-standing retail format with no supporting speciality stores.

The size of the market available to supermarkets at Chelsea and Patterson Lakes in 2006 has been estimated based upon:

- Estimated household expenditure on FG&L at a suburb level (refer Table 2);
- Projected distribution of this expenditure to each retail format (refer Table 4);
- Aggregation of expenditure to a MTA level for each centre and format (refer Table 5)

It is assumed that any leakage of expenditure from a centre's MTA is balanced by an inflow from outside of this area.

Table 3: Projected Distribution of Household Expenditure by Retailer Category and Residential Suburb

Suburb	Major Supermarkets	Aldi	Independent Supermarkets	Other Food Retailers	Total
Bonbeach	68%	12%	5%	15%	100%
Carrum	68%	12%	5%	15%	100%
Chelsea	55%	10%	15%	20%	100%
Chelsea Heights North	55%	10%	20%	15%	100%
Chelsea Heights South	65%	10%	10%	15%	100%
Edithvale	60%	10%	15%	15%	100%
Patterson Lakes	73%	12%	5%	10%	100%

Table 4: Estimated Market Size by Retail Format and Residential Suburb (2006)

Suburb	Major Supermarkets (\$m)	Aldi (\$m)	Independent Supermarkets (\$m)	Other Food Retailers (\$m)	Total Food & Groceries (\$m)
Bonbeach	18.8	3.3	1.4	4.1	27.7
Carrum	12.5	2.2	0.9	2.8	18.4
Chelsea	19.3	3.5	5.3	7.0	35.1
Chelsea Heights North	8.4	1.5	3.1	2.3	15.3
Chelsea Heights South	6.6	1.0	1.0	1.5	10.2
Edithvale	15.3	2.6	3.8	3.8	25.6
Patterson Lakes	26.5	4.4	1.8	3.6	36.3
Total	107.4	18.5	17.3	25.2	168.4

Table 5: Estimated Market Size by Retail Format and Centre (2006)

Catchment Area	Major Supermarkets (\$m)	Aldi (\$m)	Independent Supermarkets (\$m)	Other Food Retailers (\$m)	Total Food & Groceries (\$m)
Patterson Lakes Catchment	55.0	9.2	4.4	10.0	78.6
Chelsea Catchment	52.5	9.3	12.9	15.2	89.8
Total	107.4	18.5	17.3	25.2	168.4

Based on this analysis, it is projected that supermarkets at Patterson Lakes will capture 70% of expenditure on FG&L generated within its MTA, while the expanded supermarket at Chelsea will capture 58% of that generated within its MTA (refer Table 6).

Table 6: Estimated Market Share by Retail Format

Catchment Area	Major Supermarkets	Aldi	Independent Supermarkets	Specialty Food Retailers	Total
Patterson Lakes Catchment	70%	12%	6%	13%	100%
Chelsea Catchment	58%	10%	14%	17%	100%
Total	64%	11%	10%	15%	100%

8.2.5 Food and Grocery Retailing: Estimated Turnover by Centre

The turnover potential of food and grocery retailers will reflect:

- Underlying level of expenditure on food, groceries and liquor by households within a centre's defined catchment area;
- Proportion of expenditure directed towards particular retail formats within centres; and
- Ability of centres to retain expenditure generated within their MTA and attract expenditure outside their MTA.

Based on the attributes of each centre upon development of the proposed supermarkets, there is expected to be a balance between the inflow and outflow of expenditure. As a result, supermarket turnover will equate to the size of the available expenditure within each centre's MTA.

Patterson Lakes

The distribution of supermarket turnover within the Patterson Lakes shopping centre between the existing Safeway supermarket (3,020 sq.m.) and a proposed Coles supermarket (3,000 sq.m.) has been estimated. It would be expected that the Safeway supermarket may experience an initial decline in trade as existing shoppers redirect their spending to the newer Coles store. A factor influencing the extent to which Safeway may retain market share will be the presence of a Caltex service station adjacent to the centre on Gladesville Boulevard offering fuel discounts to Safeway customers.

Safeway would be expected to respond to this increased competition through refurbishing the existing supermarket, with a longer-term market share of total supermarket turnover in the centre projected to be in the order of around 50% for each store. The distribution of total supermarket turnover between the Coles and Safeway supermarkets based on projected 2006 turnover levels and estimated longer-term market shares is forecast to be:

- Coles \$27.5 million; and
- Safeway \$27.5 million.

The achievement of these projected turnover levels would result in retail turnover densities (including GST) of:

- Coles \$9,161 per sq.m.; and
- Safeway \$9,100 per sq.m.

Chelsea

The development of a 2,800 sq.m. Safeway supermarket within the Chelsea Shopping Centre to replace the existing store would be expected to perform strongly given the extensive catchment that it may service, particularly to the north. Despite the dissatisfaction of local residents with the existing Safeway store, it has continued to attract shoppers albeit mainly for convenience shopping. This suggests that the fundamentals may already be in place for the performance of the supermarket to be substantially improved.

While modelling suggests that this proposed supermarket has the potential to generate turnover in the order of \$53 million and a retail turnover density of 18,740 per sq.m. which is around double the industry benchmark. The realised turnover level may be less than this depending on the ability of the store and parking facilities to accommodate this level without impacting on the convenience of the supermarket. An inability to do so may result in some leakage of trade to the Patterson Lakes shopping centre, thereby increasing the performance of supermarkets.

Table 7: Forecast Retail Turnover Density by Centre and Supermarket (2006)

	Forecast Turnover (\$M)	Floor Area (sq.m.)	Average Retail Turnover Density (Incl. GST) (\$/sq.m.)
Patterson Lakes*			
Safeway	\$27.5	3,020	9,100
Coles	\$27.5	3,000	9,161
Total	\$55.0	6,020	9,131
Chelsea			
Safeway	52.5	2,800	18,741

8.2.6 Supportable Supermarket (FG&L) Floorspace

The level of retail (FG&L) floorspace that may be sustained by the forecast turnover for the Patterson Lakes and Chelsea shopping centres is dependent upon the underlying productivity of existing and additional floorspace as measured by turnover per square metre of floorspace.

Supermarket floorspace productivity is determined by a number of factors, including:

- Supermarket size. Generally, smaller supermarkets have higher levels of floorspace productivity although, from a retailer's perspective, this is often offset by higher operational costs as a proportion of sales.
- Store design and operational efficiency. The amount of floorspace for storage and administrative functions will vary depending on a supermarket's age and design. This will impact on the management of stock and the ability to achieve an efficient floor layout.
- Processing of customers. Faster processing of customers through checkouts will ensure that both customer satisfaction and store turnover remains high. The same applies to the provision of car parking.
- Competition from other supermarkets. Supermarkets may be able to maintain high levels of turnover and floorspace productivity despite low customer satisfaction if there is limited competition from other supermarkets. This commonly occurs in Melbourne's more established inner and some middle suburban areas where the opportunity for expanding existing

supermarkets is limited and a lack of suitable sites in strip centres prevents the development of a new supermarket.

- Store opening hours. Longer trading hours translate into the attraction of more expenditure and more efficient use of floorspace.

The retail turnover densities that are forecast to be achieved by the existing and proposed supermarkets at Patterson Lakes are comparable to industry benchmarks. Therefore, both supermarkets are considered to be viable over the immediate and longer-term. The total supportable supermarket floorspace at Patterson Lakes is calculated to be 5,786 sq.m. based on a retail turnover density of \$9,500 per sq.m.

The proposed Safeway supermarket at Chelsea is modelled to potentially achieve a retail turnover density of \$18,740 per sq.m. (including GST). This above-average performance reflects the comparatively small size (for a full-line supermarket) and the absence of any significant competition to the north. Therefore, a supermarket of this size would be sustainable over the longer-term. The redevelopment of this supermarket involves the purchase and consolidation of various sites. The willingness to undertake such a development suggests the expectation of above-average turnover levels being achieved by the proposed Safeway supermarket, and as a result higher rental income from a structured lease partly based on retail turnover.

Based on forecast FG&L turnover and benchmark retail turnover density of \$9,500 per sq.m. (including GST), it is calculated that supportable major supermarket floorspace in 2006 would be:

- 5,786 sq.m. in Patterson Lakes; and
- 5,524 sq.m. in Chelsea

Table 8: Supportable Supermarket Floorspace 2006

Centre	Projected Turnover (\$Mill)	Benchmark Retail Turnover Density (\$/ Sq.m.)	Supportable Floorspace (sq.m.)
Patterson Lakes	55.0	\$9.500	5,786
Chelsea	52.5	\$9.500	5,524
Total	107.5	\$9.500	11,310

8.3 Non-Food and Grocery Items Sold in Supermarkets

Supermarkets are increasingly selling non FG&L items including homewares, electrical goods, stationary and clothing. These items have not been included in the definition of food, groceries and liquor used for the preceding analysis.

The proportion of total supermarket floorspace dedicated to non - FG&L items would be expected to vary depending on the size of stores and competition from other retailers. However, it may be reasonable to assume that around 7% of supermarket floorspace may be dedicated to the sale of these items. The proportion of total supermarket turnover attributable to these items may however be somewhat lower reflecting their floorspace requirements and has been assumed to be 4%.

Assuming that non-food and grocery items account for 4% of total supermarket turnover would result in:

- The estimated total turnover (2006) of major supermarkets in Patterson Lakes increasing from \$55 million to \$57.3 million;
- Supportable supermarket floorspace in the Patterson Lakes centre increasing to 6,030 sq.m.;
- The opportunity to support an additional 3,010 sq.m. in Patterson Lakes.; and
- An average supermarket retail turnover density of \$9,511 per sq.m. based on total supermarket floorspace of 6,020 sq.m.

8.4 Sensitivity Analysis: Patterson Lakes - Total Supportable Supermarket Floorspace

A sensitivity analysis has been undertaken to measure the impact of key assumptions upon the level of total supportable supermarket floorspace (including non-FG&L) in Patterson Lakes. The assumptions are:

- Major supermarkets' share of household expenditure on FG&L ; and
- The benchmark retail turnover density used to calculate supportable floorspace.

Table 9: Sensitivity Analysis: Patterson Lakes Supportable Supermarket Floorspace (sq.m.)

		Retail Turnover Density (\$ per sq.m.)						
		\$8,750	\$9,000	\$9,250	\$9,500	\$9,750	\$10,000	\$10,250
Major Supermarket Market Share	60%	5,620	5,460	5,310	5,170	5,040	4,910	4,790
	62%	5,800	5,640	5,490	5,340	5,210	5,080	4,950
	64%	5,990	5,820	5,670	5,520	5,380	5,240	5,110
	66%	6,180	6,010	5,840	5,690	5,540	5,400	5,270
	68%	6,360	6,190	6,020	5,860	5,710	5,570	5,430
	70%	6,550	6,370	6,200	6,030	5,880	5,730	5,590
	72%	6,740	6,550	6,370	6,210	6,050	5,900	5,750
	74%	6,930	6,730	6,550	6,380	6,220	6,060	5,910
	76%	7,110	6,920	6,730	6,550	6,380	6,220	6,070
	78%	7,300	7,100	6,910	6,720	6,550	6,390	6,230
	80%	7,490	7,280	7,080	6,900	6,720	6,550	6,390

Table 10: Sensitivity Analysis: Patterson Lakes Additional Supportable Supermarket Floorspace

		Retail Turnover Density						
		\$8,750	\$9,000	\$9,250	\$9,500	\$9,750	\$10,000	\$10,250
Major Supermarket Market Share	60%	2,600	2,440	2,290	2,150	2,020	1,890	1,770
	62%	2,780	2,620	2,470	2,320	2,190	2,060	1,930
	64%	2,970	2,800	2,650	2,500	2,360	2,220	2,090
	66%	3,160	2,990	2,820	2,670	2,520	2,380	2,250
	68%	3,340	3,170	3,000	2,840	2,690	2,550	2,410
	70%	3,530	3,350	3,180	3,010	2,860	2,710	2,570
	72%	3,720	3,530	3,350	3,190	3,030	2,880	2,730
	74%	3,910	3,710	3,530	3,360	3,200	3,040	2,890
	76%	4,090	3,900	3,710	3,530	3,360	3,200	3,050
	78%	4,280	4,080	3,890	3,700	3,530	3,370	3,210
	80%	4,470	4,260	4,060	3,880	3,700	3,530	3,370

8.5 Associated Retailing

8.5.1 Patterson Lakes Shopping Centre

The existing Lakeview Shopping Centre in Patterson Lakes is characterised by:

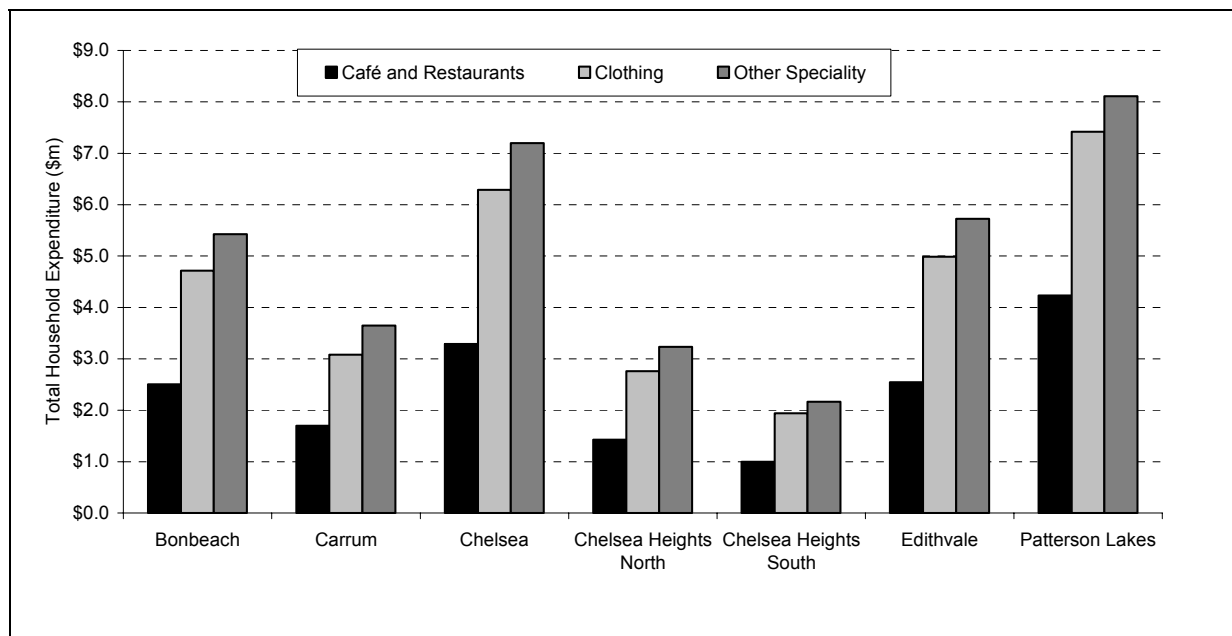
- An absence of any substantive concentration of speciality food retailers (greengrocers, butchers, delicatessen etc.);
- A range of personal goods and services retailing and business services;
- Cafe and restaurant activities; and
- Fully tenanted retail premises.

Typically, strong synergies exist between supermarkets and key retailers such as greengrocers, butchers, newsagents and pharmacies. However, there is generally a lower presence of these key retailers at this centre.

The development of a full-line Coles supermarket would increase the use of the Patterson Lakes shopping centre for weekly shopping activities and, as a result, provide the opportunity for additional fresh food retailing to be incorporated into the centre. This would typically include around 3-5 fresh food traders.

The presence of destination style activities such as clothing, cafes and restaurants, and business services within the existing Lakeview Shopping Centre reflects the size of the local market for discretionary retail goods and services (refer Figure 21), the attractiveness of the location for hospitality related activities, and the distance to larger centres such as Parkmore and Southland shopping centres and the Frankston CAD. Given that the synergies between supermarkets and these types of activities are generally low, the proposed Coles supermarket would not be expected to generate any additional demand for such activities.

Figure 21: Discretionary Retailing: Estimated Household Expenditure by Suburb 2001



Source: Marketinfo

8.5.2 Chelsea Shopping Centre

The Chelsea Shopping Centre currently suffers from the absence of a sufficiently strong supermarket to anchor the centre. The development of a full-line supermarket within the centre would be expected to encourage the expansion of associated retailing within the centre.

8.6 Forecast Population Growth by Retail Centre Catchment Area

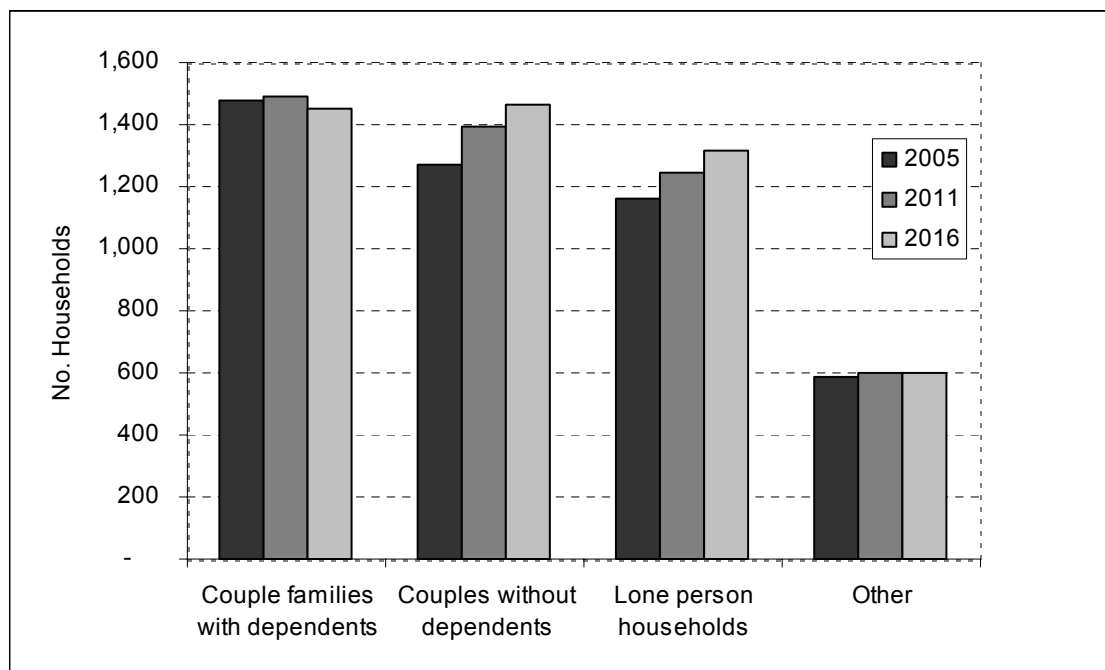
The preceding analysis has been based on projected household retail expenditures as at 2006. In order to assess the longer-term supportability of any additional retail floorspace, it is necessary to take into account future population growth and the impact of this on future demand for food, groceries and liquor.

Between 2005 and 2011, it is forecast that:

- Total households in each of the relevant Council planning areas (Patterson Lakes and Carrum) will increase by approximately 5% and the total population by approximately 3%;
- The number of 'households with dependants', being the largest consumers of food, groceries and liquor will stabilise at current level in the relevant planning areas, and as a result their share of the total population will decline;
- Couples without dependants and lone person households, which typically have lower consumption of food, groceries and liquor, will account for an increasing share of the population;
- The number of people in the family formation stages of the lifecycle (25-40 years) will decline in both the planning areas with implications for future population growth and demand for retail goods; and
- The number of people in the over 50 year-old age group will increase significantly resulting in a larger proportion of the population with relatively low rates of per capita expenditure on food, groceries and liquor.

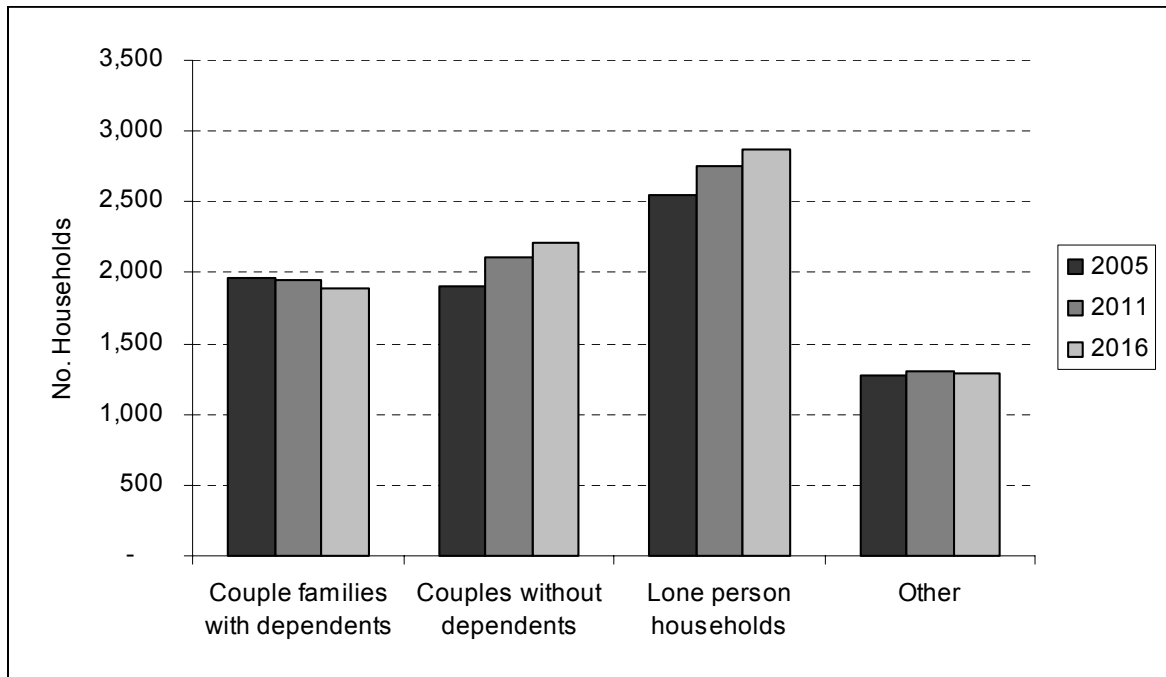
While the population of both planning areas is forecast to increase by approximately 3% by 2011, changes in age profile and household structure are likely to offset the impact that this would otherwise have. Therefore, it would be reasonable to assume that total real expenditure on food, groceries and liquor within the two relevant planning areas will remain at current levels.

Figure 22: Forecast Household Structure Patterson Lakes/Carrum Planning Area



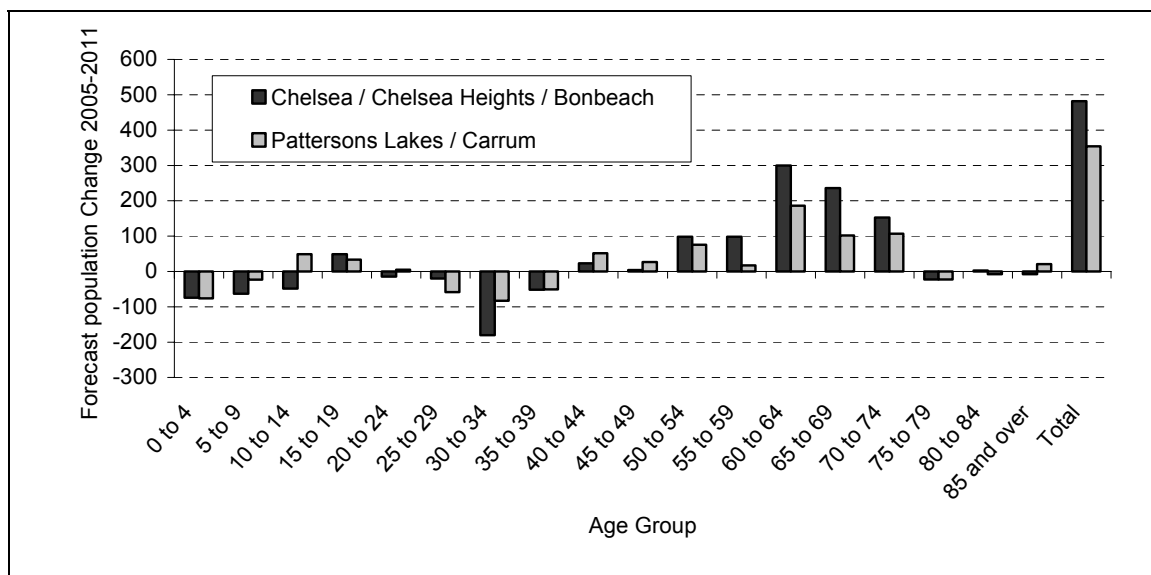
Source: ID Consultants

Figure 23: Forecast Household Structure Chelsea/Chelsea Heights/Bonbeach Planning Area



Source: ID Consultants

Figure 24: Forecast Population Growth by Planning Area (2005-2011)



8.7 Net Community Benefit

The economic impacts of the expansion of supermarket facilities at Patterson Lakes and Chelsea upon existing centres primarily will reflect reduced need for local residents to travel to Mordialloc and Seaford to undertake their weekly shopping activities. As already discussed, the catchment areas for supermarkets at both of these centres currently exceed that of a typical middle suburban location. It is considered that both supermarket proposals will derive substantial net community benefit in improving access and choice with respect to weekly shopping requirements.

8.8 Urban Design

In considering the development of both supermarket proposals, there is a need to ensure that the resulting new retail development is well integrated with existing commercial and community land uses. When considering more detailed planning scheme amendment or permit process the following matters are considered of relevance in the operational success of the proposals:

Chelsea

- Considering needs to be given to ensuring that a clear pedestrian link is created between the rear of the centre where it is understood the proposal is to be situated and the Nepean Highway; and
- Encouragement should be provided to existing retailers who front the Nepean Highway to consider the creation of an additional frontage to the rear of their existing tenancies.

Patterson Lakes

An urban design framework is needed to ensure:

- Integration of the retail activity to be situated on both sides of Thompsons Road. Consideration is required in relation to safe pedestrian and vehicular connectivity between these two locations;
- Opportunities are maximised to provide improved landscaping and urban design treatments in the public and private realm;
- Opportunities are maximised to improve the relationship between bus facilities and the expanded centre;
- Recognition of the role the adjacent school and community centre play as key components of the periphery of the Patterson Lakes Centre; and
- That beyond the retail potential of the identified supermarket site, consideration should be given to providing for accommodation uses to further diversify the role of the Patterson Lakes Activity Centre.

8.9 Conclusions and Recommendations

The above analysis indicates that the current provision of supermarkets and food retailing generally is insufficient to meet the needs of many residents within Kingston's southern region. As a result, a considerable amount of expenditure is escaping from the region. In addition, the distance travelled by residents to undertake their weekly shopping significantly exceeds that experienced by other households across metropolitan Melbourne. An opportunity is presented through this strategy to seek to encourage private retail investment to rectify this identified deficiency.

An economic analysis of the potential catchment areas for full-line supermarkets at both Chelsea and Patterson Lakes indicates that:

- The underlying size of the market for FG&L is generally consistent with similar locations currently supporting levels of supermarket provision similar to that proposed for each centre;
- The level of households' food and grocery expenditure directed to each centre would increase significantly as a result of offering a more competitive supermarket offer; and
- The forecast level of expenditure would be sufficient to support the resulting level of supermarket floorspace provision proposed.

It is recommended that:

- Council make modifications to the Kingston Planning Scheme which provide the opportunity to create a 3,000 sq.m. supermarket and some complementary associated speciality stores at Patterson Lakes;
- Council make modifications to the Kingston Planning Scheme which provides the opportunity to facilitate the expansion of the existing Safeway supermarket in Chelsea; and
- Any proposals presented to Council for consideration relating to the above mentioned projects give consideration to matters relating to urban design and integration between the existing and proposed retail areas.

Part C: Strategic Assessment of Principal and Major Activity Centres

9. KINGSTON'S PRINCIPAL AND MAJOR ACTIVITY CENTRES

An objective of this strategy is the examination of retail/commercial activity within the City of Kingston's principal and major activity centres being Southland Shopping Centre, Moorabbin, Cheltenham, Mentone, Mordialloc and Chelsea.

In particular, the strategy has sought to:

- Give meaning to the socio-economic (population, income profiles etc.) changes envisaged within the municipality and the manner in which these will influence the decisions made by Council with respect to retail and commercial development planning;
- Assess each principal and major activity centre on its ability or inability to further support a diversity of non-residential roles (i.e. restricted retail, retail, commercial) as outlined in Melbourne 2030;
- Clearly indicate the strategic initiatives required within Council's principal and major activity centres to further facilitate their competitive position ensuring that niche opportunities are maximised;
- Provide recommendations to further refine the Local Planning Policy Framework of the Kingston Planning Scheme; and
- Identify opportunities within principal and major activity centres which require incorporation into future structure planning processes (i.e. additional floorspace demand, changes to catchment characteristics, broader repositioning outcomes);

This section of the strategy provides an analysis of the economic role and opportunities for Kingston's activity centres, together with an assessment of planning issues associated with their future development.

9.1 Supportable Floorspace

As part of the City of Kingston Street life Retail Mix Project, a series of reports entitled "*Land Use and Economic Analysis - Opportunities and Constraints*" were undertaken by Council's consultants. This included estimating floorspace demand based on modelled household expenditure, an assumed constant allocation of expenditure to centres within the retail hierarchy and the application of a nominal retail turnover density to estimate supportable retail floorspace.

While such an approach may be applicable where the shopping behaviour of residents may be reasonably well estimated, (e.g. major supermarkets, regional and sub-regional centres) it may be misleading for smaller centres that are more reliant on catering for niche markets. In such cases, a qualitative, rather than a quantitative, assessment is warranted.

Existing Planning Context for Activity Centres

Council's existing retail and commercial land use policy is contained in Clause 21.06 of the Kingston Planning Scheme. Specific policies for the Mordialloc, Cheltenham, Parkdale Plaza and Carrum, Westall/Clayton South are contained in Clause 22 of the scheme.

The existing policy framework was developed prior to Melbourne 2030 being introduced and focuses on retail, bulky goods retail and commercial activities within Kingston. The heading given to the policy – "retail and commercial land use" – is a clear indication of the emphasis of the policy, which is what might be termed traditional shopping, retail, office and other business activities. The policy uses a typical retail hierarchy of regional, sub-regional, and neighbourhood to classify activity centres which now requires revision based on Melbourne 2030.

Melbourne 2030 changes the policy emphasis relevant to activity centres. It moves it from one that focuses on retail planning to one that focuses on sustainability. The prime emphasis of Melbourne 2030 in relation to activity centre planning is to concentrate person intensive activities and activities that generate a high number of multi-purpose trips in locations with good access to public transport. The aim is to assist in achieving one of the State Government's key goals of 20% of trips by public

transport by 2020. In doing so, it substantially shifts the focus of activity centre planning well beyond retail planning alone.

9.1.1 Planning Policy Review

The policy framework included in the Kingston Planning Scheme needs to be updated to reflect the directions and emphasis contained in Melbourne 2030 and translate it to a municipal level. The policy framework needs to be modified to:

- Change the emphasis of some of Council's existing policies from a relatively narrow focus on 'retail and commercial' activities, to one that focuses on 'activities centres' in the wider context envisaged by Melbourne 2030;
- Emphasise the role of activity centres in terms of sustainability, community, neighbourhood development, encouraging non-car based travel, and identifying strategies and further work required to realise such objectives;
- Adopt the classification of activity centres as contained in Melbourne 2030;
- Incorporate policies for broadening the base of activity centres that are currently dominated by retailing, and in particular emphasise the role of activity centres in terms of a wider mix of uses and a "substantial proportion of new housing". This will necessitate co-ordination between Council's activity centre policies and residential/housing policies;
- Incorporate policies that address issues of out-of-centre development. This is particularly relevant in Kingston given the strength of the Nepean Highway corridor as a location for bulky good retailing;
- Be explicit with respect to Council's desire to limit marginal retailing activities within the municipality's substantial areas of Industrial Zoned land.
- Incorporate initiatives that relate to good design, liveability, safety, neighbourhood and the physical attractiveness of activity centres; and
- Reflect the role of local structure planning in identifying the degree to which existing activity centres can realise the quite ambitious goals for activity centres promoted by Melbourne 2030.

Many of the above initiatives will come as a result of structure planning, however, this strategy provides some basis for immediate changes to 'Retail and Commercial' development section of Council's MSS in relation to classification and responses to 'out of centre' development.

9.2 Melbourne 2030

Melbourne 2030 promotes activity centres as mixed use centres. Melbourne 2030 is especially supportive of increasing the residential component of activity centres and of achieving a vertical mix of uses, for example dwellings or offices above shops.

Whilst activity centres have traditionally been the focus of retail uses, shops, offices and other ancillary commercial and community uses, residential uses within activity centres are seen as a likely next 'wave' of opportunity for redevelopment.

Subject to neighbourhood character, heritage and urban design considerations, as well as the necessary property market conditions, the opportunity may exist for an increased level of mixed use development in existing activity centres throughout Kingston. The degree to which this change will be realised is likely to be determined through the local structure planning process, which identifies options for intensification of land uses and increased building height. However the potential exists to substantially rejuvenate, enhance, enliven and transform activity centres throughout the municipality.

Melbourne 2030 policies, and market trends over the past decade, have focussed on medium and higher density residential development. This is changing the mix of uses that have traditionally favoured a location in activity centres, especially in lower order activity centres. There is considerable pressure, which is expected to continue, for medium and higher density residential redevelopment on under-utilised retail sites on the fringe of activity centres, and on the upper levels

of developments that comprise ground level retail uses. Such uses are likely to increasingly compete with lower order retail and office uses for space in designated activity centres. This is considered entirely appropriate in activity centres throughout Kingston, as long as street frontages and ground level areas in key retail precincts within activity centres are retained for predominately retail and ancillary commercial activities.

9.3 Zoning Provisions

At the metropolitan level, similar planning policies apply to higher density housing as to office use. That is, to locate such uses within or close to activity centres and the Principle Public Transport Network. This strategy seeks to question the continuing demand within Kingston for office floor space within many activity centres and as such the need to designate specific office precincts through the use of zones needs to be reviewed. Such precincts are often equally, or better, suited to medium to higher density residential uses as they are to office activities. For example land formerly designated for office uses along the Nepean Highway in Cheltenham (zoned B2 and B3) has been slow to develop given the nature of the office market in the south-east region. This land is considered well suited to mixed use development provided the retail core of the centre is not eroded.

The concept of mixed-use development can also extend to bulky goods precincts (zoned B4), especially where such uses are located close to activity centres. With appropriate building design and construction, potential amenity conflicts between commercial and residential uses can largely be overcome.

In applying zones to reflect such policy intentions, planners are limited to the zones available in the Victorian Planning Provisions (VPPs). In applying zones planners have historically considered the preferred use at ground level, rather than opportunities for uses above ground level. The zones that are appropriate to apply to various parts of activity centres are usually chosen from the suite of “business zones” that exist in the VPPs. The Mixed Use Zone is also frequently used. Whilst the controls over land use contained in the VPP zones are considerably more flexible than the zone provisions they superseded, they are largely based on the concept of the separation of land uses.

The discretion built into many of the business zones is quite wide and may allow a mix of the main uses suited to activity centres as either Section 1 or Section 2 uses. However the purposes of the zones are usually quite specific and do not always reflect the discretion available. The need therefore exists for local planning policies to more clearly state the desired land use mix envisaged in activity centres (or parts of activity centres) in order to overcome deficiencies in the ‘best fit’ that might be applied to a precinct.

9.4 Retailing Role of Centres

A focus for this strategy is on the economic role of major activity centres (Moorabbin, Cheltenham, Mentone, Mordialloc and Chelsea) and Southland being the only principal activity centre within the municipality.

In assessing the existing and potential future role of each centre, consideration has been given to households’ shopping requirements and the ability of each centre to meet them. Accordingly, the first component in assessing centres is to broadly categorise centres based on the varying needs of shoppers. A centre may have a variety of roles, and therefore activities may complement rather than compete with each other, reflecting a trade-off between convenience and comparison shopping.

While Melbourne 2030 categorises activity centres according to broader planning criteria, further differentiation can be provided between centres based on their retail and commercial role. The categorisation of Kingston’s five major activity centres according to their role in meeting households’ retailing needs reflect particular retailing themes being:

- Utilitarian;
- Convenience;
- Lifestyle/Leisure; and

- **Commuter.**

The characteristics of each of these themes are summarised in table 11. Through categorising activity centres on the basis of their ability to meet the needs of households' retailing requirements, a greater appreciation of the opportunities and constraints facing each centre may be gained.

The following general comments are made to assist in recognising the basis for this method of categorising centres:

Organisation within centres is important especially if they serve more than one type of shopper. The natural layout within Kingston's major activity centres is either a hub or a strip. The hubs and, more so, the strips need precincts within them. For example, Chelsea, a potentially good convenience centre, cannot effectively meet potential visitors' needs, not because it is too long, but because things are not grouped together into identifiable precincts. The distance required to drive and walk means it becomes inconvenient so it's easier to keep driving to the next centre.

Mentone is an example of a hub-based centre that would benefit from better defined precincts. Cafes are currently spread around the perimeter of the centre. Putting cafés together draws more business to them as diners will be less inclined to go to another destination for the same choice (e.g. Elwood, St Kilda etc).

Signage is extremely important to any centre whose offer is not immediately evident. This not only captures passing traffic that may not be aware of the existence of the centre, but also serves those who primarily use the centre for another purpose – e.g. commuters at Mentone not thinking about the lifestyle/leisure offer which co-exists there until they need to use it.

9.5 Population and Demographic Change

While the population forecasts produced by ID Consultants provides valuable information on the future population growth, age and household structures at a suburb level, the retail catchment areas of activity centres do not correspond with suburban boundaries. As a result, it is only possible to draw conclusions about population and demographic change within these catchments based on suburb level forecasts.

In assessing the likely future impact of demographic change in each centre's catchment on retail opportunities, the relationships between demographic characteristics and retail spending identified earlier in Section 5 have been considered. Future gentrification of areas and the impact upon demand for discretionary retail goods has been assessed based on historical movements in housing values relative to the wider metropolitan area. Rising housing values generally reflect the movement of higher income households into an area with a greater capacity to purchase properties.

Table 11: Consumer Use - Based Centre Categories

	UTILITARIAN	CONVENIENCE	LIFESTYLE / LEISURE	COMMUTER
Activity focus	<ul style="list-style-type: none"> Weekly/monthly shop. Sustenance ("need to eat something"). 	<ul style="list-style-type: none"> Time limited shopping. En-route shopping. 	<ul style="list-style-type: none"> Social – meeting place for friends/families. Convenient alfresco dining – for empty nester couples, young professional couples, parents & adult kids. Relaxation – bookshop browsing, reading paper over a coffee. Hobbies – antiques, bookshops, CD stores thru to outdoors & sports. Browsing – books, CD's, \$2 shops. 	<ul style="list-style-type: none"> Transit.
Market servicing	<ul style="list-style-type: none"> General public/"mass" market 	<ul style="list-style-type: none"> Office workers (lunch/after hours). Small tight surrounding residential catchment. Passing through traffic. 	<ul style="list-style-type: none"> Destination for hobbyists & lifestyle oriented individuals Weekday respite-weekend 	<ul style="list-style-type: none"> Transiting public (many are pedestrians so can not carry much) – students, office workers.
Consumer priorities	<ul style="list-style-type: none"> Quick entry/egress 	<ul style="list-style-type: none"> Opening hours Getting what I need fast 	<ul style="list-style-type: none"> No stress (especially traffic & parking) 	<ul style="list-style-type: none"> Getting home or going to work, school, office or another destination. Opening hours for peaks & troughs Easy traffic flow (set down/pick-up) Personal safety/security
Core retailers	<ul style="list-style-type: none"> Supermarket Butcher Fruit & vegetable shop Bakery Gourmet Deli Fishmongers Food court/café-takeaway. Complementary retail: <ul style="list-style-type: none"> Casual women's / men's-/ children's-wear Low level homewares (Home, Robins kitchens not IKEA etc) 	<ul style="list-style-type: none"> Coffee/lunch shops ATM's Petrol station 7-Eleven-style/convenience IGA Semi-prepared/prepared meals – charcoal chicken, spit roast (e.g. Mordialloc) Newsagent/post office agent Bill paying facilities Chemist Services (solicitor, accountant, doctor, dentist, physio etc) Complementary retail: <ul style="list-style-type: none"> Limited No. of PO Boxes Convenience/fast food 	<ul style="list-style-type: none"> Gourmet deli Full service cafés (optionally licensed) Eclectic niche general interest (e.g. telescope shop, ABS shop, National Geographic) Bookshop CD/vinyl record shop Antique shop Hobbies (surfing, cycling, outdoors) Semi-prepared food Gourmet Pizza shop Non-mainstream/gourmet restaurants (not Chinese, Fish & Chips etc) Complementary retail Community-oriented shops 	<ul style="list-style-type: none"> Bill paying facilities Dry-cleaning Shoe repairs Fruit & vegetable shop Butcher Newsagent 7-Eleven-style/convenience IGA Chemist Bakery Juice Bar Mobile phone shop Complementary retail <ul style="list-style-type: none"> Convenience/fast food – transit-friendly Coffee shop

Table 12: Estimated Distribution of Visitors by Use of Centre

	UTILITARIAN	CONVENIENCE	LIFESTYLE/LEISURE	COMMUTER	TOTAL
Southland	20%	5%	70%	5%	100%
Cheltenham	0%	30%	25% (future higher density housing)	45%	100%
Mordialloc (no supermarket competition)	30%	20%	30%	20%	100%
(if supermarkets developed at Chelsea Patterson Lakes etc)	20%	20%	40%	20%	
Chelsea (Redeveloped supermarket + no new supermarket competition)	40%	25%	25%	10%	100%
(No redevelopment of supermarket +new competition at Patterson Lakes)	0%	40%	50% (destination – depends on continuing gentrification)	10%	
Mentone	25%	20%	35% (reflects changing demography)	20%	
Moorabbin	60%	20%	0%	20%	100%

9.6 Southland Shopping Centre

The primary function of the Southland Shopping Centre is to service Melbourne's bayside region's requirement for higher-order retailing, entertainment and to a lesser extent the weekly shopping needs of local residents. In the absence of a sub-regional centre, being a centre anchored by a discount department store (e.g. Parkmore, Malvern Central), Southland is also called upon to fill this role in Kingston's retail hierarchy.

The catchment area for Southland (refer Figure 25) is defined by competition from other regional shopping centres at Chadstone and Frankston as well as the Melbourne CBD. Notably, the green wedge acts to limit the eastern boundary of its catchment area. The proposed expansion of Chadstone Shopping Centre has been estimated by JHD to have a relatively minor impact (approximately 1.7%) on retail the turnover of Southland Shopping Centre⁵.

Other competitive factors that may impact on the future performance of this centre will include the expansion of retail activities at Moorabbin Airport by the Moorabbin Airport Corporation, and any further development of big box retail facilities for the purpose of selling non-traditional bulky goods items such as homewares, electrical goods etc.

The performance of Southland Shopping Centre is noticeably below that of some other large regional shopping centres across Melbourne in terms of annual turnover per square metre of retail floorspace.

Table 13: Turnover Performance - Melbourne Regional Shopping Centres 2005

Centre	Annual Turnover Per sq.m. of Retail Floorspace
Chadstone	7,624
Eastland	6,470
Highpoint	6,399
Westfield Doncaster	6,232
Westfield Fountain Gate	6,112
Centro The Glen	5,952
Greensborough Plaza	5,789
Northland	5,604
Knox City / Knox Ozone	5,269
Westfield Southland	5,257
Forest Hill Chase	5,190
Westfield Airport West	5,092
Broadmeadows Town Centre	4,950
Werribee Plaza	4,520
Dandenong Plaza	3,959

Source: Shopping Centre News

⁵ JHD (2002): Chadstone Shopping Centre - Economic Impact Assessment

9.6.1 Future Demographic Change

Given Southland's regional role, demographic change is unlikely to have a significant impact upon its function and performance. Instead, it will primarily be impacted upon by changing retail trends, and its competitiveness relative to new retail formats.

9.6.2 Future Opportunities and Constraints

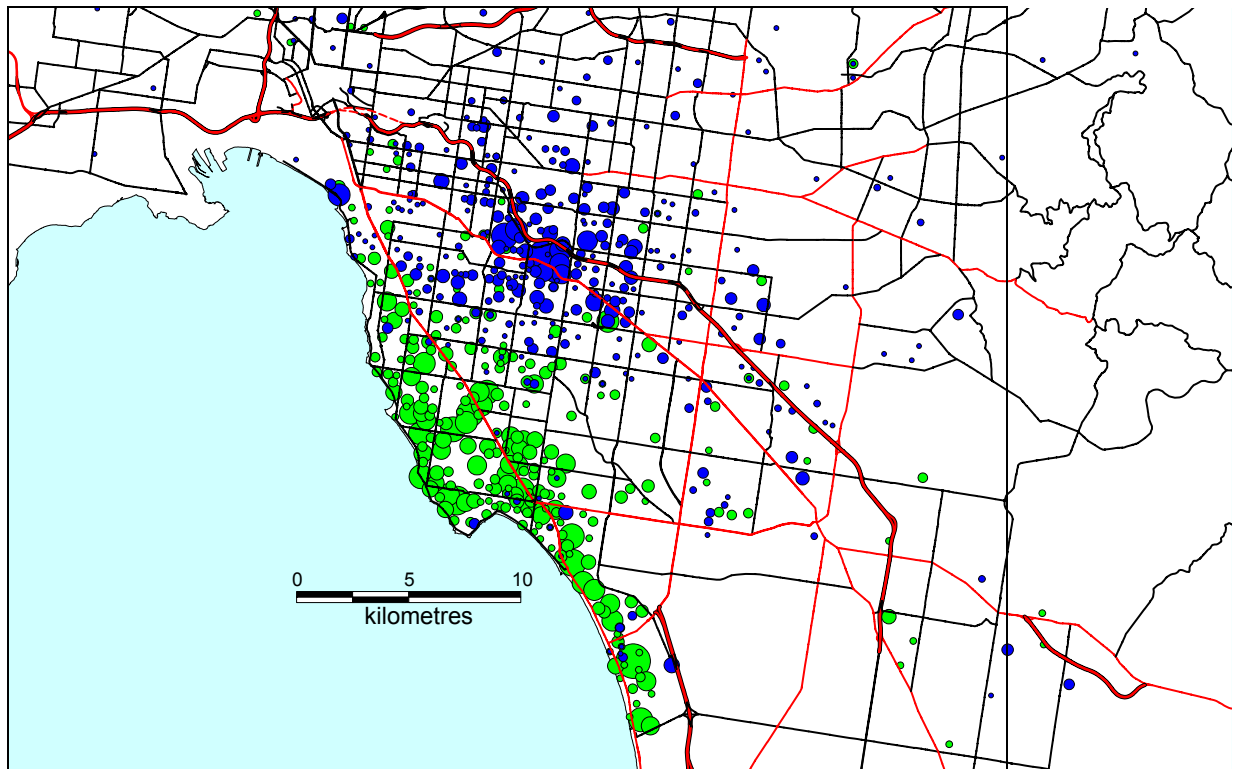
Southland's future role will be largely determined by its flexibility in responding to a constantly changing retail environment. Increasing competition from superstores has impacted on the performance of department stores, thereby creating pressure for these retailers to reinvent themselves as retailers. As key anchors for Southland, the future role and format adopted by department stores and larger format retailers (i.e. Harvey Norman and Dick Smith) will influence the broader role of Southland Shopping Centre within Kingston and the wider metropolitan retail hierarchy. To some degree, the performance of the existing department stores within Southland is dependent on the extent to which bulky goods retailing expands within its catchment.

Future opportunities for Southland may include incorporating new format retailers in order to maintain market share. While Westfield has indicated its willingness to accommodate retailers requiring larger floor areas at affordable rents, their ability to do so will always be constrained to some degree by the existing building structure and required rental levels. Clearly land use planning decisions will impact substantially on the options the market has in relation to providing for large floor area retailers and therefore requiring careful consideration.

Consideration will also need to be given to improving the opportunities to access this centre through public transport. Opportunities to explore the development of a Southland Station as a catalyst for integrating the regional bus interchange with the fixed rail corridor are seen as advantageous. Such infrastructure investment may also lead to providing further opportunities for retail and commercial expansion proximate to the Southland site.

The existing approvals for Southland present an opportunity to provide for substantial additional commercial office floor area. Such a venture is unlikely to proceed given existing market conditions and further consideration may be required as to alternate land use outcomes. It is appropriate that as part of future structure planning Council considers what additional roles (beyond retailing) Southland may be able to plan in addressing State and Local Planning Policy Objectives.

Figure 25: Catchment Areas: Southland and Chadstone Shopping Centres



Source: Victorian Activity and Travel Survey

10. CHELTENHAM MAJOR ACTIVITY CENTRE (MAC)

10.1 Overview

Cheltenham is designated as a Major Activity Centre (MAC) by Melbourne 2030. This centre is located within close proximity to the Southland principal activity centre, however, its designation seeks to clearly differentiate the centre's role and function from that of Southland.

The Cheltenham MAC has been defined as the Business Zoned land located:

- South of Park Road;
- West of Nepean Highway;
- East of the railway line and Charman Road; and
- North of Barrett Street.

The Cheltenham MAC contains a mix of uses based around a traditional main street setting. The centre largely provides a convenience role for local residents, businesses/office workers and commuters focussed around the Charman Road retail strip. The centre also serves an important public transport role for the larger community via the Cheltenham Station which provides the closest rail access to Southland. The station is covered by a Heritage Overlay in the City of Kingston Planning Scheme.

Cheltenham's existing role reflects a number of physical factors associated with its location that influence the centre's trading opportunities including:

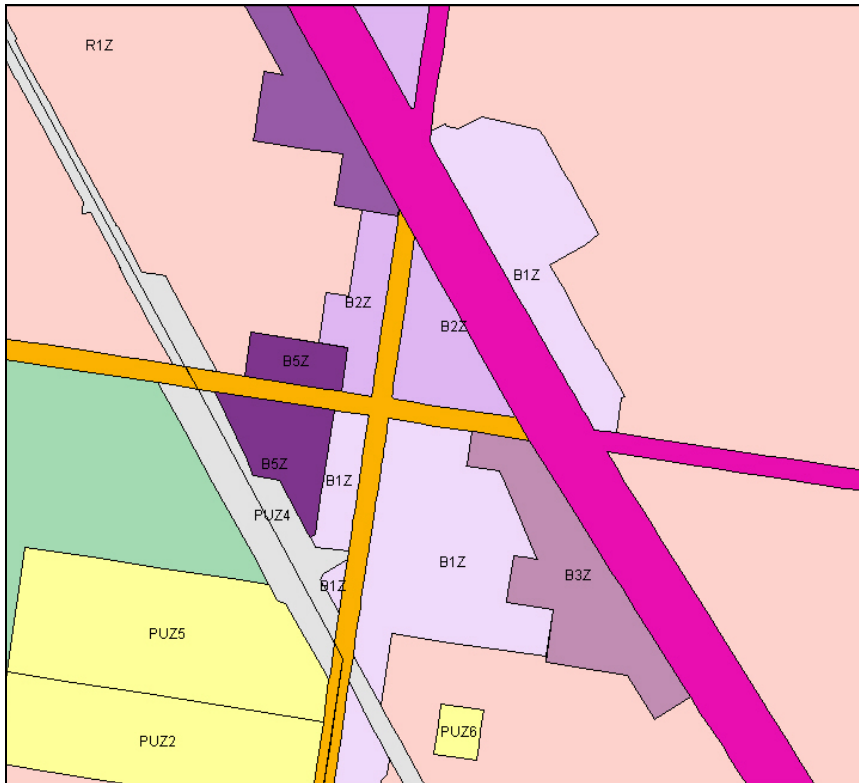
- A catchment area that is limited by the Nepean Highway to the east and golf courses to the west resulting in insufficient household expenditure on food, groceries and liquor to support weekly food shopping activities;
- Proximity to Southland and Mentone shopping centres each of which offer the choice of the two primary supermarkets;
- Exposure to commuter traffic in the form of vehicles travelling along Charman Road and train travellers; and
- Proximity to the Cheltenham office precinct and the resulting demand for take away food outlets, cafes and convenience retailing.

Cheltenham shopping centre comprises a primary retail precinct in Charman Road together with a supporting secondary retail/business precinct in Station Road. Each of these precincts serve a distinctly different role with Charman Road characterised by a relatively vibrant strip offering key convenience retailing facilities including fresh food retailing, newsagency and pharmacies, as well as personal services such as hairdressers. Station Road is a secondary retail precinct that is now dominated by business uses that are taking advantage of affordable accommodation.

10.1.1 Future Demographic Change

The population of the wider Cheltenham area is forecast by ID Consultants to increase by 5% over 2006-2011, compared to 3% over the preceding five year period. The proportion of the population within the key 45-64 year-old age group is forecast to increase from 11% to 12.5% over this period, which is expected to result in an increase in the level of available expenditure from which the Cheltenham activity centre may attract some proportion.

In addition to continued growth in the resident population of Cheltenham, there is the possibility of an increase in the population of office workers in the local area. The extent to which this occurs will be dependent on a number of factors including the future use of the Simplot building and the take up rate for strata offices within the area.

Figure 26: Cheltenham Major Activity Centre :

10.2 Land Use: Retail

The retail component of the centre is largely based around Charman Road. This retail spine extends from Park Road to the railway line with retailing on both the east and west sides of the road. The predominantly lower scale of buildings along this road, combined with streetscape treatments and landscaping create a high amenity pedestrian environment.

The railway line crosses Charman Road to the south, fragmenting the B1Z. As a result, the continuation of a vibrant retail spine south along Charman Road is limited.

10.3 Land Use: Business and Commercial

A spine of Business 3 Zone land abuts the Nepean Highway on the western edge of the centre. The B3Z encourages integrated office and manufacturing uses. The historical uses located in this area have led to the continuation of this zone in this area which includes a mix of large traditional manufacturing and offices including the 7 storey Council Offices/Fujitsu buildings near the corner of the Nepean Highway and Park Road. With an immediate abuttal to the Nepean Highway, this B3Z land has high exposure, good accessibility and is an attractive location for development. Given the supply of industrial land the future of manufacturing activities such as Arnos Fasteners needs careful consideration, with perhaps an alternate business zone being provided to allow a greater mix of uses.

Within the remainder of the centre, the B1Z land around Station Road is the focus for smaller scale business and commercial uses. A more discrete area of B5Z land to the north-west edge of the centre on Park Road, provides opportunities for office and multi-dwelling development. This area is represented by a mix of uses including residential, which is as of right in the B5Z. A large proportion of commuter parking exists in this area on both the north and south sides of Park Road.

10.4 Land Use: Other

A public library is located to the south of Station Road on Stanley Avenue. This facility, combined with the City of Kingston Municipal Offices, provides a community and civic focus for the centre.

10.5 Accessibility: Roads

Cheltenham is highly accessible by road. The centre is located near the junction of Nepean Highway and Centre Dandenong Road and is well served by key local north-south roads such as Charman Road. Charman Road serves as an alternative connection to the Nepean Highway further north and to the Southland principal activity centre. Despite this important role, the management of traffic in Charman Road requires continued consideration to ensure it does not impact on the amenity of the retail strip.

10.6 Accessibility: Public Transport

Cheltenham is located on the Principal Public Transport Network (PPTN) and is well-served by public transport in the form of trains and buses. The Cheltenham Railway Station is highly accessible from Charman Road, west of Station Road. This railway station is attractive to city commuters as it is located in a ticket Zone 2 and offers express services during the peak hours. The high level of commuter car parking in this area is indicative of the popularity of the station for city commuters.

Another key function of the station is as a rail based destination for people accessing the Southland principal activity centre by public transport. The station is located within reasonable walking distance of Southland and provides direct access via Charman Road and then the Nepean Highway. Consideration would need to be given to understanding whether or not a new station at Southland would generate any negative economic implications for Cheltenham if such a project was to be pursued. The station also provides accessibility to local schools in the area.

Bus access to the centre is also available. The main bus stop/interchange is located on Station Road opposite the station entry. This provides commuters with an easy connection from bus to train.

10.7 Strengths and Weaknesses of the Centre

The Cheltenham major activity centre exhibits a number of strengths and weaknesses that will impact on the propensity for the centre to change in the future. These strengths and weaknesses are identified below:

10.7.1 Strengths:

- Cheltenham is a vibrant, main street based centre.

Cheltenham provides a convenient shopping experience for local residents and has a neighbourhood role and focus. The centre offers an experience that is vastly different to that of nearby Southland, as a result of its outdoor, open environment and predominantly low scale 'Main Street' building form on a permeable grid street network.

- Cheltenham attracts a wide mix of users.

The mix of people that use the Cheltenham major activity centre is largely a function of the business, retail and transit role that the centre serves. Local residents utilise this centre for convenience shopping; office workers use the centre during the day for food and other general retailing needs; and commuters use the centre as a key transit hub, particularly utilising the train station. The mix of users attracted to the centre signifies opportunities to further strengthen the role and activities at this centre in the future.

- Public Transport Accessibility

The centre is well served by public transport. The centre serves an important regional role, by linking commuters north and south by train and shoppers to nearby Southland. The centre is also easily accessible by pedestrians and cyclists due to its open street network and connection to

surrounding residential areas. Notably, a substantial proportion of the morning commuters who utilise the facilities at Cheltenham Station live in suburbs some distance from Cheltenham including Dingley Village.

- Redevelopment opportunities

The centre presents a number of key redevelopment opportunities in the form of large under-utilised manufacturing sites at various edges of the centre; and at grade car parking areas, all of which are suitable for an intensification of development. Such opportunities could be explored without eroding the retail core of the centre.

- Civic function

The centre plays an important civic function, accommodating the City of Kingston Council Offices and the Cheltenham municipal library.

10.7.2 Weaknesses:

- Opening hours of shops

Activities located in the Cheltenham activity centre are largely 'day based' activities. As such, there is little activity on the street after hours and limited opportunities for informal surveillance throughout the centre. With the extent of café related tenancies, a clear opportunity exists to diversify business hours to create an increased night-time economy within the centre. Such initiatives will need to be matched by ongoing development investment interest in mixed use development to create a greater population base living within, or on the periphery of, the activity centre.

- Zoning

The centre contains a mix of land use zoning. Some of these zones aim to facilitate particular uses in the centre at the expense of other uses. A major activity centre should aim to encourage an intensification of a mix of uses within close proximity to public transport. Zoning that has a 'traditional' or 'historical' context should be re-thought in light of achieving the overarching policy directives that are relevant to the current planning environment. A particular focus should be on considering the ongoing demand for zones that accommodate office floor space.

- Fragmentation of the centre

The centre is fragmented at its southern end by the railway line. The B1Z land south of the railway line has limited physical and visual connection with the rest of the centre. This fragmentation limits the identity of this area as part of the balance of the centre. Greater opportunity exists to further encourage a broader mix of land uses in this location given its proximity to the activity centre and Cheltenham Station.

- Connection to library

The library plays an important community role for the centre and is a key community facility. Its location to the rear of the commercial strip on Station Road, and limited visual or physical permeability to this facility restricts opportunities to incorporate this important piece of social infrastructure in the core of the centre.

- Possible erosion of catchment

The implications of the continual expansion of retail activities at the Moorabbin Airport need to be monitored with respect to implications being generated on the shopping choices of the catchment that has traditionally be served by the Southland/Cheltenham centre on the eastern side of the Nepean Highway.

10.8 Opportunities

The Cheltenham major activity centre is a well-located, vibrant, localised centre that contains a number of opportunities to change and grow in the future to strengthen its current position and role in Kingston.

The future role of Cheltenham will continue to be as a convenience retailing centre catering primarily for passing trade along Charman Road and local office workers. There may, however, be strong opportunities for the development of businesses catering for the needs of higher income professionals working locally as well as local households that are also expected to have higher disposable incomes.

Station Road will continue to offer opportunities for the provision of affordable retail/office accommodation for businesses and recent access improvements at its Nepean Highway junction should be capitalised upon.

The ability to support additional retail floorspace is limited by:

- The unavailability of development sites within the boundaries of the centre as defined by the railway crossing to the south and Park Road to the north; and
- Limited opportunities for expanding the role of the centre beyond that of convenience-related activities.

There are a number of opportunities to introduce higher-density mixed use development within, and on, the periphery of the retail core of the centre through the redevelopment of a number of sites including:

- Amos site (approximately 3,500 sq.m.) on the corner of Park Road and the Nepean Highway, currently zoned Business 3.

This site offers high exposure for potential office uses on the Nepean Highway frontage with residential development to the rear. The scale of any development will be determined by the level of demand for smaller strata offices, and alternative residential opportunities in nearby residential areas which will limit the level of sale prices that may be achieved. Improved opportunities to increase the role of Railway Parade could also be fostered through any redevelopment.

- Service station site (1250 sq.m.) corner Charman Road and Park Road, currently zoned Business 2.

This site is too small to support fuel retailing activities over the longer term and would be likely to be redeveloped for an alternative use when it reaches the end of its economic life. Contemporary fuel retailing generally requires high exposure sites of at least 2,000 sq.m. that allow the incorporation of convenience retailing. The potential may exist for this site to be redeveloped as a mixed use development comprising office/retail on the ground floor and upper level apartments.

- A number of under-utilised buildings which front Charman Road between the Nepean highway and Park Road.

Sites in this precinct include a conglomeration of former Council sites, a Telstra facility, community hall, all of which have the potential to create opportunities for appropriately scaled mixed use development.

Other redevelopment opportunities include:

- Council-owned sites adjacent to the Cheltenham Library in Stanley Avenue whereby a redevelopment proposal could facilitate a return to Council to provide for reinvestment and other urban design/open space renewal initiatives within the retail core of the activity centre to provide for broad community benefit;

- Various sites throughout the centre offer the opportunity for the development of apartments based on deep allotments and accessibility via side street and laneways and a general under-utilisation of sites by existing uses; and
- At grade railway car parking areas also provide opportunity for further mixed use redevelopment opportunities, provided existing commuter parking is able to be maintained.

10.8.1 Strategic Initiatives

Strategic initiatives should emphasise the opportunities for more intensive forms of mixed use development with a strong residential focus within the Cheltenham activity centre upon the identified development sites. Such development will also provide support for the convenience retailing role of the centre. Clearly a planning imperative for Cheltenham is to encourage the diversification of the existing retail economy by encouraging 'night' related trading activities to encourage greater expenditure by commuters and nearby residents. Opportunities to build on the role of the recently-opened 'Food Works' supermarket in Station Road to further complement the existing retail offer warrants exploration as part of structure planning.

A land use and planning policy assessment of the centre suggests the following strategic initiatives:

10.8.2 Facilitate an intensification of a mix of new uses within the centre over time.

There are a number of ways in which an intensification of uses within the centre can occur, including:

- Prioritising particular uses within the centre.

The need to increase the residential offer within a transit-based activity centre is a planning imperative that must be pursued at Cheltenham. As such, redevelopment opportunities or applications for multi-unit medium to higher density residential development within the centre should be prioritised by Council provided the development meets a number of standard planning tests.

Opportunities should be supported for 'shop-top' housing on Charman Road; for new higher-density residential at the rear of existing shops that front Station Road; and at locations to the edges of the existing centre. New residential uses could be accommodated within a number of formats and could be provided in the existing zoning framework that applies to the centre, by incorporating a vertical mix of uses whereby ground levels are activated and residential is provided above.

- Opportunities to facilitate a mix of uses through more appropriate zoning.

Some zoning in the centre prioritises business uses at the expense of other uses. There is a need to rethink this zoning to allow for more flexibility in the type of business-related and other uses that can exist within these areas.

The ribbon of B3Z land fronting Nepean Highway at the eastern edge of the centre primarily permits the development of office and manufacturing uses. Traditionally, this zone has been applied in areas where there is an expressed strategic need to encourage or facilitate particular uses. The continuation of this zone on this strip of land however is questionable given the strategic context of the centre, its current mix of uses and the availability of higher quality office and manufacturing locations in other parts of the City of Kingston.

Manufacturing is not considered an appropriate use in the long-term future of a major activity centre. This is not to say that the viability of existing businesses should be compromised through re-zoning, but rather that at the appropriate time Council should exercise discretion in re-zoning this land and discontinuing the potential for new manufacturing uses within this part of the centre.

In regard to office development, this use is still "appropriate", however the need to prioritise this use at the expense of a range of other uses is no longer deemed necessary.

As such, opportunities to rezone this land to a Business Zone that allows for more flexibility in terms of appropriate uses along this frontage should be considered.

- Rethinking existing zoning on particular sites to maximise development potential.

A number of sites within the centre have the potential to be redeveloped in the future. These opportunities should be facilitated through the re-zoning of this land. Two large parcels of B5Z land are located at the north-west edge of the centre on Park Road. This land currently represents a mixed use character, including business and residential uses, however is limited in terms of the intensification of development as a result of the provisions of the zone. A Mixed Use Zone (MUZ) is considered more appropriate for these sites in order to encourage a more intensive residential form of development in this location which is afforded to a high level of accessibility and amenity.

In addition, other opportunities for a more intense form of residential development throughout the centre should be maximised, and zoning should be re-thought to facilitate such if required.

10.8.3 Re-defining the ‘edges’ of the centre

The centre is well defined at most of its edges. It is unclear whether the northern edge of the centre needs rethinking in order to prevent a ‘bleeding’ of uses north to the Nepean Highway. The need for containment of uses at this edge is confused by the current mix of uses that are present in this location.

The southern edge of the centre however, beyond the railway line, expresses a higher need for definition. This fragmentation of the centre is problematic and currently there are limited physical or visual links connecting this area with the broader centre. Consideration of the appropriateness of B1Z land beyond the southern edge of the railway lane will need to be reviewed by Council and opportunities for alternate uses of this land in the future should be explored as part of this.

10.8.4 Facilitating better connections to social infrastructure

The Cheltenham activity centre accommodates a branch of the City of Kingston’s municipal library. The library is a fairly new building and provides a key community role for the residents in the area.

The library is currently poorly connected with the centre, due to its location behind the main business strip fronting Station Road. Visual and physical connections from Station Road to the library are limited as is signage directing people to this facility. There is a real need to make this facility more connected and accessible, and to visually ‘bring it in’ to the main component of the centre.

Strategic initiatives in the future should build on these opportunities and realise the propensity that the role of the library facility has to change.

10.9 Additional Considerations to Explore

Additional strategic considerations include:

- Opportunity for a strong commercial and higher density residential presence along Nepean Highway;
- Maximising the increased opportunities for scale change within the Cheltenham centre based on existing built form and limited constraints in intensifying activities when compared with some of Council’s other major activity centres;
- Consideration of the implications of the Bayside Industrial Strategy on the future development of the Cheltenham activity centre, and exploration of opportunities to strategically incorporate the proposed Bayside Employment Business Precinct into an expanded Cheltenham/Southland activity centre.

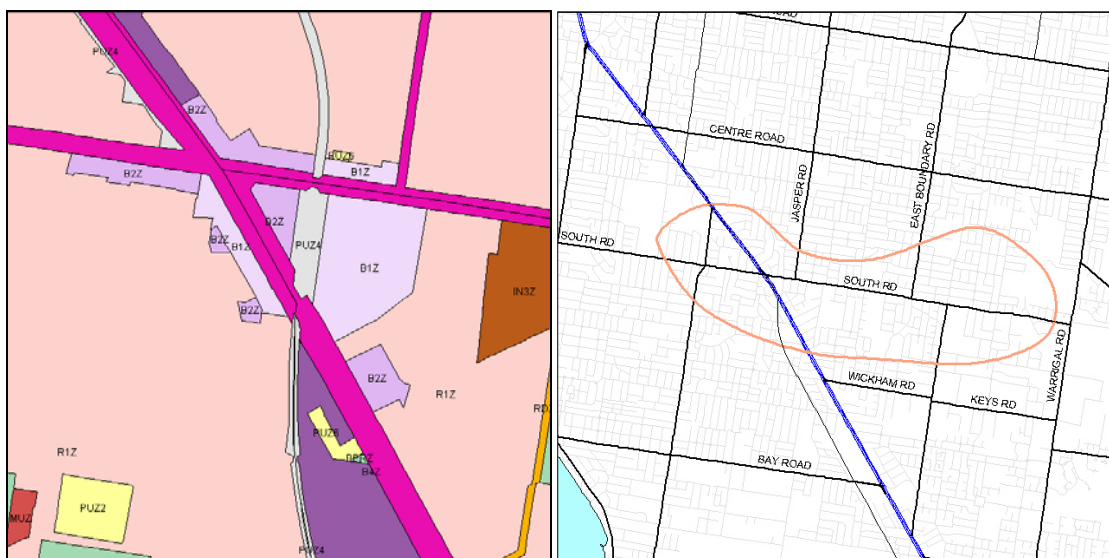
11. MOORABBIN ACTIVITY CENTRE MAC

11.1 Overview

The Moorabbin activity centre is located at the north-west tip of the City of Kingston. Under Melbourne 2030, the centre is designated as a major activity centre. The centre is shared between the municipalities of Bayside to the west and Glen Eira to the North.

The railway line fragments the centre, separating a large parcel of Business 2 Zone land from the centres retail core. The centre is further fragmented by Nepean Highway and South Road which act as significant physical constraints to integration throughout the Moorabbin centre. The strategy focuses on the Kingston component of the Moorabbin MAC, though recognises through structure planning that the broader role of the centre within Bayside and Glen Eira will require exploration.

Figure 27: Moorabbin Activity Centre Land Use Zoning and Estimated Catchment Area



11.2 Land Use: Retail

A full-line Safeway supermarket (3,500 sq.m.) accounts for the majority of retail activity with no supporting food retailing except for a Brumby's bakery. Other retailers include a newsagency and café. The catchment for the Safeway supermarket is estimated based on VATS data to extend generally along South Road to both the east and west. Competition from supermarkets is primarily from those in Centre Road, Bentleigh, and to lesser extent Sandringham, Hampton Street and Brighton (Church St).

The Safeway supermarket at Moorabbin appears to be trading strongly, reflecting a number of factors including:

- The relatively poor quality of supermarkets to the west;
- Good accessibility along South Road; and
- Availability of ample car parking both at grade and undercover.

Aside from Safeway, the centre contains a limited offer of additional food retailing. This is generally located to the west of Taylor Street, opposite Safeway, and to a lesser extent along the southern side of Central Avenue and the eastern side of Station Street. These strips are characterised by a single-storey building form. The generally poorly performing retail properties in Station Street are

characterised by deep allotments of approximately 37 metres. The rear of these properties is relatively under-utilised.

A large enclosed retail format is provided to the south of Central Avenue. This centre is called 'The Link' and contains 18 shopfronts, most of which are currently vacant.

Retailing along South Road and Station Street is represented by a mix of retail uses in single-storey buildings. This retailing has limited connection with the rest of the centre.

11.3 Land Use: Business and Commercial

Business uses are fragmented throughout the centre being characterised by:

- An under-utilised core activity centre area around Central Avenue;
- Other business areas are located to the south and north-west of the retail core in the Business 2 Zone;
- Business areas fronting the Nepean Highway including a potential redevelopment site in the form of a redundant office building; and
- To the north-west, beyond the railway line, the business area is defined by offices of a larger scale and building envelope. These buildings have limited connection with the rest of the centre due to the fragmentation created by the railway line. The Town Hall is also located in this area. Redevelopment opportunities are proposed in this area.

Moorabbin's commercial office precinct, in particular that contained within Kingston, primarily caters for businesses seeking affordable office accommodation. As a result, the tenancy mix reflects that of a relatively weak office precinct. This is a market response to the general age of office accommodation within the centre together with the inability of the market to support the level of available office space at levels that support ongoing refurbishment and investment. This has had a negative impact on the perception of Moorabbin as an office precinct which is difficult to circumvent without a major catalyst for change.

The redevelopment of the former Moorabbin Council offices for a mix of uses, including serviced and strata offices, may generate some impetus for a change in the general profile of the precinct and increased demand from higher quality tenants. The strategy for the redevelopment of the site is currently being reviewed by the MAB Corporation in its role of owner/developer.

11.4 Accessibility: Roads

Moorabbin has immediate access to two major arterials: South Road and the Nepean Highway. Accessibility to the centre, however, is difficult from the Nepean Highway due to the volume of traffic carried on this road. South Road provides for more direct access to the centre, however, it also carries heavy traffic.

The local road network in this area does not provide direct access to the centre from the immediate residential areas to the south or east. It is evident that the roads surrounding and intersecting the centre are largely used by non-residential traffic as a 'rat run' to access South Road or the Nepean Highway. In particular, Taylor Street provides convenient access to South Road and Jasper Road for motorists, while Station Street conveniently connects South Road to the Nepean Highway.

11.5 Accessibility: Public Transport

This centre is located on the Principal Public Transport Network (PPTN), with Moorabbin Station located to the west of the retail core of the centre. This station provides some car parking in the form of an at-grade car park that abuts the train line along the western side of Station Street. It is apparent that greater parking opportunities exist for commuters at other stations, perhaps indicating the potential to consider a mix of uses on the existing narrow car park land. Pedestrian access to the station is located at the southern end of Station Street and provides access to both platforms.

The station is poorly defined and demonstrates limited connection with the main retail core. The lack of pedestrian activity in Station Street, aside from commuter traffic, limits the attractiveness of this station for pedestrians outside of general retail hours.

11.6 Strengths and Weaknesses of the Centre

Moorabbin is a difficult centre in terms of its layout; permeability; connectivity between uses; and fragmentation of retail and business uses. Apart from the Safeway supermarket site, the centre as confined to Kingston has lost opportunities to recognise its potential in terms of land use mix and configuration.

In comparison to other major activity centres in Kingston, Moorabbin is currently presented by a lower amenity in terms of its physical and natural attributes; its high amount of vacancies and under-utilised buildings/sites within the activity centre and its level of through traffic.

Key strengths and weaknesses of the centre are:

- Supermarket anchored centre:

Moorabbin is anchored by a full line Safeway supermarket offering opportunities to expand food and associated retailing proximate to it. Such activities would be supported by improved accessibility to the centre via the Nepean Highway and South Road and relative abundance of parking facilities.

- Location on the PPTN:

The centre is located on the PPTN and is served by trains and buses. This provides an opportunity to intensify land use activity within, and on the periphery of, the centre.

- Redevelopment opportunities:

A number of key redevelopment sites exist at Moorabbin in the form of large under-utilised sites and buildings; and smaller development opportunities to the rear of existing lots; all of which are suitable for an intensification of development.

- Proximity to “destination-style” retailing:

The centre is in close proximity to bulky goods retailing fronting Nepean Highway, including Freedom Furniture and the Moorabbin Homemaker Centre, as well as the ‘outdoor/sports’ retailing precinct to the west of Nepean Highway in the City of Bayside. A substantial Harvey Norman tenancy is also located on South Road adding further to the large format retail offering of the area. The emergence of these forms of retailing precincts reflect the high exposure and accessibility offered by the Nepean Highway and South Road, as well as the strong propensity of the relatively affluent catchment population to consume discretionary goods.

- Moorabbin Arts Centre:

The existence of the Kingston Arts Centre and Kingston City Hall provides within Moorabbin a significant point of difference in relation to the accessibility of cultural facilities proximate to this centre.

Moorabbin is also characterised by a number of weaknesses that impact upon its role as a major activity centre including:

- High vacancies:

The centre contains a high proportion of vacant shops, particularly in and around the main retail core. Of note, the link shopping plaza to the south of Central Avenue contained 18 shops, the majority of which have been vacant for some period of time.

- 'Rat running':

Due to the configuration of the local street network and connections to major arterial roads and the Highway, opportunities for 'rat running' through the core of the centre are high.

- Fragmented land uses:

The centre is fragmented at its north-west edge by the railway line. The existing buildings fronting the Highway and South Road have no address to those in Station Street. There is a clear lack of identification of this area as part of the broader activity centre as a result of both limited visual and physical connections between these uses.

11.6.1 Future Commercial Opportunities and Constraints

An assessment of the existing mix of retail activities within Moorabbin indicates that opportunities may exist for:

- Additional food-related retailing to be incorporated into the centre to complement the existing full - line Safeway supermarket:

Such activities may include a non-franchised bakery, butcher, greengrocer, delicatessen, gourmet food specialities. Non-food retailing activities that may be explored include an additional newsagency, pharmacy etc. Sites that may potentially be redeveloped for retailing include the existing car wash fronting South Road and tyre retailing facility in Taylor Street. Both sites may also offer opportunities for a mixed-use development comprising ground floor retailing and higher density residential on upper levels.

- A café precinct to serve the needs of local office workers and shoppers:

In 2001, the ABS Census indicated that 2,500 people worked within the surrounding area bounded by Rowans Road, South Road and the railway line which included the Holmesglen TAFE. The potential for a hospitality component to the centre will be dependent on overall levels of retailing and commercial activity. At present, such offerings have been generally consolidated on the west side of the Nepean Highway, however, given the employment and accommodation potential on the eastern side, further consideration needs to be given to this matter.

- Higher density residential development on under-utilised sites:

Secondary retail/commercial premises along Station Street offer the opportunity for mixed use developments comprising ground floor retail/offices with upper level apartments. Encouragement should be given to the amalgamation of sites to allow a greater intensity of development. As already indicated, higher density mixed-use development may potentially occur on larger sites along Taylor Street and fronting South Road. Additional sites also include 1001 Nepean Highway (Tandy site) adjacent to the Moorabbin Town Hall and 'The Link' site to the north of the retail core.

A key factor influencing the scale of residential development will be prices for alternative housing options in adjacent residential areas. Current market conditions suggest that smaller scale developments of up to three levels may be feasible, although more intensive opportunities may emerge over the longer-term in the event that property values in Moorabbin increase. Council needs to be cautious in ensuring that land within the Moorabbin activity centre is not under-developed, thus jeopardising important medium-term planning objectives.

- Consolidation of bulky goods retailing along the Nepean Highway frontage:

The existing bulky goods precinct comprising Freedom Furniture and the Moorabbin Homemaker Centre represent a major attraction for visitors to Moorabbin. The opportunity may exist for an

expansion of this precinct through the amalgamation and redevelopment of sites to the north comprising Moorabbin Bowl, existing Council facilities and a number of smaller sites to the rear.

The strategic benefits of the resulting 16,000 sq.m. development site include:

- a) Wide frontage to the Nepean Highway;
- b) Location within an identified and planned bulky goods precinct;
- c) Strong catchment profile to attract future retailers and support the longer term sustainability of retailing in the centre;
- d) Proximity to public transport facilities and an existing activity centre; and
- e) Potential to consolidate the existing bulky goods retailing with outdoors retailers located in the strip retail centre to the north.

In order to preserve this opportunity, Council must ensure that land parcels outside this area which are less appropriate for large format retailing are not pursued.

- Recreational and Institutional Activity:

The opportunity may exist for increased utilisation of facilities at the Moorabbin Town Hall, thus assisting other business which are proximate to this large capacity facility. While activities at the Town Hall alone are unlikely to support the establishment of any new dedicated activities, they may contribute to the overall performance of hospitality related businesses that are already servicing the centre.

11.7 Strategic Initiatives

Future strategic initiatives to support the future development of Moorabbin as a major activity centre should recognise:

- The role of Moorabbin as a strategically significant centre for utilitarian shopping activities such as weekly food shopping and the potential for a further development based on the Safeway supermarket as a strategic anchor for the centre;
- A need to further consolidate activity within the boundaries of the existing centre through the redevelopment of under-utilised sites for a mix of uses;
- The position of Moorabbin in the commercial office market and its role in offering affordable office accommodation for smaller businesses; and
- The potential for the redevelopment of former Council offices by MAB Corporation to provide a catalyst for a revitalisation of the centre.

The competitive difference of Moorabbin when compared to other centres lies in the wide range of activities it encompasses, both now and potentially in the future. The diversity of uses is supported by its geographic position which, compared to other locations within Kingston, is relatively unimpeded by either Port Phillip Bay to the west or the green wedge to the east. Strong road connections via the Nepean Highway, South Road and Jasper Road support accessibility to the centre across Melbourne's south-eastern region.

11.7.1 Facilitate redevelopment opportunities

- MAB redevelopment site

The MAB redevelopment site to the west of the railway line, fronting South Road, to the rear of the existing town hall, should be facilitated through Council processes to ensure an expedient resolution to this site.

Any redevelopment on this site should create a new focus for this part of the centre and create a high level of visual and physical connections with the balance of the centre. Integration with the railway station should be encouraged to maximise opportunities to increase the public transport mode share.

- The 'Link'

Redevelopment of this site should be considered. Any redevelopment of this site should open up the centre as a more permeable and accessible space, and should create active street frontages. Incorporation of a defined outdoor community open space should be considered through any redevelopment, particularly to the south of the centre to integrate with redevelopment opportunities of buildings to the rear.

- New medium to higher density residential

Opportunities for new residential in a medium to higher density format should be considered at key locations – as part of major re-development sites as well as smaller sites. Sites between Station Street and Taylor Street should be explored for this type of development outcome, maximising use of the existing right of way access to the rear of Taylor Street.

11.7.2 Facilitate a mix of uses through more appropriate zoning

The centre is largely included in a B1Z which generally permits retail uses. Opportunities exist in the centre to rethink the use of the B1Z to encourage an intensification of a mix of activities within the retail core and create a more vibrant and active centre.

The B1Z land abutting the northern boundary of Safeway, fronting South Road, should be considered for rezoning to attract a higher and better use of these sites. Opportunities to rezone to a MUZ should be considered. Any redevelopment to occur on this land, in a MUZ, would be encouraged to provide a vertical mix of uses with an activation of the ground level. The development should establish strong connections with the rest of the centre through an integrated design and layout.

Rezoning of the business land fronting Central Avenue between Station Street and Taylor Street should be considered to reinforce this area as a core employment precinct for the centre. The current B1Z does not provide enough flexibility to grow this business area and an alternate zone should be considered as appropriate in this area in the future.

11.7.3 Activate the centre

The centre contains a number of 'dead zones' due to shop vacancies, lack of permeability in the centre and the current mix of activities. Opportunities to activate the centre should be explored, particularly in the following areas:

- Moorabbin Station

The station is poorly defined, has a limited address to the street, and is characterised as a low amenity environment. The design and access to the station need to be rethought to activate the station. Opportunities to encourage uses that incorporate a convenience/commuter function and are open 'after hours' in this area, particularly along Station Street, should be considered.

- Core retail area

The core retail area, around Safeway, needs to be reinforced by supportive retailing and active uses at ground level. Better connections in, and through, this area will support this activation.

11.7.4 Address circulation issues

'Rat running' through the centre is an issue that will need to be addressed through strategic initiatives in the future. Traffic circulation through the centre will need to be rethought to provide better management arrangements to deliver a higher amenity pedestrian environment.

11.7.5 Consolidate bulky goods retailing opportunities

The centre is in close proximity to the Moorabbin core bulky good retailing precinct on Nepean Highway. While developing better connections between these two centres may be difficult, there is a need to reinforce the role of this retailing as part of the broader Moorabbin activity centre.

Opportunities to consolidate bulky goods retailing around the Moorabbin Homemaker Centre, including the former Moorabbin Bowl site, and integrate it with the existing offer at Freedom etc are encouraged. This is within close proximity to the Moorabbin Station and should not, therefore, be considered 'out of centre' development. This precinct should be prioritised to be used for bulky goods should floorspace vacancies exist as a result of the reduction in floorspace within other core bulky goods precincts within Kingston.

Additional strategic opportunities in the future at this centre that could be explored include:

- Redevelopment over the railway lines, incorporating improved pedestrian access to the MAB redevelopment site; and
- Increase the prominence of the station from Nepean Highway.

11.8 Moorabbin Bowl Precinct – Planning Considerations

The Moorabbin Bowl Precinct is presently zoned Business 4, which is a zone specifically designed to accommodate bulky goods retail uses. The land forms part of an existing bulky goods retail precinct that extends south along the west side of the Nepean Highway.

The precinct is well-located in relation to the Moorabbin major activity centre and the Moorabbin Railway Station. Given these attributes, a planning argument can be raised that potential exists for higher intensity uses in the precinct than solely bulky goods retailing.

The abuttal of the site to the Highway and to the railway line at the rear, and its lack of abuttal to low-rise residential uses, suggest the potential for a higher building form.

Given the prominent role of restricted retailing along Nepean Highway and the identification of this precinct as a core location, there is benefit in retaining this site for restricted retail purposes, consistent with its current zoning. This would assist in further consolidating this form of activity in and around a larger residential catchment, close to the Moorabbin major activity centre and similar tenancies.

However, given that the potential exists for a greater building height on the site, the opportunity also exists for an innovative building form that might include commercial or residential components above a restricted retailing use. This would maximise the opportunity to both concentrate residents and employees close to the Moorabbin activity centre and station, as well consolidating restricted retail uses.

The preferred zoning to accommodate such an intent would be one in which Restricted Retail Premises are a Section 1 use and Office and Accommodation were Section 2 uses. The preference to achieve a restricted retail component in any redevelopment of the site, but with either offices or residential above, could then be managed by a policy in the Planning Scheme. No such zone exists. The existing Business 4 Zone allows offices as a discretionary use but prohibits residential. The zone that comes closest in intent is the Business 2 Zone, however the purpose of the zone does not reflect such a land use outcome. Policy would be required in the Planning Scheme to express a more appropriate intent for the redevelopment of this site. Consideration regarding the heritage significance of the Moorabbin Bowl must be recognised in future development changes within this precinct.

12. MENTONE, MAJOR ACTIVITY CENTRE (MAC)

12.1 Overview

Mentone is designated as a major activity centre under Melbourne 2030. The centre covers an area generally to the west of the Mentone Station and south of Balcombe Road to Venice Street.

The retail core of the centre is generally seen to be Como Parade with Balcombe Road serving a secondary retail function together with a number of business services established there. Car parking provision within the centre is generally good with abundant off-street car parking available. However, accessibility to the retail strip is limited to Florence Street and Brindisi Street, which may impact on the overall convenience of the centre.

The high amenity of this area represented by the low-scale, traditional main street style character of the centre combined with its proximity to uses such as regionally-significant schools, creates a role a focus for longer stay activities such as cafes and restaurants.

Mentone's primary role is to meet the weekly food and grocery needs of households across a well-established catchment area that extends across the Nepean Highway, north to Cheltenham and west to Beaumaris. In addition, it also offers a range of supporting speciality store and personal services but not a sufficient number within a retail category to allow comparison shopping.

Mentone experiences reasonably strong competition from the Concourse Shopping Centre in Beaumaris with respect to weekly food shopping, fresh food retailing and hospitality related activities (cafes and restaurants). The City of Bayside Retail Monitor (2002) indicated that 85% of visitors to the centre were undertaking their weekly food shopping up from 60% three years earlier. The independent supermarket that anchors the Concourse performs very strongly and is complemented by high-quality fresh food retailers.

Other competing centres include Thrift Park Shopping Centre located on the corner of the Nepean Highway and Lower Dandenong Road which is anchored by a small Safeway supermarket (2,300 sq.m.). It is believed that Woolworths is interested in expanding and refurbishing this centre in the future. Mordialloc shopping centre also provides effective competition for Mentone by offering a full-line Safeway supermarket. Mordialloc's supermarket catchment is estimated to extend northwards into Parkdale.

The surrounding area contains a large number of private schools which has the potential to influence the mix of retail activity within the centre, as well as the level of spending attracted from outside the centre's natural catchment area. The introduction of franchises such as Subway in Mentone act to illustrate the anticipated expenditure by the substantial local student population.

12.1.1 Future Demographic Change

Mentone is characterised by a relatively high proportion of the population in white-collar occupations with household incomes above that of other parts of Kingston. Despite this, median household incomes are comparable to the wider metropolitan area.

The population of the Mentone/Parkdale Planning Area is forecast by ID Consultants to increase by 3% over the period 2006-2011 which is consistent with the previous 5 year period. The proportion of people in the key 45-64 age group is forecast to increase slightly from 27% to 28% over 2006-2011, but will remain at that level over the next 5 years from 2011.

Median house prices within Mentone and Parkdale were \$426,750 and \$410,000 respectively in 2004, which is considerably above that of other areas of Kingston. This suggests that new residents moving into Mentone are more affluent and as a result potentially have higher propensity to purchase discretionary retail goods. This is anecdotally supported by the generally higher quality of retailing in Mentone. The recent establishment of an up-market greengrocer is reflective of higher income households in the area.

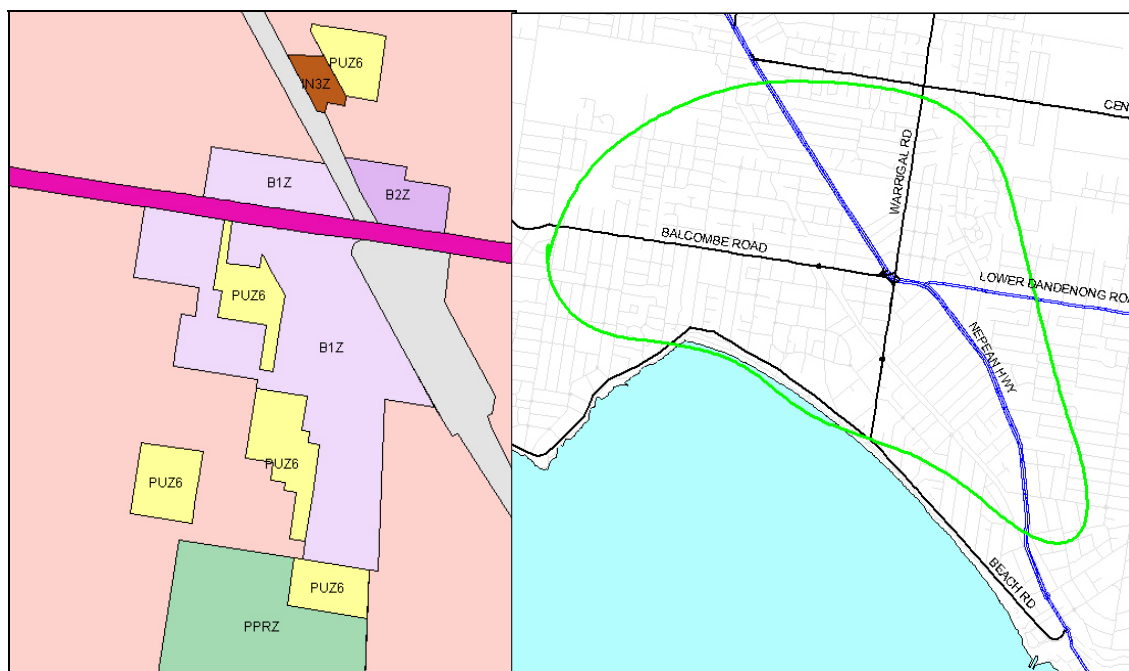
While demographic forecasts suggest that there is unlikely to be any significant impacts on retail activity in Mentone, anecdotally there appears to be an underlying level of affluence within the population that may drive the mix of retailing in Mentone in the future.

12.2 Land Use: Retail

The core retail area is located along Como Parade with Balcombe Road providing a secondary retail component. In general the railway line acts as a hard edge to the centre to the east, and effectively defines the edge of the retail (B1Z) area. Retailing generally consists of traditional utilitarian-style retailing together with a mix of restaurants and cafes. The retail uses generate active street frontages, in particular the cafes and restaurants.

There is limited evidence of retail uses providing clear, legible access or frontages to the at-grade car parking areas to the rear.

Figure 28: Mentone Activity Centre Land Use Zoning and Estimated Catchment Area



12.3 Land Use: Business and Commercial

Business and commercial uses are limited in the centre, and generally have a retailing component i.e. optometrists etc. A parcel of Business 2 Zone (B2Z) land is located to the north-east of the centre, fronting Balcombe Road, opposite the railway line. This land is largely fragmented from the centre as a result of the presence of the railway line as well as the main intersection at Balcombe Road and Como Parade. Currently this site is utilised by a mix of uses including a gymnasium.

The City of Kingston contains offices in the Mentone activity centre. These offices are located on the corner of Brindisi Street and Como Parade.

Land Use: other

The centre contains a number of outdoor recreation facilities such as sporting grounds, playground areas and a bowling club.

Accessibility: Roads

Mentone is highly accessible by car. The centre is accessible by key roads such as Balcombe Road and the Nepean Highway.

Vehicular circulation through the centre is difficult due to traffic volumes and the demand for on street parking as well as bus movements.

12.4 Accessibility: Public Transport

The centre is well-served by public transport. The Mentone Railway Station is located on what is effectively the eastern edge of the centre. This station serves a regional role in terms of connecting students to the various schools in the area, as well as connecting office commuters to the city. Train users are provided with commuter car parking to the east and south of the station.

A bus interchange is located on Como Parade, at the western frontage to the station. This provides opportunities for connection from rail to bus. The size and location of the bus waiting areas however contributes to congestion at the northern end of the Como Parade retail strip.

12.5 Strengths and Weaknesses

The Mentone major activity centre exhibits a number of strengths and weaknesses that will influence the propensity for this centre to change in the future. The following key strengths and weaknesses of the centre have been identified:

12.5.1 Strengths

- Location:

The Mentone activity centre is located in a high amenity area that is characterised by its low scale traditional built form, local heritage value, its proximity to regionally-significant public and private school education, and its proximity to the bay.

- Traditional main street centre:

This main street based centre offers an outdoor shopping experience that differs from nearby Southland. The open network of streets and laneways that run through the centre provide a positive pedestrian environment and high level of both visual and physical permeability.

- Retail mix:

The centre offers a strong retail mix for local convenience retailing and business and personal services. The centre is anchored by two supermarkets (Coles and Safeway).

- Neighbourhood Focus:

The centre provides a neighbourhood focus for local residents – commuters, shoppers, students etc. The provision of seating and high amenity public spaces, enhance the appeal of the centre for the local community.

- PPTN:

Mentone is located on the PPTN and is served by buses and trains at Mentone Station. An integrated modal interchange is provided in front of the station on Como Parade West which provides a high level of accessibility and connectivity for commuters in and out of this centre.

- Schools:

The extremely high concentration of education facilities around the activity centre ensures a high concentration of users, particularly around morning and afternoon peak periods. This influx of people has provided benefits in relation to sustaining and diversifying the existing retail mix.

12.5.2 Weaknesses

- 'Backs' to car park:

There is a general lack of responsiveness from retail and business uses to the large at-grade car park to the rear of the centre. Limited evidence of 'double fronted' retail exists.

- Permeability:

Permeability through at-grade car park to the rear of the centre is poor. The layout of the car park is confusing and creates an unsafe environment for pedestrians.

- Traffic circulation:

The current circulation patterns through the centre encourage vehicle movements around the edges of the centre. This creates situations whereby vehicles are stopping along main circulation routes and creating impediments to traffic flow.

- Location of bus stop

The integration of the bus and rail at this centre is a positive element, however, the current layout and provision of space for the bus stopping bays are limited and spill over onto Como Parade West is common. This situation impacts on traffic flow and ease of bus movements through this area.

12.5.3 Future Opportunities and Constraints

An initial assessment of food retailing expenditure in the Mentone shopping centre catchment, which is reflected by the boundaries of the suburb of Mentone, suggests that the total supermarket floorspace that may be supported by the two major supermarket chains is in the order of 4,250 sq.m. This is consistent with that which is currently provided within the centre. The ability to support an additional attractor such as a smaller Aldi supermarket within the centre is restricted by a reliance on extensive catchment areas and the proximity of Mentone to Port Phillip Bay and an existing store at Moorabbin Airport (2.5 km north east).

The strongest retailing opportunities for Mentone shopping centre are likely to be found in diversifying the food retailing offer into 'lifestyle' related product lines such as gourmet fresh food. Mentone is expected to attract an increasing number of higher income households, reflecting a growing preference for bayside locations over the past decade. A failure to meet the needs of this demographic group may result in centres such as Beaumaris Concourse capturing expenditure from within Mentone's catchment area.

The centre benefits from a 'dumbbell' retail layout with Safeway and Coles located at opposite ends of the centre. In the past, the centre suffered during periods when the existing Coles supermarket was not occupied. The future vitality of the centre is therefore reliant upon maintaining the operation of both these supermarkets.

The opportunities for establishing higher-order discretionary retailing in Mentone is limited by its proximity to Southland Shopping Centre. This restricts Mentone's ability to establish a critical mass of retailers within a particular retail category in order to offer comparison shopping opportunities for shoppers. As a result, retailing associated with clothing, homewares etc. will be typically associated with generic products consistent with the 'utilitarian' role of the centre.

While cafe/restaurant activities are consistent with higher income households, the encouragement of these should recognise the need to separate daytime and night time activities into separate precincts in order to maximise the overall vibrancy of the centre.

Opportunities for increasing the level of residential development within the local area include the following potential development sites:

- Mentone Bowling Club site (5,177 sq.m.); and
- Le Gym Site (4,779 sq.m.);

12.5.4 Strategic Initiatives

The future role of the Mentone activity centre should emphasise:

- Its primary role as a weekly food shopping destination and utilitarian retailing in general;
- Capturing an increasing share of the "lifestyle" related food retailing market i.e. gourmet food etc; and
- The village amenity and community focus of Mentone in order to differentiate it from competing centres such as Thrift Park Shopping Centre and Southland.

Retail activities should be contained within the existing Business 1 Zone, while unrelated business services activities should be encouraged to relocate to purpose-built office accommodation that may be constructed as part of any mixed used development on either the Mentone Bowling Club or Le Gym sites. While there is no apparent demand for office accommodation in Mentone, developers generally include office (or retail space) in multi-level residential developments in order to avoid ground floor apartments where possible.

12.5.5 Facilitate redevelopment opportunities

Opportunities to redevelop under-utilised or redundant sites in key locations in the centre should be prioritised and facilitated through Council processes.

- Le Gym Site:

The Le Gym Site is located in a B2Z on the corner of Balcombe Road and Swanston Street. Opportunities for the redevelopment of this site should be facilitated to deliver a higher and better use at this site. Redevelopment of this site for higher density residential with a mix of some active ground floor uses should be encouraged to support the goals of urban consolidation policies and Melbourne 2030.

- Mentone Bowling Club:

The Mentone Bowling Club also presents as a key redevelopment opportunity. The site is currently under-utilised and could also be redeveloped for medium to higher density development. The consolidation of residential uses in this area, including both the Le Gym Site and the Bowls Club, would provide an intensification of residents in close walking distance of shopping, recreation, business and public transport opportunities.

Residential uses should be prioritised on these sites. Rezoning these sites to a MUZ is considered an appropriate response provided that this did not facilitate an extensive retail or industrial role.

- At grade Car parking

Substantial at-grade car parking areas exist within the Mentone Shopping Centre. Opportunity exists to utilise much of this land to create a mix of uses whilst maintaining the existing supply of car parking which services the retail centre. Given the intensity of development around the Mentone activity centre, the area potentially provides some opportunity to increase the residential population without impacting on established residential areas.

12.6 Additional Considerations to Explore

Additional strategic opportunities that could be explored at this centre in the future include:

- Opportunities for corridors of medium density housing along Balcombe Road east to Nepean Highway, and also along Swanston St north to the Nepean Highway;
- Improving rear interfaces with ground level car parks;
- Seeking to create increased connectivity between the redevelopment of the Nylex site for both commercial and residential uses and the Mentone activity centre; and
- Redevelopment of ground level car parks for mixed use development.

13. MORDIALLOC, MAJOR ACTIVITY CENTRE (MAC)

13.1 Overview

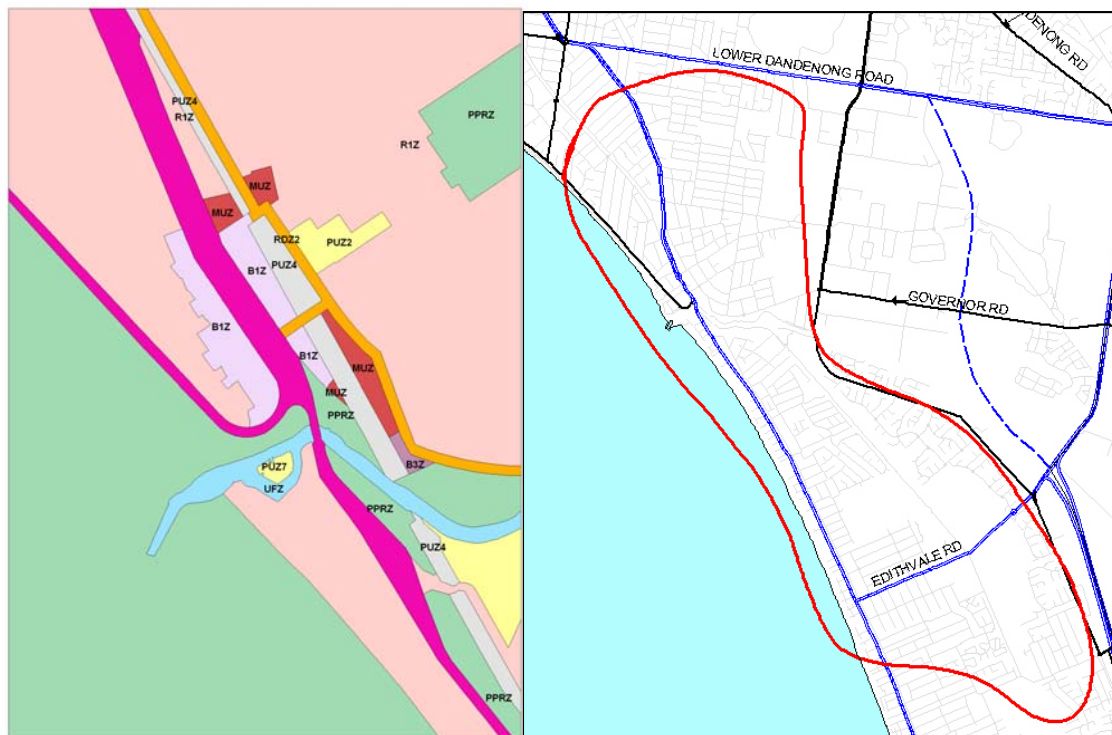
Mordialloc is designated as a major activity centre by Melbourne 2030. In response to the requirements of Melbourne 2030, the Mordialloc Pride of the Bay Structure Plan has been prepared.

The centre has evolved as a traditional high street strip shopping centre based around the Nepean Highway (Main Street), with retail and commercial uses spilling over both sides of the highway from Epsom Road to the Mordialloc Creek. Despite various landscaping and road treatments, the highway still generally presents as a barrier to pedestrian permeability across the centre.

The centre is rich in natural assets, located adjacent to the Mordialloc Creek and within close proximity to the bay and foreshore reserves. In general, the centre is yet to fully maximise the opportunities that these natural assets present.

The centre is highly accessible as it is located on the Nepean Highway and adjacent Beach Road, both popular north-south arterials. Both roads feed into the city to the north and the Nepean Highway extends south from Mordialloc to Frankston and the Mornington Peninsula. The centre is also served by public transport with the Mordialloc Railway Station located on the north-east side of the Nepean Highway, to the rear of the retail strip.

Figure 29: Mordialloc Activity Centre Land Use Zoning and Estimated Catchment Area



Mordialloc currently services a wide catchment area that generally extends south to Edithvale, North to Parkdale and east to Keysborough South. The extensiveness of this catchment area reflects a general under-provision of suitable supermarket facilities within the wider region.

The centre's catchment is likely to be reduced in the future in response to:

- Proposed development of a 2,800 sq.m. Safeway supermarket at Chelsea;
- An application to develop a 3,000 sq.m. Coles supermarket at Patterson Lakes;

- Proposed expansion of retail activities at the Moorabbin Airport;
- Recommended development of a full-line supermarket within the Keysborough South area; and
- Proposed extension and refurbishment of the Thrift Park Safeway Supermarket.

The Mordialloc Structure Plan⁶ has identified Mordialloc's role as being that of a large community centre based on retail floorspace provision, mix and range of associated facilities and services. The key retail anchor in Mordialloc is the full-line Safeway supermarket (3,800 sq.m.) with a limited range of supporting speciality food retailers also established in the centre.

The centre also has a number of speciality goods retailers including music, recreational goods, clothing etc., although given that there is not a sufficient number of retailers in each group to allow comparison shopping, the focus of these retailers is generally impulse purchases rather than dedicated shopping trips.

The role of Mordialloc may be described as being primarily utilitarian retailing with an emerging element of lifestyle related retailing at the southern end of the centre. The latter refers to activities such as cafes and other hospitality related activities as well as those associated with retailers such as the Mordy Surf Centre which draws visitors from a wider catchment area.

13.1.1 Future Demographic Change

Retailing activity within Mordialloc will mainly reflect demographic changes occurring in the suburbs of Mordialloc, Parkdale and Aspendale. The population of these suburbs is forecast to increase by 2.4% over the period 2006-2011, and a further 2% over the next five year period.

The population of the key 45-64 age group is forecast to continue to increase as a proportion of the total population from 22.4% in 2001 to 23.8% in 2006, 25.3% in 2011 and 26.4% by 2011. There is also the potential for increased gentrification of the area as purchasers priced out of Mentone and Parkdale move further south. Both of these factors are expected to improve the income profile of households within this centre's catchment, resulting in increased support for discretionary retailing.

13.2 Land Use: Retail

The centre is highly fragmented as a result of its historical evolution as a traditional main street shopping strip along the Nepean Highway. The bay side of the Highway supports a greater proportion of retailing, including Safeway, provides a large proportion of the centre's public car parking and has a greater connection to activity-generating uses such as the beach, foreshore reserves and the creek. As a result, this part of the centre is presently more vibrant and active than the other side of the Highway.

Currently there are limited examples of retail uses maximising on the physical and natural attributes of this centre. Mordy Surf Centre is a good example of an established and recognisable retailer in this area that has a connection with the beach setting and marine history of Mordialloc.

13.3 Land Use: Business and Commercial

Business and commercial uses in the centre are located throughout the core retail spines and are zoned B1Z. Largely these uses are small scale, service-based uses.

The Mordialloc Hotel and Doyles restaurant are located on the southern periphery of the centre, abutting the Nepean Highway and the Mordialloc Creek. These uses are located in the Residential 1 Zone. These uses take advantage of the physical attributes of this area with outdoor dining opportunities provided overlooking the Mordialloc Creek and boating precinct.

A large parcel of land abutting the railway line to the south-east edge of the centre is located in a Mixed Use Zone (MUZ). This land is currently being used for manufacturing purposes.

⁶ Kingston City Council, Pride of the Bay: A Plan for the Future of Mordialloc

Council has recently exhibited a Planning Scheme Amendment which seeks to introduce the Mixed Use Zone along the Centreway and around the Beach Road arc to encourage a greater range of uses beyond those encouraged through a Residential 1 Zone.

13.4 Land Use: Other

Significant open space is provided around the edges of the centre. Public Park and Recreation Zones (PPRZ) define the southern edge of the centre, abutting both sides of the Highway, as well as to the west of beach road abutting the beach.

Despite the abundant open space opportunities and key natural features of the area, the centre has generally not been able to capitalise on such. The PPRZ land to the south-east edge of the centre, abutting the railway line and the Highway, has a poor sense of identity and is not integrated within the centre. Uses that access views to the foreshore reserves and beach and activate the eastern side of Beach Road have not been taken up. The Pride of the Bay Structure Plan suggests methods to further enhance these areas.

Car parking in the centre is provided for commuters adjacent to the railway station. Parking for shoppers is provided on-street in service lanes abutting the retail strips on the Highway; as well as in the form of at-grade parking to the rear of retail on the bay side of the centre.

The on-street parking provided in service lanes is not only convenient for shoppers, but also acts as a mechanism to buffer these uses and activity from the Main Street. The at-grade parking in the centre is focussed to the rear of retail uses. A large proportion of this parking is associated with Safeway. The provision of at-grade parking in these locations fragments opportunities for a consolidation of activities in this area extending down to Beach Road.

13.5 Accessibility: Roads

The centre is located on the Nepean Highway (Main Street) and is accessible from Beach Road and Bear Street to the east. The Nepean Highway carries a high proportion of vehicle traffic throughout the day and acts as a barrier to the permeability of the centre for pedestrians. Recent road management works and landscaping treatments have acted to manage the traffic through the centre better and soften this barrier. The Mordialloc Structure Plan provides further detail about additional works to be undertaken in regard to the Highway.

13.6 Accessibility: Public Transport

The centre is served by train and bus. The Mordialloc Station is located to the north-east side of the Highway, behind the retail strip. Commuter car parking is largely provided to the east of the station. The station is disconnected from the core retail and commercial area of Mordialloc and opportunities exist within the Structure Plan to better connect the rail environment with the centre and more broadly the bay.

The main bus stop in the centre is located on the Centre Way, directly abutting the Safeway car park. The location of this bus stop should be reconsidered to be better linked with the station and to more appropriately manage traffic on this road.

13.7 Strengths and Weaknesses

A range of strengths and weaknesses related to the Mordialloc activity centre have been identified and are documented as follows:

13.7.1 Strengths:

- Location

Mordialloc is one of Kingston's activity centres that benefits from a unique range of natural environmental features, including the Bay beach; foreshore reserve; and Mordialloc Creek. These uses are supported by a regional cycling and walking network and water-based sports and recreation opportunities in this area.

- Lifestyle and heritage:

The centre contains reminders of the historic maritime past of Mordialloc in the form of boat building companies and reinforces its connections with the water through recreational boating opportunities based at Mordialloc Creek. The water and outdoor lifestyle theme is reinforced by the Mordy Surf Centre, which has a regional pull, and also through opportunities for waterside dining at Doyles.

The heritage aspects of Mordialloc's past are represented in a number of forms throughout the centre.

- Redevelopment sites:

Some opportunities for redevelopment exist in the centre, particularly on larger under-utilised sites on the centre's periphery.

- Height controls:

As a result of the recent introduction of interim planning controls, the Mordialloc activity centre is now covered by a schedule to the Design and Development Overlay that establishes desired built form outcomes within the centre which reflect the work carried out in the Structure Plan. The intention of the Overlay is to preserve the coastal village feel of Mordialloc. The residential perimeter of the activity centre in close proximity to the foreshore is covered by Schedule 1 to the Design and Development Overlay which restricts development to two (2) storeys.

- PPTN:

Mordialloc is located on the PPTN and is well served by the train and buses. The relationship the PPTN has with the foreshore in Mordialloc is something which can be further capitalised on.

13.7.2 Weaknesses:

- Fragmentation of centre:

Despite the prime location of the activity centre, the core retail and commercial component of the centre is fragmented by the Nepean Highway. Pedestrian activity and connectivity between uses across the centre is limited as a result. The Structure Plan suggests mechanisms to resolve this.

- Edge of B1Z land:

The B1Z on the bay side of the Nepean Highway does not extend all the way through to Beach Road. A Residential 1 Zone fronts the beach, abutting the edge of the B1Z. This zoning structure does not provide opportunities to enhance or reinforce the activity centre at its bay side edge and maximise proximity to the key natural features in the area. Council's recent efforts through its Amendment to introduce a Mixed Use Zone as a transitional zone between the core business areas and the foreshore is supported.

13.8 Opportunities

Of all the centres in Kingston, Mordialloc presents the greatest opportunity for change within a unique beachside environment. From the land use and planning policy analysis, the following opportunities for change were identified:

13.8.1 Facilitate redevelopment opportunities

In accordance with DDO9 of the Kingston Planning Scheme, the Council, in co-ordination with land owners, should facilitate the redevelopment of a parcel of land abutting the railway line to the east of the centre defined as: 2 and 4 Bear Street, 2 Park Street and 76 Albert Street, Mordialloc. Further considerations regarding the potential to accommodate a larger retail attractor on this site are discussed below.

The Structure Plan also identifies the large site on the south west corner of Epsom Road and Main Street as a key future redevelopment opportunity. It is most important that the land use mix and scale of development on this site provides for a suitable gateway into the Mordialloc activity centre.

13.8.2 Facilitate 'lifestyle development'

Mordialloc has standout physical attributes that are currently not being maximised. The investigation of 'lifestyle development' is encouraged throughout the bayside component of the centre;

- Beach Road frontage:

Land fronting Beach Road between the Centre Way and the Mordialloc Creek should be encouraged to be redeveloped as a lifestyle or tourist focus of the centre. Currently, there are limited opportunities that build on the bayside location of the centre.

Opportunities to redevelop this area and reconsider the current planning provisions relating to this area should be investigated as a means of building the regional bayside focus of this centre.

- Tourism:

Tourism opportunities related to 'lifestyle' activities should be encouraged in Mordialloc. The existing water side dining offer at Doyles, a metropolitan wide recognised restaurant, should be strengthened through the development of more long stay eating, dining and drinking experiences at Mordialloc. Opportunities to consolidate such a precinct around the water, adjacent to the creek or with views to the bay should be maximised.

Encouraging a consolidation of outdoor retailing such as bike shops, camping stores, etc. to link in with the Mordy Surf Centre should also be encouraged to build on the lifestyle focus of the centre and create a niche focus for the activity centre in the future.

- Parklands:

Building better recreation opportunities at the existing public park to the east of the Highway, and developing defined and legible connections through this park to the creek and beach should be explored.

- Cycling

The increase in popularity of recreational on and off-road cycling along Melbourne's foreshore trails and road networks makes Mordialloc ideally suited to benefit from bike-related localised tourism. Opportunities to encourage recreational cyclists of all levels to use the retail and entertainment facilities should be further capitalised on.

13.9 Development of Additional Supermarket Floorspace

The existing Safeway supermarket in Mordialloc performs strongly based on the extent of its catchment area, and limited competition within the wider area. An assessment of the potential for the development of an additional supermarket on the former timber yard site (corner Bear and Albert streets) has been made based on:

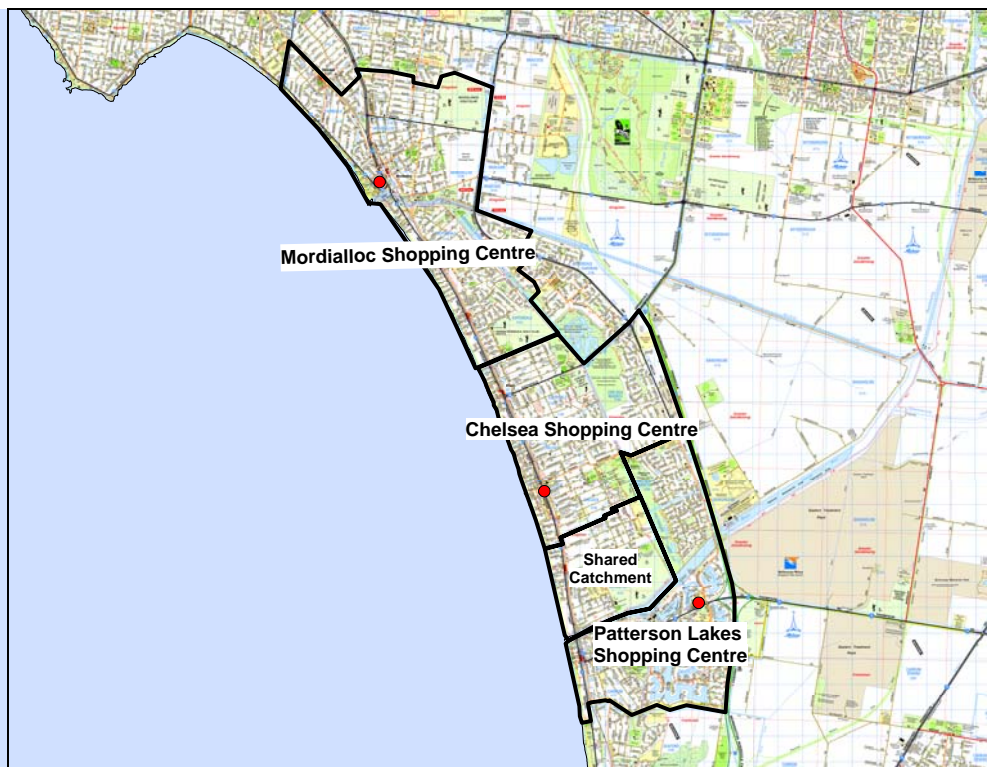
- Longer-term supportability of supermarket floorspace within Mordialloc; and
- Ability to physically develop a supermarket on the site.

The longer-term catchment area for supermarkets operating within Mordialloc has been defined as shown in Figure 30 below. The catchment has been based on the assumption that proposed supermarkets at Patterson Lakes, Chelsea and Keysborough South are developed and the existing Safeway supermarket at Thrift Park is refurbished.

A preliminary assessment of the site suggests that a supermarket of 2,000 sq.m. and supporting speciality retail premises may be physically accommodated. The opportunity may also exist for VicTrack land to be acquired to better accommodate the development. A key consideration is ensuring that the benefit derived from a significant retail attractor on the subject land would derive sufficient benefit beyond this site for the retailers existing on the eastern side of Main Street. Key considerations with respect to entry points to any future retail element and pedestrian linkages back to Main Street require close consideration.

Council needs to carefully consider the implications of introducing a supermarket onto this site which exceeds 2,000sqm in relation to the redistribution of expenditure that may occur within the Mordialloc Centre and the available catchment to support such a proposal if other supermarket projects are advanced in surrounding centres.

Figure 30: Kingston's Southern Area - Longer-Term Supermarket Catchment Areas



13.10 Additional Considerations to Explore

Additional strategic opportunities that could be explored at this centre in the future include:

- The unique opportunity provided to transform the centre into a 'true' coastal village due to its location adjacent to the bay, Mordialloc Creek as well as the strength of the main street boulevard;
- Opportunities to establish a greater variety of appropriately scaled new residential development that supports a stronger tourist/accommodation role for the centre;
- The potential of the Beach Road frontage and streets linking it with Main Street (Owen Street and Centre Way) for redevelopment incorporating well-designed coastal style buildings with tourist retail and related commercial activities at ground level and residential/tourist accommodation above.
- Opportunities generated to further foster physical linkages into Mordialloc for both pedestrians and cyclists

14. CHELSEA, MAJOR ACTIVITY CENTRE (MAC)

14.1 Overview

Chelsea is designated as a major activity centre by Melbourne 2030. The Chelsea activity centre is a traditional retail shopping strip based along the Nepean Highway. The centre abuts the bay side of the Highway and is characterised by convenience retailing.

The length of the centre is accentuated by the lack of separation in building form and limited opportunities for permeability through the centre to the abutting residential uses and the bay.

The bay side component of the Chelsea major activity centre is covered by DDO1 and DDO7 of the City of Kingston Planning Scheme.

Chelsea's role is currently limited by an inadequate Safeway supermarket which does not enable local households to undertake their weekly food shopping at this centre. As a result, there is considerable potential for the performance of this centre to be improved in the event that the proposed redevelopment of the Safeway supermarket proceeds.

The current role of the centre is primarily that of a convenience centre with any enhancement of this dependent on whether the proposed Safeway supermarket redevelopment proceeds. In the event that the development proceeds, the centre will take on a utilitarian role.

Despite the absence of an effective supermarket offer, Chelsea performs particularly well with no observed vacancies within the core retail strip. Further south there are a number of small collections of retail premises that are particularly marginal in terms of existing tenants and longer-term sustainability.

The existing tenancy mix of the centre reflects in part the socio-economic profile of the local area with household incomes noticeably below that of other areas of Kingston. As a result, there are a number of \$2 shops and other budget retailers. Despite this, the centre offers a sense of vibrancy which is generally not found in centres of this size that are not anchored by an effective supermarket.

It had been suggested that the length of the retail strip may be too long and that a shortening of its length through allowing residential development on the periphery would improve its performance. The assumption upon which this is based is that through reducing the supply of retail floorspace, rents and capital values would improve, thereby increasing the level of investment in the remaining retail premises.

There are a number of issues that need to be considered before taking such measures. These are:

- The length of the retail strip is estimated to be approximately 700 metres which is consistent with the street frontage of other major activity centres such as Mordialloc and Mentone;
- The convenience of the centre for shoppers may be enhanced through encouraging precincts within the centre whilst still recognising the dependency of some retailers on passing pedestrian traffic; and
- Reducing the length of the strip would in itself not increase the value of retail premises, as retail rents are determined by the turnover levels of retailers.

For retailers of staple retail goods (supermarkets, speciality food retailers, pharmacies etc.) occupancy costs are approximately 2-4% of turnover, discretionary retailers (clothing, newsagents, liquor store) 4-8% of turnover, while hospitality and personal services (restaurants, takeaway food, hairdressers, optometrists etc.) can afford 8-14% of turnover to be allocated to occupancy costs.

In order for rental levels to be increased, there is a requirement for retail turnover levels within a centre to be increased. Therefore, the focus needs to be on increasing the demand for retail premises by improving the overall trading performance of the centre rather than reducing the supply of retail floorspace. Shortening the length of the Chelsea shopping centre may improve its trading performance if it concentrates activity within a core retail precinct, creates vitality and attracts a greater number of visitors, which then increases the turnover levels of individual retailers.

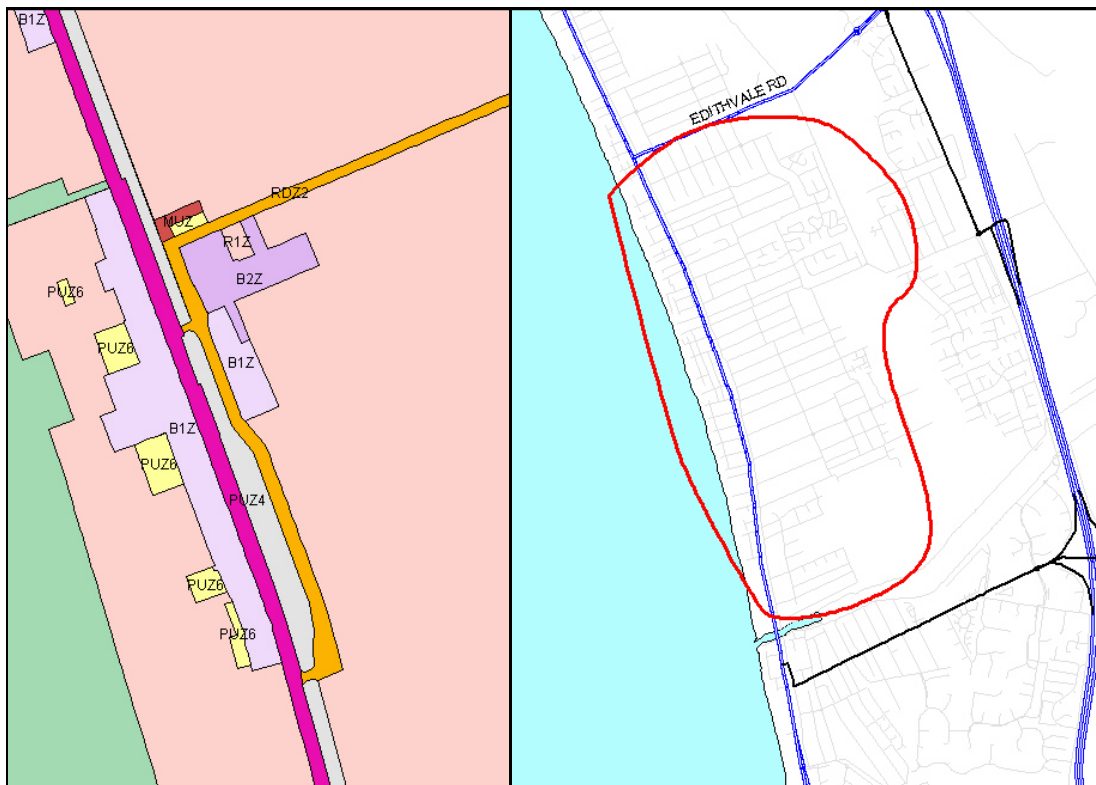
14.1.1 Future Demographic Change

The combined population of those suburbs from which Chelsea attracts the majority of its visitors (Chelsea, Chelsea Heights and Bonbeach) is forecast to grow by only 1% over the period 2006-2011, and by only 0.4% over the following five year period. This slow rate of population growth implies changes in the profile of the catchment population and their associated spending capacity may have the greatest influence on future retail activity in Chelsea.

As already indicated, household incomes in Chelsea's catchment are noticeably lower than that of other centres. During the recent upswing in the residential property market (1998-2003), both Chelsea and Carrum experienced stronger growth in median property values than other areas in Kingston and the wider metropolitan area. This suggests that there may have been some upward movement in household incomes over this period relative to these other areas. Growing awareness of the lifestyle opportunities offered by Chelsea's bayside location is expected to result in a continuing gentrification of Chelsea and adjacent bayside suburbs, resulting in an inflow of higher income households with greater propensity to purchase retail goods.

The proportion of Chelsea's catchment population within the key 45-64 age group is estimated by ID Consultants to have increased strongly from 23.5% to 26.9% over 2001-2006. This proportion is forecast to continue to increase, reaching 28.6% by 2011 where it will stabilise. This growth may also provide support for discretionary retail activity over the short-medium term.

Figure 31: Chelsea Activity Centre Land use Zoning and Catchment Map



14.2 Land Use: Retail

Retail uses within the centre are largely consolidated into a linear retail strip along the bay side of the Nepean Highway. These uses are mixed, with Safeway acting as the anchor and key retail focus for the centre. There is limited evidence of retail uses along this spine connecting with, or responding to, the at-grade car parking areas to the rear.

14.3 Land Use: Business and Commercial

Business and commercial uses are limited in this centre and generally are associated with a retail function. A parcel of Business 2 Zoned land to the north-east edge of the centre, abutting the railway line, provides opportunities for office development within the centre though this area has not historically performed this role.

14.4 Land Use: Other

At-grade car parking is a key land use in this centre, generally extending along the whole length of the centre to the rear of the shops. Redundant buildings are located in a small portion of B1Z land at the northern edge of the existing car park. There is limited evidence of retail premises providing a rear address or access to the car park.

14.5 Accessibility: Roads

The centre is located on the Nepean Highway. As a result the centre is heavily trafficked. Thames Promenade provides primary access to the centre from the east.

14.6 Accessibility: Public Transport

Chelsea station is located opposite the main retail spine, abutting the Nepean Highway. Pedestrian access to the station from the centre is available across the Highway. Commuter car parking is located to the east of the railway line. An underpass facility provides access for commuters from this car park to the station.

14.7 Strengths and Weaknesses

Chelsea exhibits a number of strengths and weaknesses that will influence opportunities for change in the centre in the future. These include:

14.7.1 Strengths

- Location:

Chelsea is in close proximity to the beach and is located in a transitional residential area. The demand for bayside living has spread to Chelsea where there is evidence of residential redevelopment from traditional detached housing to high-end luxury housing with views to the water.

- PPTN:

Chelsea is located on the PPTN and is served by rail at the Chelsea train station. Buses also service the centre.

- Neighbourhood role:

Chelsea provides a local, convenience shopping role for the local community. The local community is highly supportive of the centre as is evidenced by the vibrant, activated street at the centre. The distance to other activity centres also reinforces the importance of Chelsea as a local convenience centre.

- Civic and Community Facilities

Chelsea acts as a southern hub within the municipality to provide a large diversity of community support related services including a library, customer service centre, neighbourhood house, community health centre etc and these facilities should be recognised as important components of the mix of uses within this centre.

14.7.2 Weaknesses

- Physical barriers:

The Nepean Highway and train line present significant physical barriers to accessing the centre from the east, particularly for pedestrians and cyclists.

- Permeability:

The permeability of the centre is poor due to the length of the centre and lack of separation between shops. In addition, opportunities to access the centre (through shops) from the rear car parking area are limited.

- Planning controls:

DDO1 and DDO7 cover land on the bay side of the Highway at Chelsea, including the centre. DDO1 limits the height of buildings to a maximum of 2 stories. DDO1 and DDO7 also contain rigid design objectives for new developments. Combined, these two controls may limit opportunities for change and investment in the future.

14.8 Opportunities

14.8.1 Future Opportunities and Constraints

The greatest opportunity for improving the retail performance of the Chelsea Shopping Centre lies with the redevelopment of the existing Safeway supermarket. This development will act to reduce the level of escape expenditure from within the centre's natural catchment, increase turnover levels for those retailers with synergies with supermarkets such as fresh food retailers, newsagencies etc. In addition, through increasing the number of visitors to the centre, the opportunity exists for other retailers to increase turnover levels. The resulting impact will be that the centre will take on a greater utilitarian role.

Increasing household incomes associated with the continued gentrification of the surrounding area is expected to increase demand for discretionary retail goods and services. This may include increasing demand for clothing retailers, bookshops, cafes and restaurants.

The potential for increased retail activity associated with the proposed supermarket redevelopment and increasing household incomes indicates that the existing level of retail floorspace should be retained.

There are likely to be strong opportunities for further development of low scale shop-top housing within the centre consistent with the continued gentrification of the area. The opportunities for increasing residential development may be maximised by encouraging the amalgamation of sites in order to increase the intensity of development and achieve economies of scale in the provision of car parking etc. Opportunities through greater levels of housing within the centre to improve the levels of safety and use of the centre at night provide a further basis for encouraging shop-top housing.

14.8.2 Strategic Initiatives

Recommended initiatives include:

- Encouraging the redevelopment of the existing Safeway supermarket;
- Establishing identifiable precincts within the centre through urban design and landscaping initiatives;
- Encouraging discretionary/lifestyle retailing as opportunities are presented; and
- Identifying examples of shop-top housing that have been successfully incorporated into retail centres to encourage appropriate redevelopment of sites.

The land use and planning policy assessment of the centre identified a range of opportunities for change that could be investigated in the future. Initiatives to consider include:

Safeway Redevelopment

This project is seen as vital in relation to growing the retail mix within Chelsea and preventing substantial escape expenditure to other centres. Although this project continues to prove challenging, Council has a pivotal role as both a landowner and planning authority in assisting in doing what it possibly can to facilitate it. The potential emergence of a new competitor in Patterson Lakes is believed to be a useful stimulus for further encouraging Woolworths to facilitate an upgrade of the Chelsea Safeway.

Urban Design Improvements

Despite recent work within the centre, Council should continue to explore the feasibility of encouraging land owners to create a rear 'shop front' to improve the presentation of the rear of the shops which currently front the main car park. If the Safeway proposal proceeds the benefits of a dual shop front particularly proximate to the new supermarket may be most beneficial for both the centres functioning and trading performance.

14.8.3 Redevelopment of 'at-grade' car parking

Currently, the centre fronts the Highway and has no address to the car parking area to the rear of the centre, or residential areas beyond this. Rethinking the provision of car parking in the at-grade parking format should be undertaken with the view to redevelop this land for a new retail or commercial spine with more active uses, such as additional significant retail, café or dining opportunities. Consideration in this regard will need to be given to the requirements for car parking generated by the Safeway proposal should it proceed in order to determine where and when such opportunities are best explored.

14.8.4 DDO1 and DDO7

The current overlays that apply to the centre limit opportunities for any reinvestment thus minimising the potential for the centre to evolve and attract new retailers and a resident population. Consistent with other centres, opportunities to review these overlays in light of consolidation policies and Melbourne 2030 should be considered when structure planning work is undertaken.

14.9 Additional Considerations to Explore

Additional strategic opportunities that could be explored at this centre in the future include:

- The opportunity for controlled redevelopment in the commercial area to provide views to the bay;
- Potential to redevelop some areas of ground level car parking to the rear of the centre and to provide positive built form and streetscape responses along the north-east side of Bath Street;
- Potential to establish stronger pedestrian and visual links from Nepean Highway back towards Bath Street and the bay;
- Opportunities for appropriately-scaled medium-density residential between the highway and foreshore; and
- Planning policies that enable ground level residential uses in the extremities of the Business 1 Zone that are presently under-utilised.

Part D: Commercial Office Sector

15. CONTEXT: MELBOURNE'S SUBURBAN OFFICE SECTOR

Melbourne's suburban office market is comprised of 2.6 million sq.m. of net lettable floorspace, accounting for almost one third of total metropolitan office supply. The central city (including the CBD, St Kilda Road, Southbank, East Melbourne and Docklands precincts) accounts for the remaining office floorspace.

The City of Kingston alone has around 73,000 sq.m. of commercial office space primarily located in the suburbs of Cheltenham and Moorabbin and forms part of the south eastern region. The following table outlines the suburban office breakdown by region.

Table 14: Melbourne Suburban Office Market:– July 2006

Region	Main Office Suburbs	No. of Buildings	Total Stock (sq.m.)	Total Vacancy (sq.m.)	Vacancy Rate (%)	Occupied Stock (sq.m.)	% of Total Stock
CENTRAL CITY	CBD, Docklands, Southbank, St Kilda Road	735	4,865,300	418,900	8.0% - 9.0%	4,446,400	65%
CITY FRINGE	Port Melbourne, South Melbourne, East Melbourne, Carlton & Richmond	268	874,700	65,000	6.5% - 7.5%	809,700	12%
INNER EAST	Camberwell, Hawthorn, Kew, Balwyn, Malvern & South Yarra	214	573,700	23,000	3.5% - 4.5%	550,700	8%
NORTH & WEST	Moonee Ponds, Preston, Footscray, Essendon & Heidelberg	84	219,200	15,000	6.0% - 7.0%	204,200	3%
OUTER EAST	Box Hill, Burwood East, Mulgrave, Notting Hill, Blackburn & Glen Waverley	240	694,500	50,000	6.5% - 7.5%	644,500	9%
SOUTH EAST	Cheltenham, Moorabbin, Caulfield, Dandenong, Berwick & Frankston	98	227,800	12,000	5.0% - 6.0%	215,800	3%
Total		1,639	7,455,200	583,900	7.5% - 8.5%	6,871,300	100%

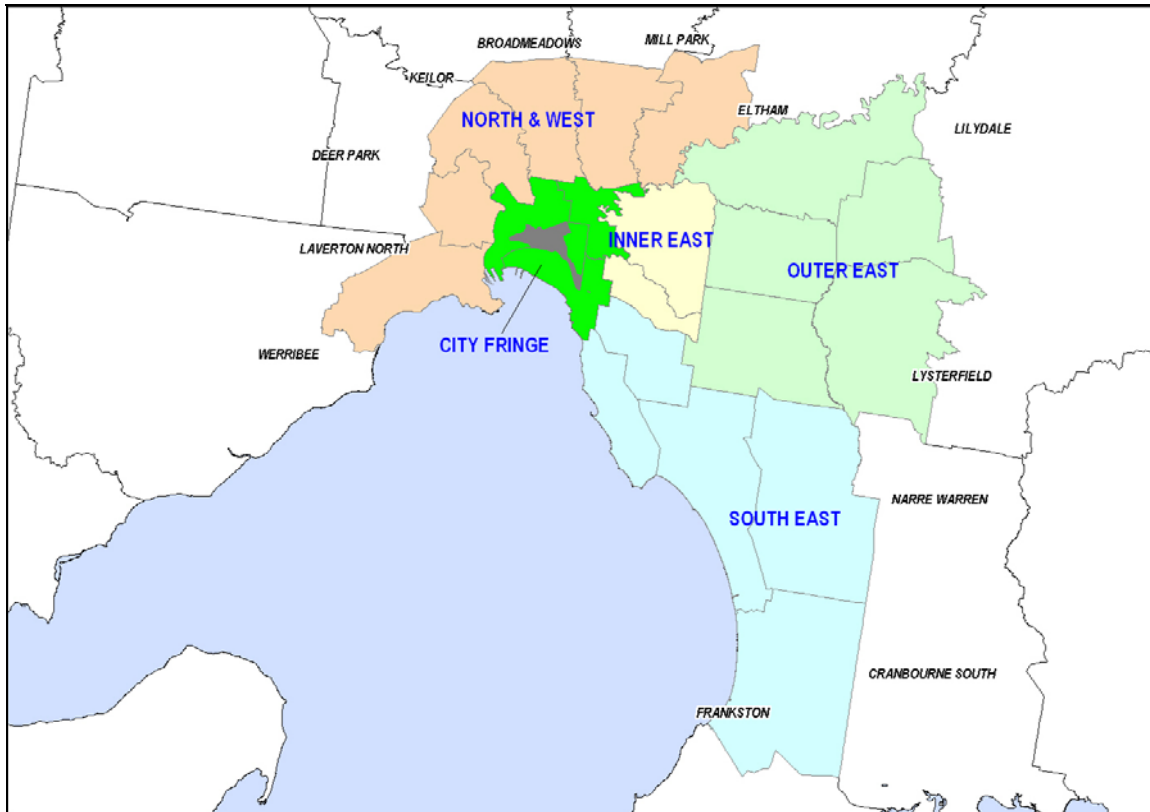
Source: Charter Keck Cramer/Property Council of Australia

Suburban office floorspace is distributed as follows:

- *City Fringe* contains around 875,000 sq.m. in the key office locations of Carlton and Richmond (each with more than 100,000 sq.m.) whilst Port Melbourne, South Melbourne, North Melbourne and Abbotsford each contain significant concentrations of 35,000 - 50,000 sq.m.;
- *Inner East* is the next largest region with around 574,000 sq.m. incorporating more than 200,000 sq.m. in Hawthorn and significant concentrations in Kew, South Yarra, Malvern and Armadale;
- *North & West* regions collectively provide around 219,000 sq.m. with the main commercial centres being Moonee Ponds, Footscray and Heidelberg;
- *Outer East* has around 697,000 sq.m. with its main centre being Box Hill (129,000 sq.m.) followed by Burwood East, Mt Waverley and Mulgrave given their concentration of quality business parks; and
- *South East* provides around 228,000 sq.m. with its main centre being Dandenong with more than 120,000 sq.m. and smaller concentrations in Cheltenham and Moorabbin particularly along the Nepean Highway. Kingston's office market is located within the south east and as a result the region will be explored in greater depth.

Of total prime grade quality stock, higher concentrations exist in city fringe locations due to a significant increase in pre-lease activity during the late 1990s. Interestingly enough, the city fringe also holds the highest proportion of secondary quality stock, despite major withdrawal in recent

years. The growth in new business parks have helped keep AA/A Grade stock higher in the outer east and south east. Around half of Kingston's total office stock is of prime grade quality.

Figure 32: Metropolitan Melbourne Office Regions

Source: MapInfo/Charter Keck Cramer

The suburban office market is a relatively stable property market with supply, and its consequent effects, being much less volatile than the central city market. This largely reflects the smaller scale of developments and the incremental, rather than lumpy, impact on local market conditions.

Suburban office precincts comprising clusters of smaller office buildings of varying ages and qualities have evolved to serve the needs of surrounding retail or industrial business sectors or the residential population. Typically, office clusters are located within, or adjacent to, concentrated areas of retail which highlights the importance of amenities and facilities for office workers. In Kingston, the bulk of supply is located close to the Southland principal activity centre.

Precincts located along major arterial roads have continued to perform better, whilst the office precincts that are some distance from the CBD and contain much older stock, have experienced higher vacancy levels. Better quality space across the suburbs driven by lessees requiring quality accommodation to better match the needs of their business operations have experienced the lowest vacancy rates.

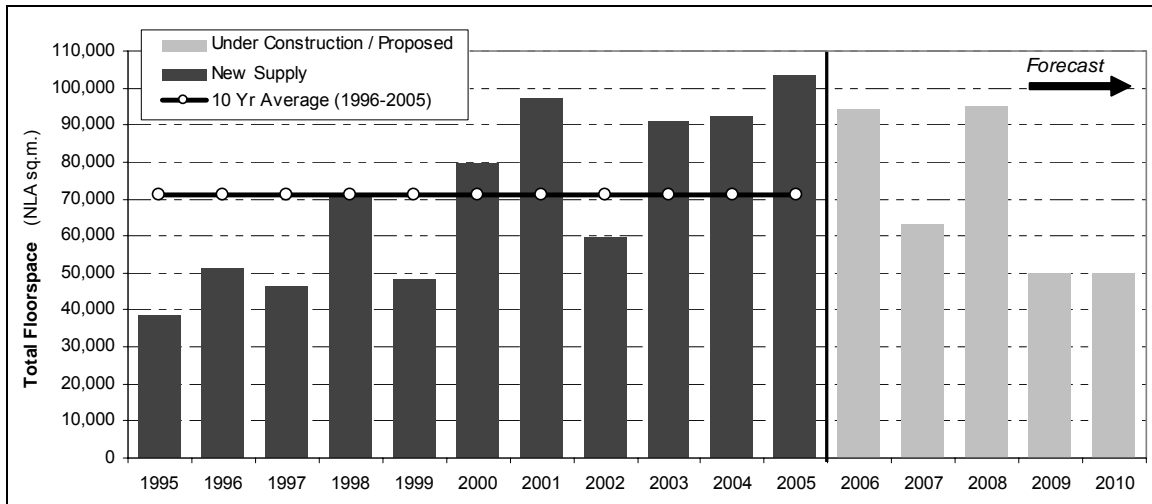
15.1.1 Market Composition

In the period between 2000 and 2005, almost 185,000 sq.m. of new space was delivered in the city fringe region with a further 412,000 sq.m. added to the outer suburbs. New supply over the last decade averaged around 71,000 sq.m. p.a. Forecasts suggest just under 130,000 sq.m. of office space will be added to supply in 2006. There is a further 170,000 sq.m. of office space that is currently being marketed with the potential to be delivered in the 2007/08 timeframe.

Within Kingston, around 5,000 sq.m. of new supply (both corporate and strata-type development) is forecast to be developed over the next two years. The potential for a further 30,000 sq.m. could be developed at Chifley and Clayton Business Parks over the long term with additional floorspace also to be developed at 300 Bay Road, Cheltenham. This will be highly dependent on future levels of tenant demand.

The relative balance of the city fringe and suburban markets are considered to be near equilibrium with new supply levels not as pronounced as in the central city market. This factor, along with the lesser lag time between the surfacing of demand and construction when compared to major CBD towers, implies that supply will be better matched to underlying demand. The predominance of pre-lease development will continue to act as a check on supply of office space in the suburbs.

Figure 33: Forecast New Supply in Suburban Office Market



Source: Charter Keck Cramer

15.1.2 Demand Considerations

The traditional driver of office absorption in suburban markets has been the change in perception caused by firms resisting pressure to locate in the central city region for prestige reasons. Movement of operations to the suburbs is justified by lower rental costs as well as the availability of new generation office buildings in office parks, better accessibility for staff, cheaper car parking and proximity to workforce and clients. Another important factor in determining where offices are located, particularly corporate, is the distance that management and key operators are required to travel daily. A managing directors’ desire to be located close to their home often outweighs several other factors considered when deciding on a suitable business location.

An improved corporate profile of tenants has been observed since the mid 1990s, a number of which have relocated from the CBD. Some of these include Country Road to Richmond; Shell to Hawthorn East; Ansell/Pacific Dunlop to Victoria Gardens in Abbotsford; GE Capital to Burnley; and Computershare to Abbotsford. The moves have eventuated due to a variety of reasons including overhead (cost) reductions and better (newer) office accommodation.

The disbursement of Federal and State Government functions and services to the suburbs has also accounted for strong absorption rates, as opposed to the CBD, where constituents can be more effectively serviced. The Government sector has been particularly important in underpinning office development in locations that the private sector would typically shun because of lower socio-economic status of the resident populations. It is noted that the decentralisation of functions most pronounced in the 1980s has now largely dissipated.

Office accommodation demand is also driven by white collar employment growth. This indicator was weak between 2001 and 2003, the combination of moderate economic conditions compounded by several corporate collapses and a correction in the information technology industry. The significant weakening of business confidence, particularly by overseas parent companies in the wake of global terrorism threats, reduced demand over this period. Australia defied international economic concern with a return into positive territory boosting leasing enquiry from 2004. Recent strong levels of positive absorption have been recorded in the outer east region. The delivery of new office parks and high quality speculative development have underpinned this take-up.

For Kingston to remain competitive, that is attracting a greater share of this new tenant absorption, it will need to compete with major office precincts such as those suburbs located in the outer east (Mulgrave, Blackburn and Glen Waverley). The concentration of office buildings along Nepean Highway in Cheltenham are generally of secondary quality and are unlikely to attract corporate tenants of the note previously mentioned. Rents are also much higher than those asked in new business parks situated in the outer east.

It is for this reason that the Nepean Highway will become more attractive over time to strata and smaller office suite occupiers, particularly those living close by in Kingston and Bayside. As existing corporate tenants vacate, large offices will continue to be carved up and upgraded into smaller areas. Current developments proposed in Kingston are highlighting this trend, with buildings located around Westfield Southland and some activity centres (e.g. Moorabbin) to be in greater demand by these smaller users.

The business services sector is a major source of demand for office floorspace. Activity within this sector is primarily concentrated within Melbourne's inner and middle eastern suburbs reflecting the distribution of Melbourne's white-collar workforce and accessibility offered to larger corporate clients in the CBD.

The construction of new suburban office floorspace is generally dependent on established businesses seeking higher quality accommodation that reflects the image that they are seeking to project to customers and clients. Generally such businesses include those within the financial services sector, information technology and business consulting. Start-up businesses do not usually represent a source of demand for new office floorspace as these businesses typically have limited accommodation budgets and instead will tend to lease older, lower quality office space.

15.2 Business Services Sector: Analysis and Outlook

The Organisation for Economic Co-operation and Development (OECD)⁷ has identified a number of factors contributing to the growth in business services including:

- Increased out-sourcing by established firms;
- The growth of smaller production units and firms which use external services to supplement their internal resources;
- The need for greater flexibility within firms;
- The rise of knowledge-based economies, which rely on expertise and specialised service inputs; and
- Specialisation and increased division of labour.

⁷ OECD (2000) p. 14

15.2.1 Outsourcing – A Key Driver of Growth in Business Services

The outsourcing of activities by organisations is commonly cited as a reason for the strong growth in business services activity. The OECD traces the increasing trend towards outsourcing to growing pressure on corporations to:

- Concentrate operations on core competencies;
- Reduce costs; and
- Exploit external, specialised expertise more effectively.

However the OECD notes that future growth in outsourcing may be limited by:

- Concerns about the potential leakage of strategic information;
- Loss of competence and control in outsourced activities; and
- Reduced acquisition of “know-how”.

Factors Driving Outsourcing

- Cost and efficiency.

Outsourcing firms that provide support services to other firms are often able to do so at lower cost while offering a wider choice of innovative products. This reflects the positive effects of competition – in-house firms are likely to be shielded from competition, a condition which lowers the pressures to be efficient and the incentives and need to innovate.

- Competence.

The increasing sophistication of information, financial, computer, research and training needs by business and the rapid evolution of new techniques and products in these fields have made it difficult for firms to maintain competitive competence in these areas. Doing so would require the accumulation and maintenance of a knowledge base in diverse disciplines that in most instances firms would be hard-pressed to justify.

- Specialisation.

The trend in industry in recent years has been towards consolidation and concentration on core competencies, a development which has provided new opportunities for independent suppliers of both goods and services.

15.3 Business Parks

Business parks represent a new format of office accommodation in response to the changing needs of larger office users. An analogy may be drawn with the emergence of homemaker centres within the retail hierarchy in response to meet the changing needs of consumers and retailers. While the CBD will remain Melbourne's principal corporate location, urban sprawl, traffic congestion and poor accessibility to public transport has made it increasingly inaccessible for workers living in Melbourne's outer suburbs. As a result, larger corporations are increasingly considering locating in business parks in greenfield suburban locations closer to the epicentre of their workforce catchment. In addition, business parks offer a campus style environment incorporating support facilities such as childcare services, cafes, car parking facilities etc.

This new generation of suburban office occupants are primarily drawn from traditional city fringe and suburban office precincts, particularly as many of these buildings are becoming obsolete and fail to provide the ease of access and necessary amenity that is offered by new generation business parks. Land costs below that of inner eastern and city fringe locations provide a further incentive for new tenants to pre-commit to business parks as compared to a new stand-alone city

fringe building. Australia's largest business park is the Norwest Business Park in Sydney with a total area of 377 ha. (refer www.norwestbusinesspark.com.au)

Activity centres are not well positioned to accommodate these larger office users due to the requirement for large development sites to enable large floor plates, on-site car parking facilities and in some cases non-office floorspace for secondary storage and distribution functions. As such, the role of activity centres will principally be to cater for the needs of smaller office users within the business services sector in the form of strata office developments.

15.3.1 Outlook

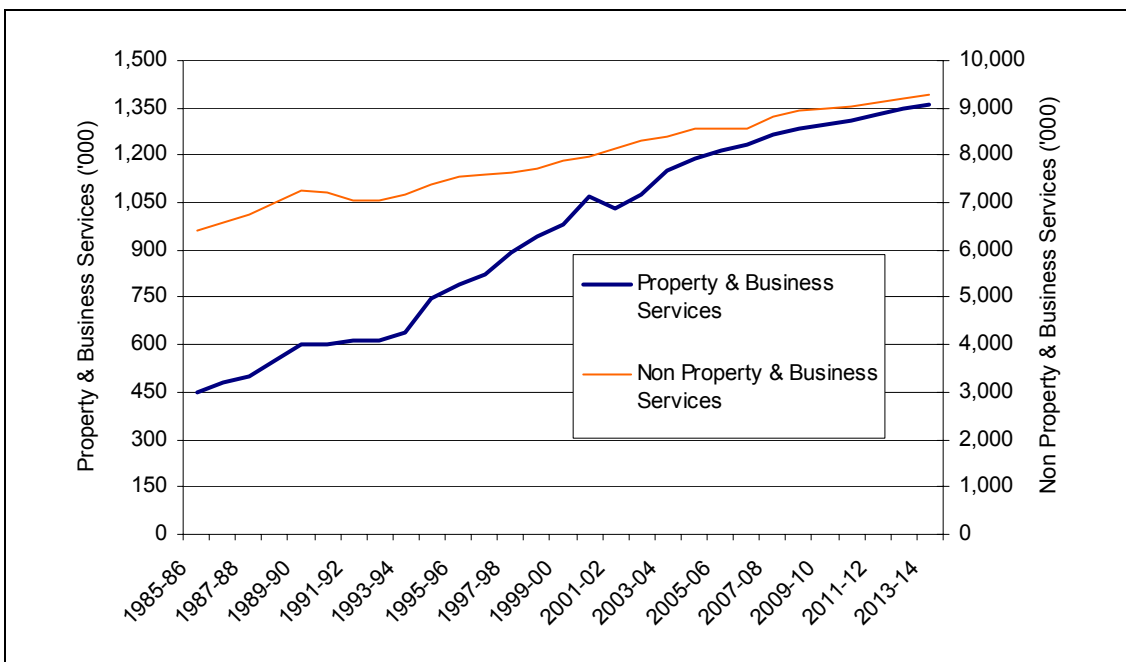
A Productivity Commission Staff Research Paper suggested that there is the potential for a further expansion in business services activity. It noted that:

“The shift towards services in Australia, which is consistent with the experiences of other developed economies, reflects higher consumer and business demand for services, greater use of outsourcing of business services, technological change and differences in productivity growth across sectors. The strength and enduring nature of these influences suggest that the trend towards increased service activity may well continue for the foreseeable future.”⁸

Access Economics forecasts that property and business services employment will increase nationally by 1.7% per annum over the next decade (refer Figure 34). This is considerably higher than forecast growth in other sectors of only 1% per annum. By comparison, property and business services employment expanded by an average of 6% per annum over the previous decade and non-business services employment by 2%.

In summary, the property and business services sector is expected to grow strongly, relative to other sectors over the next decade. However an anticipated slowing in the rate of employment growth may indicate that the trend towards out-sourcing is entering its final stages. Location influences are likely to play an increasing role in determining employment growth at a local level, with strategically located areas near major clusters of growth industries expected to continue to grow strongly.

Figure 34: Business Services: Historical and Forecast Employment (Australia)



Source: Access Economics

⁸ Productivity Commission (2002) Australia's Service Sector: a Study in Diversity p.13

16. CITY OF KINGSTON COMMERCIAL OFFICE SECTOR

16.1 Trends in Office Employment

The City of Kingston is a significant location for office employment. In 2001, the City of Kingston (North) statistical local area (SLA) accounted for 780 employees within the finance and insurance sector and a further 3,930 employees within the business services sector being the two major users of commercial office space. While this accounts for only 1.1% and 1.9% respectively of total employment in these sectors at the metropolitan level, this SLA is ranked 13th and 9th when compared to other SLA's across metropolitan Melbourne with respect to total employment in each of these sectors.

Within the finance and insurance sector, the only area to have a significantly higher concentration of employment outside of inner Melbourne are the Richmond, Waverley and Hawthorn/Camberwell office precincts. Within the business services sector, this SLA has a concentration of employment consistent with that of other recognised suburban office precincts such as Waverley and Prahran.

Over the period 1996-2001, total employment in the finance insurance, and business services sectors grew by 978 within Kingston's northern SLA. The business services sector accounted for almost all of this increase, with employment increasing by 880 over the period. This contrasts with the finance sector where employment fell by 100 over the period.

The rate of employment growth within the business services sector in Kingston is consistent with that achieved across the wider metropolitan area. Business services employment across the City of Kingston grew by 28% over the period 1996-2001 compared to 27% at the metropolitan level. This contrasts dramatically with the experience of the finance sector where employment in Kingston fell by 18% compared to a fall of only 1% at the metropolitan level.

The recent trends in employment identified above highlight a divergence in the growth paths of key industry sectors occupying office space within the City of Kingston. These trends reflect a rationalisation of the finance sector primarily driven by the outsourcing of non-core activities to the business services sector.

16.2 Supply of Office Floorspace

The City of Kingston's total office accommodation comprises approximately 78,000 sq.m. of net lettable area (this includes 973 Nepean Highway which rests immediately outside the boundary in Glen Eira). The bulk of this area is located sporadically along Nepean Highway between Westfield Southland and Mentone. Largely developed over the 1980s, the exception has been the construction of the building at 1230 Nepean Highway in 1992. Developed by Becton, the ATO recently vacated with the City of Kingston leasing several floors in November 2004.

The table below outlines major office stock within the City of Kingston.

Table 15: City of Kingston: Current Office Stock (Above 1,000 sq.m.)

Address	Building Grade	NLA (sq.m.)	Occupier Type	Comments
<i>Existing Stock</i>				
222 – 225 Beach Rd Mordialloc	Not Available	2,231	-	Built in 1980
350 Charman Rd, Cheltenham	B	1,100	Financial	Strata building built in 1987. Undergone recent facelift.
11 Chesterville Rd, Cheltenham	C	1,344	Welfare	Was built in 1986, looking tired, partly vacant.
4-10 Jamieson St, Cheltenham	B	5,265	Medical	Located behind Westfield, busy medical centre.
1230 Nepean Hwy, Cheltenham	A	10,586	Local Government	Former ATO building occupied by City of Kingston, Fujitsu.
1242 Nepean Hwy, Cheltenham	B	2,585	Welfare	Built for Centrelink.
1273 Nepean Hwy, Cheltenham	A	1,500	-	27 strata office units
1265 Nepean Hwy, Cheltenham	C	2,545	Various	Two level strata office development built 1979.
1279 Nepean Hwy, Cheltenham	B	4,664	-	Simplot head office – currently for lease.
1001 Nepean Hwy, Moorabbin	B	6,700	Family, Employment	Near Moorabbin Junction. Older style building constructed in 1980.
# 973 Nepean Hwy, Moorabbin	A	9,392	Financial, Employment	Constructed in 1989 and on Kingston/Bayside boundary.
844 Nepean Hwy, Moorabbin	C	1,400	Medical, Financial	Predominantly used as a medical centre (strata).
4 Station St, Moorabbin	C	2,545	Financial	Ageing office building developed in the 1960s.
1 Taylor St, Moorabbin	C	1,922	Financial, Welfare, Travel	Three level office with several tenants
Parkview Estate, 11 Corporate Dr Moorabbin East	A	2,000	Financial Services	St George Bank South Eastern office.
Parkview Estate, 13 Corporate Dr Moorabbin East	A	1,790	-	Speculative development
Parkview Estate, 20 Corporate Dr Moorabbin East	A	8,000	Utility Providers	South East Water head office building
422 Warrigal Rd, Moorabbin	A	2,000	Utility Providers	United Energy/Alinta head office building.
Chifley Business Park	A	6,700	Distribution, Marketing	Simplot head office
Chifley Business Park (Federation Way)	A	4,000	-	Two speculative offices of 2,000 sq.m each
TOTAL: 78,269 sq.m.				

Located on boundary within City of Bayside.

Note: Stock monitored in buildings above 1,000 sq.m. used exclusively in the commercial context.

Source: Charter Keck Cramer

Table 16: : City of Kingston: New Commercial Developments (Above 1,000 sq.m.)

Address	Approx. NLA (sq.m.)	Comments
<i>Proposed / Under Construction</i>		
323 Charman Road, Cheltenham	4,500	Former Council owned sites combined to form a proposed multi-level office complex. 20 offices over 5 storeys. Application currently at VCAT following refusal by Council.
1279 Nepean Hwy, Cheltenham	4,050	Simplot building will undergo refurbishment and possible strata office conversion.
1253 Nepean Hwy, Cheltenham	1,500	Nepean Business Centre. New strata project close to Southland.
999 Nepean Hwy, Moorabbin	2,270	Developer MAB will redevelop former building into 31 suites.
Chifley Business Park, Centre Dandenong Rd, Mentone	20,000	Up to a further 20,000 sq.m. of office accommodation is proposed.
Clayton Business Park, 1508 Centre Rd, Clayton	10,000	Long term proposal by developer to build pre-committed office space post 2010.

TOTAL: 42,320 sq.m.

Note: Projects above 1,000 sq.m. used exclusively in the commercial context.

Source: Charter Keck Cramer

Table 17: City of Kingston: Withdrawn Office Stock (Above 1,000 sq.m.)

Address	Comments
<i>Withdrawn / Conversion (ex Strata Office)</i>	
23 Foneca St, Mordialloc	Converted to retail.
222 Beach Rd, Mordialloc	Site has been redeveloped into small residential townhouses.
555 Nepean Hwy, Mordialloc	Converted into several 2-level residential apartments.

TOTAL: 4,400 sq.m.

Located on boundary within City of Bayside.

Note: Stock monitored in buildings above 1,000 sq.m. used exclusively in the commercial context.

Source: Charter Keck Cramer

16.3 Market Composition

Around 80% of total existing floorspace within Kingston is leased to corporate tenants with the remainder split between strata and small office suites. Greater observation of Kingston's future office supply shows increased activity in the smaller market segment with corporate development limited to Macquarie Goodman's Chifley Business Park and to a lesser extent Clayton Business Park.

Within the City of Bayside, Leighton Properties have purchased a 6.2 hectare site at 300 Bay Road Cheltenham for redevelopment as a business park over the next five years. The proposal is to develop a mix of office, office/showroom and office/warehouses. The site forms part of a large industrial area and may provide the impetus development for further development in the future.

Generally, office development is driven by pre-commitments with developers opting not to speculatively construct office space unless it been pre-leased. The last major project in the municipality was the building at 1230 Nepean Highway in 1992. Since this development, large-scale office buildings (greater than 5,000 sq.m.) in outer suburban locations have been concentrated around major office nodes on Springvale Road in Mulgrave and dedicated office parks in the outer east region. The former Simplot building (4,050 sq.m.), located at 1279 Nepean Highway, has been recently refurbished as a corporate office facility and will test the strength of demand within this segment of the market.

Strata developments have accounted for around 50,000 sq.m. of office floorspace constructed since 2001 in the suburbs (with around 10,000 sq.m. either already built or proposed for Kingston). The distribution of the new strata-titled supply has traditionally been concentrated in the city fringe but has also become prominent through the inner east, outer east and south east regions.

Within Kingston, the latest projects are the Nepean Business Centre, at 1253 Nepean Highway in Cheltenham. Construction of 31 strata office suites (approximately 1,500 sq.m. in total) will begin shortly. The likely redevelopment of part of 999 Nepean Highway in Moorabbin by MAB Corporation into strata office suites further supports the view that demand for smaller office space (up to 200 sq.m.) is generally more desirable along the Nepean Highway and in major activity centres.

16.3.1 Demand Considerations

Current levels of enquiry for large areas of floorspace are minimal in Kingston and it is anticipated that large office occupiers will direct their attention to the outer east over Cheltenham or Moorabbin. Much of the office stock along the Nepean Highway is becoming obsolescent and difficult to release without substantial refurbishment. From a cost perspective for tenants it is cheaper to relocate to a new, technologically advanced building, in purpose-built office parks as an alternative to a lease renewal.

Macquarie Goodman's Chifley Business Park is likely to gain further corporate office occupiers in the future as it continues to develop its office park component. Currently, Chifley is home to Coca-Cola, Visy, Storepak, Rayovac and Simplot. Simplot recently relocated to a 6,500 sq.m. office building on the Moorabbin Airport land. To further complement the project, the developers are constructing child care, café and fitness facilities and the business park is likely to benefit from a future retail development proposed for the corner of Centre Dandenong and Boundary Roads.

Situated 4.5 km east of the Nepean Highway, the Chifley Business Park is likely to attract further corporate tenants in nearby ageing buildings who wish to remain in and around the Kingston municipality. It seems unlikely that current road infrastructure would attract occupiers with a preference for the outer east (Springvale and Blackburn Roads) to consider Chifley Business Park, but rather a drawing of tenants from the Nepean Highway and those further down towards Frankston.

Clayton Business Park, located on the corner of Centre and Westall Roads in Clayton, is also being developed by Macquarie Goodman. Consisting mainly of high-tech/industrial warehousing, the

project will include around 10% to 15% of office space. Appealing to occupiers who require an almost equal balance of office and warehouse space, traditional industrial warehouse users are more likely to consider Dandenong with its cheaper entry costs. Clayton may have greater appeal over Chifley Business Park from traditional outer east tenants due to its easier access from Mulgrave and Glen Waverley.

The strata office concept has essentially evolved since the late 1990s. Over this time, at least 140 projects have been completed across Melbourne with an estimated total floor area in excess of 324,000 sq.m. Strata suites in city fringe and inner east locations continue to gain popularity amongst smaller business operations with a lower risk profile over traditional office accommodation.

Essentially there are two ways in which strata offices operate. Stand-alone, with individual unit sizes typically between 70-100 sq.m including a serviced office and/or managed facility, and as buildings either converted or newly developed to hold 20 or more suites. These typically have suite sizes between 120-300 sq.m. with shared amenities that include secretarial, conference facilities and café/food outlets.

In the south east, potential owner-occupiers and tenants include local professional and business services providers (such as accountants, lawyers and consultants) that would service many of the larger local corporates including those which exist throughout the substantial industrial areas. The demand for serviced offices is being further fuelled by baby boomers who have, in recent years, relocated to Kingston and Bayside municipalities and wish to operate a small business close to home. It will be important to continually review any apparent trends in relation to age, employment and education profile following the release of the 2006 ABS Census statistics to further understand the degree to which increases are apparent in the number and age of professionals living in the municipality.

16.4 Market Indicators

16.4.1 Leasing and Sales

A feature of the suburban office market during its recovery phase has been the emergence of two distinct sub-markets; the city fringe and all remaining suburbs. Rents in the city fringe have been significantly higher and yields much lower, reflecting the strong investor interest, higher land values and the premium specification of buildings.

Rentals for prime suburban properties increased at an average rate of 17% p.a. throughout the 1980s. This is comparable with the growth rate experienced in CBD and St Kilda Road offices and reflects the very buoyant growth conditions at the time. Consistent with other office markets in the period from 1989 to 1993, rents fell at around the same rate as the growth experienced during the 1980s (about 16.5% p.a.). Suburban rents have been in recovery since 1994. In Kingston, rental growth has not been as spectacular as that recorded in the city fringe and outer east regions. While rents of smaller office suites (50 sq.m. to 200 sq.m.) are typically much higher than corporate rates on a per square metre basis, small office suites can also provide additional operating services.

Table 18: Suburban Office Market: Current Corporate Rents, Outgoings and Yields – July 2006

Building Type	Net Rents (\$ p.s.m.p.a)	Outgoings (\$ p.s.m.p.a)	Gross Rents (\$ p.s.m.p.a)	Yield Range (%)	Vacancy Range (%)
AA Grade	\$235 - \$265	\$50 - \$70	\$285 - \$335	7.5% - 8.0%	2.0% - 4.0%
A Grade	\$195 - \$225	\$40 - \$60	\$235 - \$285	8.0% - 8.5%	3.0% - 5.0%
B Grade	\$150 - \$195	\$30 - \$50	\$180 - \$245	9.0% - 9.5%	4.0% - 6.0%

Source: Charter Keck Cramer

The extent of change in rental levels has been pronounced with net rental levels for AA Grade space moving between 5% and 10% over the past year and a lesser extent for A Grade with only moderate growth in the B Grade sector. Variance in rent levels is attributable to floorplate design and relative efficiencies, size and building age together with the intrinsic factor of location.

Since 1993, improvements in the underlying fundamentals of the suburban office market have seen prime yields firm and stabilise to the point where they are now in the range of 7.25% to 8.75%. Many of the investment sales in recent years have been of new stock constructed on a pre-lease basis. While the suburban office market has traditionally been popular with local private investors, Asian investors, institutions and property trusts have become active traders in the market. This provides further evidence of the high regard that major investors now have for the suburban office market. Investors and owner occupiers have also been strong in acquiring new strata titled offices, which typically average \$150,000 (>100 sq.m.) to \$350,000 (<250 sq.m.).

16.4.2 Vacancy

Table 19: Suburban Office Market: Vacancy by Region – July 2006

Region	Main Office Suburbs	No. of Buildings	Total Stock (sq.m.)	Total Vacancy (sq.m.)	Vacancy Rate (%)	Occupied Stock (sq.m.)	% of Total Stock
CITY FRINGE	Port Melbourne, South Melbourne, East Melbourne, Carlton & Richmond	268	874,700	65,000	6.5% - 7.5%	809,700	34%
INNER EAST	Camberwell, Hawthorn, Kew, Balwyn, Malvern & South Yarra	214	573,700	23,000	3.5% - 4.5%	550,700	22%
NORTH & WEST	Moonee Ponds, Preston, Footscray, Essendon & Heidelberg	84	219,200	15,000	6.0% - 7.0%	204,200	8%
OUTER EAST	Box Hill, Burwood East, Mulgrave, Notting Hill, Blackburn & Glen Waverley	240	694,500	50,000	7.0% - 8.0%	644,500	27%
SOUTH EAST	Cheltenham, Moorabbin, Caulfield, Dandenong, Berwick & Frankston	98	227,800	12,000	4.5% - 5.5%	215,800	9%
Total		904	2,589,900	165,000	6.0% - 7.0%	2,424,900	100%

Source: Charter Keck Cramer

Factors which will influence vacancy rates in the suburban market can be summarised as follows:

- Total vacancy rates are expected to stabilise over the short term and remain within the range of 5.0% - 7.0%;
- Given the proximity of the city fringe region to the central city office market, it will inevitably experience some flow-on effects from the high level of new supply in 2005/06 that will lead to increased short-term vacancies, particularly in the lower grade sectors of the central city market. The city fringe will largely avoid the looming supply-side problems of the adjoining market although this situation is likely to cause a moderation of rental growth in the City Fringe so as to maintain competitiveness;
- Interestingly, lowest vacancy continues to be observed for the higher quality grades and in locations along major arterial roads. Other sub-markets that are comprised predominantly of older stock are tending to experience the highest vacancy rates given lessees requirements for quality accommodation to better match the needs of their business operations;

- In the past 2 years, the emergence of mixed-use projects has included financially viable (albeit speculative) office development on the strength of residential component pre-sales. Development of this kind is set to decline with the construction of business park type projects; and
- Vacancies will be limited to older stock awaiting refurbishment, or in speculatively developed offices in the city fringe and inner east region. Large buildings that may have been vacated by corporate tenants could be converted to strata and small suite office use on the back of strong owner-occupier/investor interest for small areas, particularly in the south east.

It is anticipated that vacancy rates will stabilise over 2005/06 as tenant demand further improves on the back of business expansion and solid white collar growth. Furthermore, given that the size of suburban office buildings is usually 2,000-5,000 sq.m. with infrequent occurrences of 7,000–8,000 sq.m. buildings, the risk of a high level of vacancy overhang, particularly for new stock, is relatively small due to higher levels of pre-commitment that developers now seek.

16.5 Conclusion

Kingston's total office accommodation comprises approximately 78,300 sq.m. of net lettable area. Several strata office buildings exist within the municipality and this trend will further continue as the local office market regenerates as older buildings are refurbished into smaller suites and strata office units. Corporate tenants (users above 1,000 sq.m. within Kingston) will be attracted to the Chifley and Clayton business parks instead of the Nepean Highway with its higher asking rents and older stock. The outer east region of Melbourne will continue to attract larger corporates to higher quality business parks.

For Kingston to remain competitive in attracting new corporate tenants, and for that matter keep its existing occupiers, rental adjustments are required from properties along the Nepean Highway. Currently these are above current asking rents at Chifley and Clayton Business Parks and other office nodes situated in the outer east. While this is out of the hands of Council, it is for this reason that the Nepean Highway will over time become more aligned to strata and smaller office suite development. As existing corporate tenants vacate, large offices will continue to be refurbished into smaller areas. Sufficient quality retail will be required to further support future redevelopment of existing stock, with buildings located close to major activity centres benefiting the most.

Around 80% of total existing floorspace within Kingston is leased to corporate tenants with the remainder split between strata and small office suite development. Greater observation of Kingston's future office supply shows increased activity in the smaller market segment with corporate development limited to business parks.

Generally, office development is driven by pre-commitments with developers opting not to speculatively construct office space unless it has been pre-leased. Large-scale office buildings (greater than 5,000 sq.m.) in outer suburban development have concentrated around major office nodes with the higher cost of development on the Nepean Highway limiting future projects.

In the south east, demand for strata and small office suites will be driven by owner-occupiers and tenants that include local professional and business services operators that would service local corporates and industry. It is envisaged that Kingston's future role in the suburban commercial market context is for this form of office tenure, rather than new corporate occupation. Some opportunities may exist, however, to attract corporates to the newer estates at Chifley and the Clayton Business Park, although competition may be experienced from the redevelopment of former industrial areas of Bayside.

It is the consultants' recommendation that:

- Upon release of the 2006 ABS data, consideration should be given to reviewing the employment profile data as presented in this report in order to understand any changes from the 2001 ABS statistics presented.
- As part of the Council's development of its Industrial Strategy, the relationship between office floor space and manufacturing activities requires further understanding.

- The Retail and Commercial Section of Council's MSS be refined to recognise the increasing preference for smaller style office suites as opposed to larger corporate facilities along the Nepean Highway corridor and within Council's principal and major activity centres.
- Council, in conjunction with the land owners, review the role of the Chifley and Clayton Business Parks with a view towards further strengthening the ability for these estates to attract larger corporate tenants. In relation to the Clayton Business Park, greater flexibility may need to be created within the planning controls applied to this land to facilitate greater corporate office employment activities.
- As part of future structure planning and planning permit considerations, Council should ensure that the necessary supportive services (i.e. café's and childcare) are provided proximate to areas that contain substantial office floor space to assist in maintaining the viability of the floor space.

Part E: Bulky Goods Retailing

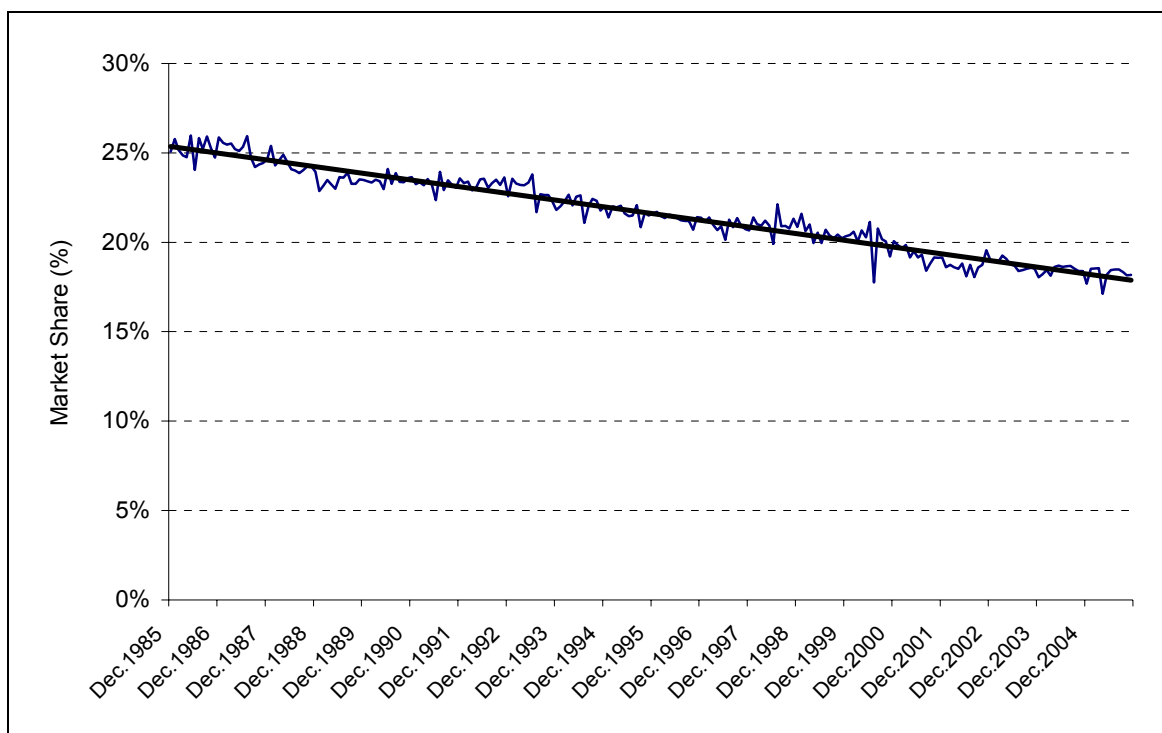
17. BULKY GOODS RETAILING

The increased affordability of household goods over the past decade has encouraged household consumption and demand for an increasing variety of products. This trend has generated both opportunities and difficulties for retailers depending on the extent to which they have been able to refocus their retailing format in order to accommodate this growth in activity.

Traditionally, department stores have been a key retailer of clothing and soft goods, household goods and recreational goods. However, over the past decade they have been experiencing increasing competition from mini majors. Such stores generally offer a better range of goods and are price competitive. As a result, over the past two decades department stores' market share has been steadily eroded from 25% to 18%.

The poor performance of department stores is largely a reflection of their format which aims to offer a wide range of retail categories but with limited choice within each category. Strong growth in the variety of products within each category has highlighted the limited range carried by department stores resulting in consumers shopping at the mini majors and speciality stores. This has placed pressure on department stores to better define the market that they are catering for, whilst also remaining competitive.

Figure 35: Department Store Market Share*



Source: ABS, Charter Keck Cramer

*Clothing and soft good, household goods, recreational goods and 'other retail' goods

17.1 Bulky Goods – The Changing Nature of Retail Demand

Products offered by bulky goods retailers are typically comparison goods that are purchased infrequently and generally of higher value. The defining factor between comparison goods sold via bulky goods retailing and shops in shopping strips/centres is the size and bulk of items. The most common goods sold by bulky goods retailers include furniture, furnishings, homewares, white goods and appliances, hardware, garden products and auto accessories that require significant areas for display and storage. It is, however, noted that non-bulky type products such as homewares are increasingly being sold through bulky goods outlets, resulting in growing concerns surrounding the definitions associated with these differing retail forms from traditional retailers and retail property investors.

The large space requirements of bulky goods retailing (and, critically, the higher rent structures of shopping centres) effectively means that shopping centres remain out of bounds for many of the larger bulky goods retailers. The size of outlets, which typically range between 1,000–4,000 sq.m. per tenant or up to 20,000-30,000 sq.m. for homemaker centres, as well as the requirement for extensive car-parking, initially meant that industrial zoned land with arterial road frontage was best suited.

However, the success of this retail format now justifies the additional cost of seeking locations with greater association to retail rather than industrial land uses in order for each new centre to be competitive. Planning policies seeking to consolidate retail functions around major activity centres and to prevent out-of-centre development has also driven this change in location strategy.

17.1.1 Free-Standing Superstores

Free-standing superstores are generally 10,000–15,000 sq.m. of retail floorspace occupied by a single tenant. Their built form is characterised by clear span warehouses located on main roads and they offer a large number of car parks. Given their size and resultant attraction to consumers, occupants of such superstores are able to locate in isolation, often in non-retail environments, and still trade effectively as they draw from a very wide catchment area.

Superstore tenants can be described as “category killers” because of their ability to stock an extensive choice within a narrow product range at highly competitive prices and offer the convenience of one-stop shopping. Category killers are exemplified by traders such as Bunnings, Toys R Us, Ikea, Officeworks, Freedom Furniture, Clive Peeters and Harvey Norman. The financial success of these stores has been mixed as demonstrated by the failure of Coles Myer’s World 4 Kids in contrast to the strong growth of Bunnings and Freedom Furniture. Category killers usually locate in free-standing superstores but importantly are also found in regional shopping centres and often in homemaker centres. In the case of retailers such as Officeworks they do still occupy lower order centres local shopping centres.

Free-standing superstores are sometimes joined by homemaker centres or clusters of other smaller bulky goods retailers. Standalone outlets, primarily national chains, have adequate “destination” status to allow them to trade in isolated locations so long as they have strategic arterial road exposure.

17.1.2 Homemaker Centres

Homemaker centres are integrated developments that borrow from the principles of modern shopping centres. They offer a selection of compatible tenants in a family-oriented environment that sometimes incorporate complementary facilities such as cafes, fast food restaurants and children’s play areas. An emerging trend, particularly in Sydney, is where land is scarce or its value substantial that such centres are now being constructed over more than one level thus providing greater space efficiency.

At the initial stage of this sector’s evolution in the early 1990s, homemaker centres were often built in secondary areas, within or near light industrial areas that still offered highway or main road frontage. Since the mid–late 1990s, the location requirements for integrated homemaker centres has changed with their entry into the mainstream retail industry requiring that they be located adjacent to shopping centres or freestanding superstores.

Homemaker centres consist of a collection of category killer retailers and other bulky goods retailers that enjoy mutual benefits of co-location because of the greater attraction to a wider pool of consumers. Typical retailers in homemaker centres included electrical, furniture, bedding, homewares, hardware and building suppliers (floor coverings, tiles, kitchen/bath) but there has now been a broadening of retailers to also include auto accessories, toys and sports/outdoor goods. These are destination shopping venues that people are prepared to travel further to access because they offer a larger range at more competitive prices than traditional department, discount department and specialty stores.

In Melbourne, homemaker centres include Epping, Highpoint, Northland, Knox Towerpoint, Homeplace Watergardens, Ringwood, Thomastown, Moorabbin and the Great Southern Homemaker Centre. The success of these centres in terms of attracting customer patronage, and therefore retail turnover for operators, is further reflected in this category of property becoming a mainstream asset category in its own right. Investment and development activity has shifted from the domain of smaller and independent players to larger institutional, listed property trusts and syndicates. This suggests a downward re-rating by the market of the risk associated with this form of retailing.

17.1.3 Highway Retail/Showroom Precincts

Small showrooms (usually 300 sq.m.– 800 sq.m.) with highway/main road frontage is a declining element of the bulky goods sector due predominantly to the growth in the other formats and is representative of an older retail type. Showrooms are generally small standalone facilities or clustered in small numbers without any synergy between the types of products sold.

In Melbourne, examples of highway retailing include:

- Princes Highway, Chadstone/Oakleigh/Clayton;
- Frankston–Dandenong Road, Dandenong South;
- Western Highway, Sunshine;
- Maroondah Highway, Nunawading/Mitcham;
- Nepean Highway, Moorabbin; and
- Bell Street, Preston.

Generally, highway showroom precincts have similarities with other forms of strip retailing in that they are dependent on:

- A critical mass of key retailers selling similar or complementary products;
- The presence of a key anchor(s) to attract visitors; and
- Planning mechanisms and business development strategies to guide development rather than a centre management arrangement.

17.1.4 Hierarchy of Bulky Goods Destinations

As the bulky goods sector has matured, a hierarchy of destinations has emerged in response to differences in attractiveness of centres/precincts. This attractiveness is based on factors such as:

- Critical mass of retail floorspace;
- Mix of tenancies;
- Compatibility and synergy between co-located tenants;
- Proximity to other retail and community facilities;
- Age of facility and nature of tenants; and
- Convenience of access and parking.

Precincts incorporating both a homemaker centre(s) alongside a major shopping centre (regional or higher) and/or free-standing superstore are rising to the top of the hierarchy with older-style highway retail precincts being re-rated to the lower levels of the hierarchy.

In many respects, this evolution is similar to adjustment of the shopping centre hierarchy across Melbourne when free-standing shopping centres became the dominant retail type at the expense of traditional shopping strips. The natural adjustment of the latter to incorporate a wider mix of retail functions, such as cafes and restaurants, and/or the stronger theming of centres to better appeal to local target markets is indicative of the dynamic nature of the retail industry.

17.1.5 Bulky Goods Tenants

As the built form of the bulky goods sector has evolved, it has become increasingly apparent that the type of tenant is changing and that a natural order is emerging based on their attractiveness to customers, and hence their rent-paying ability.

At the upper end of the recent paying ability scale are the national chain retailers, including majors such as Bunnings, Harvey Norman and Freedom Furniture that are able to either locate in free-standing superstores or within homemaker centres. There are also a high number of retailers expanding their market presence, usually Victorian-based, that are able to pay high enough rents enabling entry into the homemaker centre sector. At the lower end are operators of single stores, including manufacturers and wholesalers establishing a retail presence and hence are drawn to highway retail precincts or to light industrial areas.

In the Melbourne context, it is also noted that the range of available tenants is increasing because of interstate retailers' desire to expand into this market and other mainstream retailers shifting their focus to building a presence in the bulky goods sector. Furthermore, the expansion of the majors, networks and ongoing consolidation of players in the sector is fuelling demand for more sites in high quality locations.

National brand retailers are commonly operated under franchise arrangements. Examples include Beacon Lighting, Bedshed, Capt'n Snooze, Forty Winks and Oz Design, Sleepy Sam's, Freedom Furniture, Outdoor Furniture Specialists, The Sleeping Giant, Fantastic Furniture, Carpet Call, and Bristol Decorator Centres, some of which are readily defined as Bulky Goods operators.⁹

17.2 Household Demand for Bulky Goods

Household demand for bulky goods is determined by a number of factors including:

- General economic conditions and the impact on consumer sentiment;
- Housing construction and associated demand for electrical appliances, floor coverings, furniture etc.;
- Affordability of household goods; and
- Influence of new technology on product range and affordability.

Housing construction by nature is a stimulus for economic activity and generally follows a cyclical pattern. Melbourne's residential property market peaked during 2003/04 following a period of strong construction activity and price growth. The outlook is for a continued slowing in activity before a recovery in activity around the end of this decade.

The affordability of household goods is reflective of economic growth generally, as well as the introduction of new technologies that reduce the value of existing products to reflect their relative obsolescence. For example, while plasma televisions are initially afforded by only a small portion of the market, their availability has the effect of reducing the average price of existing televisions.

⁹ Source: Franchise Council of Australia

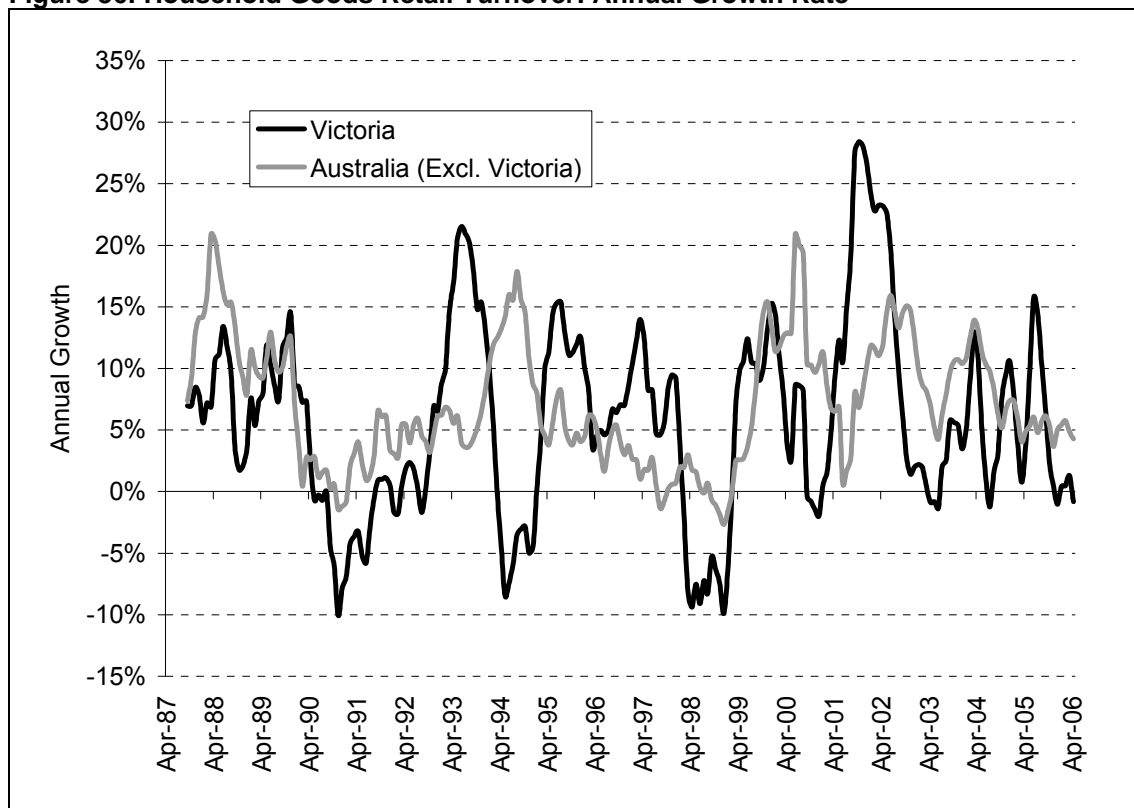
17.2.1 Per Capita Expenditure 1998-2003

Per capita expenditure on household goods grew nationally by 70% at both the national and state levels since 1998. This strong rate of growth has reflected:

- A strong upswing in residential building activity and the turnover of residential properties generally, resulting in increased demand for household goods and furnishings; and
- Increasing affordability of household goods with prices falling in response to a strengthening in the Australian dollar and as a result lower real prices for imported consumer goods. Together with a general reduction in import tariffs, this has placed pressure on local manufacturers to reduce prices.

The pattern of growth over this period has been the same at both the national and state levels (refer Figure 36) indicating that macro-economic and industry related factors occurring at the national level have been the primary determinant of turnover levels.

Figure 36: Household Goods Retail Turnover: Annual Growth Rate

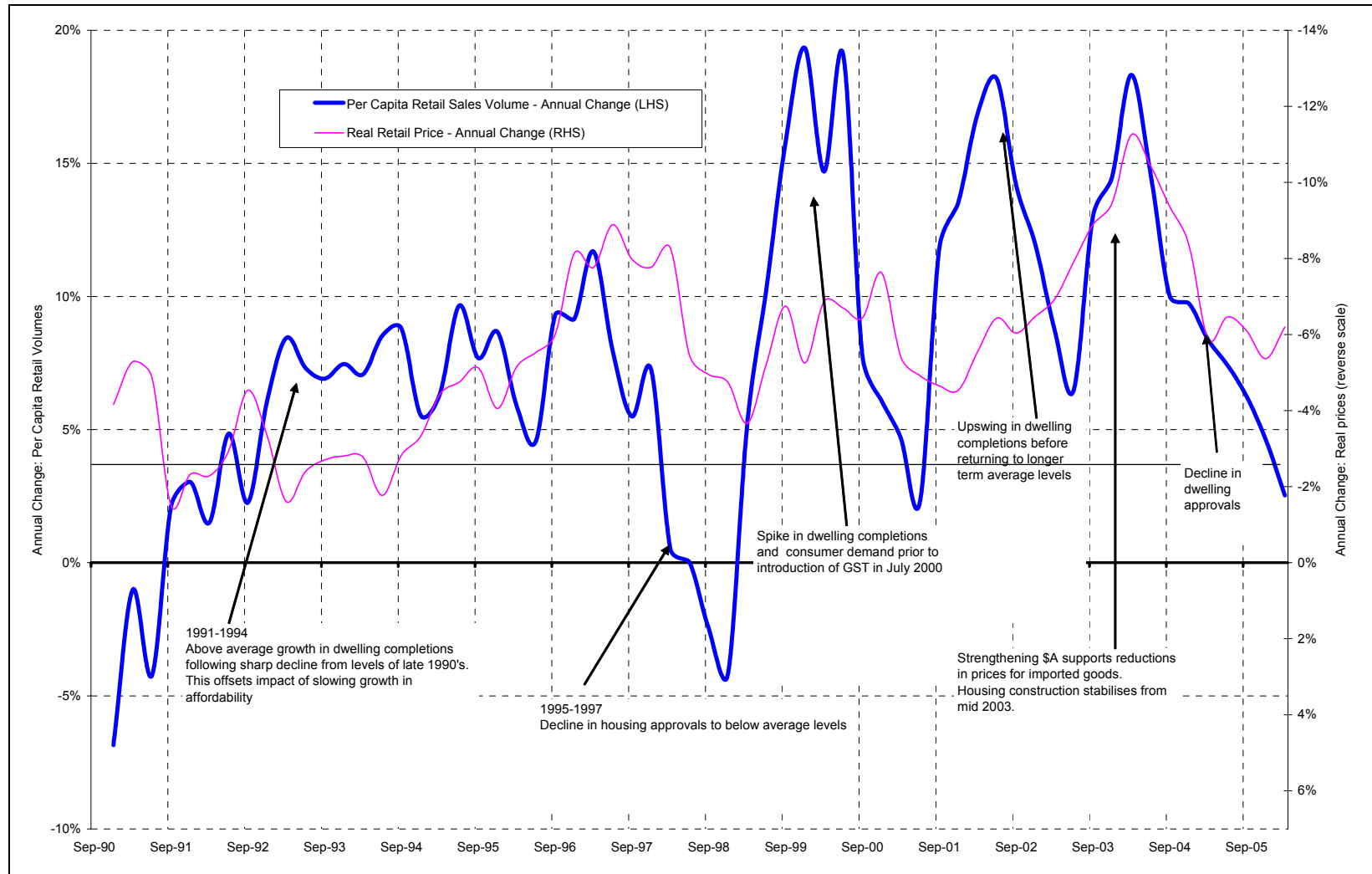


Source: ABS cat No.8501.0

Figure 37 highlights the relatively strong longer-term relationship that exists between the annual percentage change in physical volume of household goods traded and the change in the real price (shown as a reverse scale) for these goods¹⁰. Positive growth in the volume of household goods has generally been associated with a decrease in real prices. Much of the variance away from expected turnover volumes is explained by cyclical movements in the housing construction and the residential property market generally as noted on the graph. The pattern of housing completions at the national and Victorian level is shown in Figure 38. This data has been derived from ABS data series dedicated to measuring retail volumes and prices over time at a national level.¹¹

¹¹ ABS Retail Trade cat. no. 8501.0 The ABS notes that: 'while current price estimates reflect both price and volume changes, chain volume estimates measure changes in value after the direct effects of price changes have been eliminated and hence only reflect volume changes'.

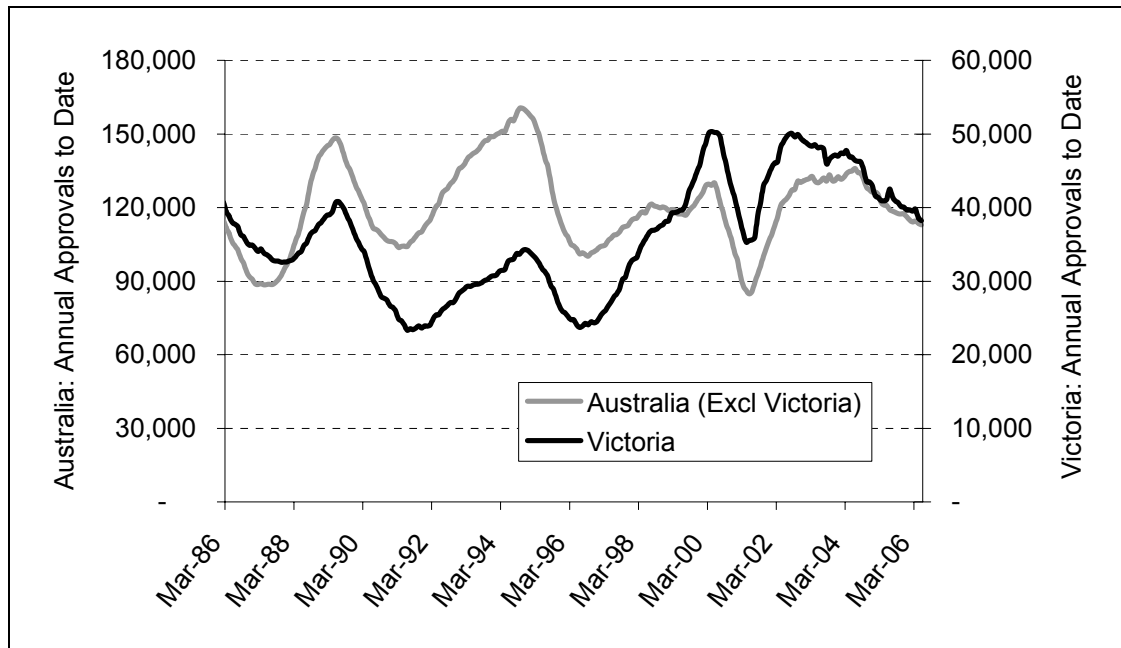
Figure 37: Australia Household Goods Retailing* - Relationship Between Real Retail Prices and Per Capita Sales Volumes (Annual Change)



Source ABS, Charter Keck Cramer

Household Goods Retail defined by ABS as Furniture and floor covering retailing, Domestic hardware and houseware retailing, and Domestic appliance and recorded music retailing

Figure 38: Dwelling Completions: Australia and Victoria



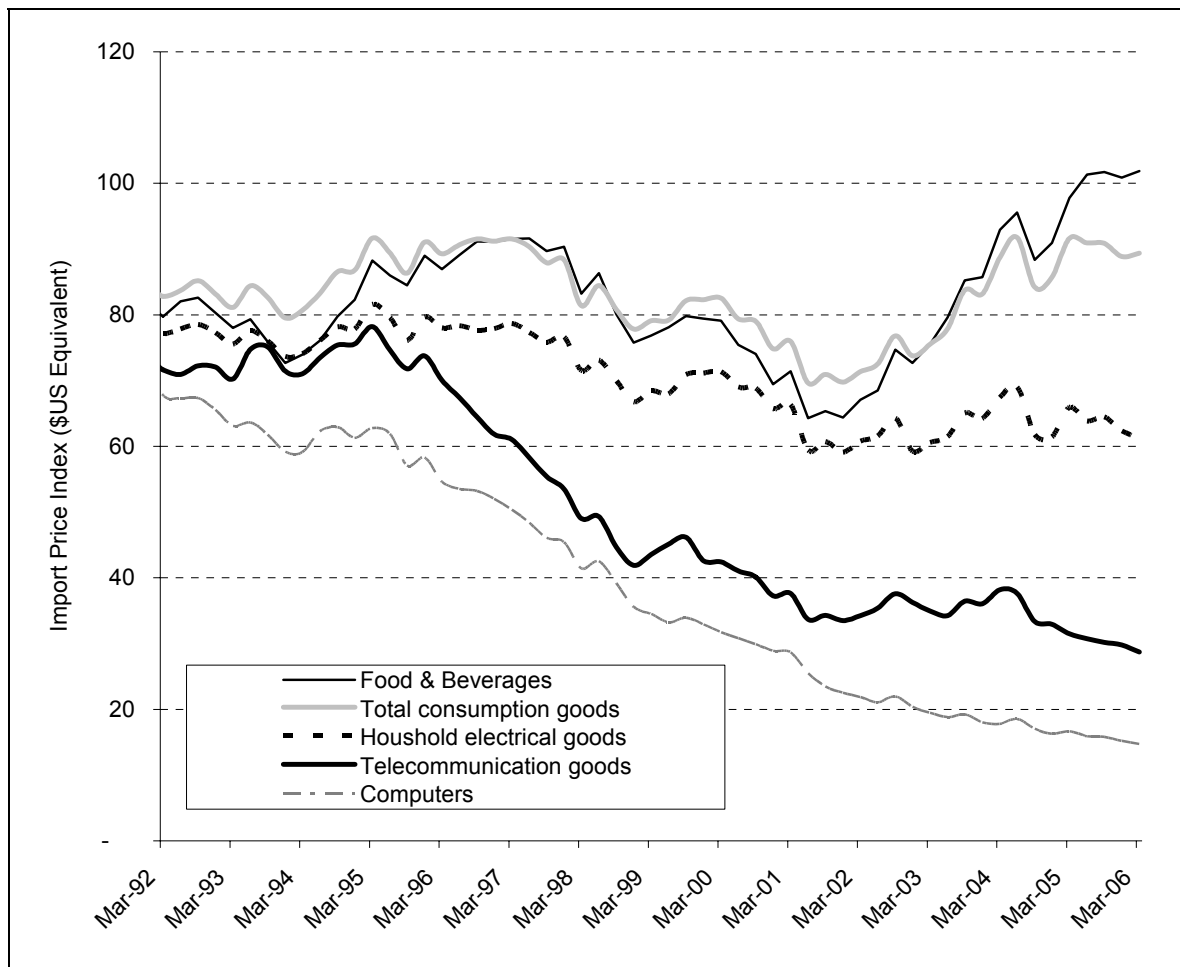
Source: ABS Cat No. 8731.0

17.2.2 Determinants of Real Prices for Household Goods

Given the strong influence that real prices for bulky goods have had in stimulating household demand over recent years, accurately forecasting future demand is dependent on identifying those factors which are likely to influence future real price levels. The key factors will be:

- The cost of imported goods in \$US;
- The impact of the \$A/\$US exchange rate on the \$A price of imported goods; and
- Wage growth.

The \$US price of imported household goods is characterised by longer-term stability but with cyclical variation over short time periods (refer Figure 39). An exception to this has been household electrical goods, telecommunications equipment and computers which have been characterised by steady price falls with prices now substantially below those being paid by households ten years ago. These trends are expected to continue as manufacturers seek out low cost countries within which to base their operations, although this may be offset by increasing pressure to raise workplace conditions in less developed countries and an observed slowing in the rate of decline in prices. On balance, import prices for goods are expected to stabilise at current levels.

Figure 39: Import Price Index (\$US Equivalent)

Source ABS Cat No. 6457, Reserve Bank of Australia, Charter Keck Cramer

17.2.3 Outlook for Per Capita Demand

At a national level, the outlook for per capita expenditure on bulky good items is for a slowing in the rate of growth in household goods retail turnover. This is in response to:

- A forecast weakening in the Australian dollar by Access Economics from \$0.74 to \$0.66 by 2013-14¹², resulting in a 17% increase in the cost of imported consumer goods;
- A forecast 40% increase in average weekly earnings which will more than offset this increase in nominal prices resulting from an anticipated weaker exchange rate. This will result in a forecast decrease in real prices of 20% by 2013-14 (or an average 2.8% per annum);
- The \$US cost of imported household goods continuing to remain stable at current levels consistent with trends over the past decade;
- An expected underlying increase in retail volumes of approximately 4.5% per annum over the period to 2013-14 based on the historical relationship between real prices and the volume of retail goods traded;
- Residential construction activity impacting positively and negatively on demand for bulky goods in line with the cyclical nature of that sector. Dwelling completions at the national and Victorian levels have weakened after a period of strong growth over the period 1997-2003; and

¹² Access Economics, *Business Outlook December 2004*

- The outlook for a slowing in the growth in the volume of household goods sold to 4.5% per annum in response to a forecast fall in real prices by 2.8% per annum. Together, this will result in net growth in the total value of turnover by an average of approximately 1.7% per annum over the period to 2013-14.

17.3 Bulky Goods: A Maturing Market

The bulky goods market is beginning to enter a maturing phase of development in response to strong growth in activity and the development of homemaker centres and precincts over the past decade. Over this period the number of centres and precincts has grown, as has the range of retailers establishing within them. A natural response to this is a shrinking of the natural catchment area serviced by these centres and precincts and an erosion of the economic rents initially captured by the first retailers to locate within them. This effect has been disguised by strong growth in household consumption particularly since the late 1990s in response to short-term influences such as the strengthening of the Australian dollar and a strong housing market.

17.4 Conclusion

The key conclusions that may be drawn from this analysis of the bulky goods retailing sector are that:

- Bulky goods retailing represents a relatively new format of retailing that has emerged in response to increasing demand for bulky goods and homewares to a point where specialisation within single categories has become viable;
- Recent strong growth in demand is not expected to be continue into the future as the nominal cost of imported goods increases and residential construction activity weakens; and
- Department stores' performance in the bulky goods sector is expected to stabilise after declining over the past decade.

18. KINGSTON BULKY GOODS RETAILING

The commonly used definition of bulky goods retailing has been expanded over time to reflect the incorporation of homewares into homemakers centres that also include more traditional bulky goods retailers. For the purpose of analysing bulky goods retailing within the City of Kingston, bulky goods retailing has been defined to include homewares except where there is a clear distinction made between homewares and bulky goods retailing.

18.1 Supply Analysis

Existing bulky goods retailing of relevance to the City of Kingston is primarily focused on the Nepean Highway, together with relevant retailers within Southland Shopping Centre and the Moorabbin Super Centre in Warrigal Road. Smaller precincts or freestanding retailers generally serve local households' requirements for more generic bulky goods. As a result, many do not generally compete with Kingston's established core bulky goods precincts or other recognised precincts across metropolitan Melbourne. The future relationship between the core bulky goods locations and others previously identified in Council's Municipal Strategic Statement is explored throughout this section.

Kingston's core bulky goods precincts¹³ are characterised by:

- Approximately 120,450 sq.m. of existing bulky goods floorspace;
- Approval for an additional 48,000 sq.m. of bulky goods floorspace, delivering an overall total of approximately 168,450 sq.m. of bulky goods floorspace;
- A mix of purpose-built showroom centres and highway strip precincts together with floorspace within Southland Shopping Centre;
- An abundance of national retailers distributed across all centres and precincts;
- Five identifiable sub-precincts at East Brighton, Moorabbin, Cheltenham, Mentone and the Moorabbin Super Store plus bulky goods retailing activity within Southland Shopping Centre;
- Emerging competition and reduction in catchment areas as a result of existing and proposed bulky goods precincts and developments in adjoining municipalities; and
- Varying levels of household expenditure within the immediate catchment of each sub-precinct, reflecting the population and socio-economic profile of each.

The total supply of bulky goods floorspace has been collected from a number of sources. Confirmed floor areas are available for 28% of total estimated floorspace, with building areas being estimated for the remainder using digitised aerial maps and GIS software. This is considered to provide accurate estimates of floor area. The estimate for bulky goods type floorspace within Southland Shopping Centre is based on an earlier survey undertaken by Core Economics¹⁴.

¹³ Kingston's core bulky goods precincts includes those located on the Nepean Highway in the City of Bayside and City of Glen Eira.

¹⁴ Core Economics (2004) Mentone Nylex Site Economic and Needs Assessment.

Table 20: Core Bulky Goods Precincts - Existing and Approved Bulky Goods Floorspace (March 2005)

Precinct	Retailer	Estimated Floorarea (sq.m.)
Existing Bulky Goods Floorspace		
Brighton East	Dick Smith	250
	Good Guys	2,450
	J.B. Hi Fi, Computer shop etc	2,020
	Panasales	660
	Ray's Tent City	1,200
	Retravision	1,290
	Sub Total	7,870
Cheltenham	BBQ R Us	230
	Bedshed	890
	Carpets	940
	Drummond Golf	1,250
	Family Affair Furniture	680
	Homewares	550
	Sprinkler Systems & Outdoor Furniture	580
	Sydney's Lounges	1,020
	Totally Furniture	1,050
	Urban Rhythm	730
	Sub Total	7,920
Mentone	Bunnings	11,800
	Crazy Johns, Dick Smith, Autobarn etc.	3,330
	Ray's Tent City, Retravision etc.	6,670
	Reece, Paint Factory etc	2,640
	Sub Total	24,440
Moorabbin	Alpine Car Stereo	360
	Autobarn	880
	Baby Co, Carpet Call	1,020
	Beacon Lighting	1,070
	Carpet Choice	480
	Carpets, tiles, Kitchens etc.	2,050
	Complete Angler	560
	Doors Plus	510
	Dulux	300
	Fantastic Furniture	1,790
	Furniture	210
	Harvey Norman	9,390
	Lighting	910
	Outdoor Furniture	720
	Simons Carpets	540
	Stegbar	390

Precinct	Retailer	Estimated Floorarea (sq.m.)
Sub Total		21,180
Moorabbin Homemaker Centre Precinct	Freedom etc	6,140
	Moorabbin Homemaker Centre	14,000
Sub Total		20,140
Moorabbin Super Centre Precinct	Bunnings	8,600
	Clive Peeters etc	10,300
Sub Total		18,900
Southland (estimated)		20,000
Total Existing Floorspace		120,450
Approved Bulky Goods Floorspace		
Moorabbin Super Centre Precinct		8,000
Mentone - Nylex Site		40,000
Total Approved Floorspace		48,000
Total Existing and Approved Floorspace		168,450

Source: Bunnings Wholesale Property Trust, GPT, Pellicano

18.2 Recent Retailer Activity

The emergence of Kingston's core bulky goods precincts reflects the growth of this type of retailing generally. With an increasing number of retailers over recent years, growth in household expenditure on household goods has supported the entry of a number of new retailers and the development of the Moorabbin Homemaker Centre and Moorabbin Super Centre (Warrigal Road).

Since 2001, the competitive position of Kingston's core bulky goods precincts has remained relatively stable with the precinct attracting new retailers consistent with similar increases across the rest of metropolitan Melbourne (refer Table 21). In addition, there are few national retailers that are not represented in the core precincts.

Retailer activity within the Core Bulky Goods Precincts may be summarised as follows:

- The entry of new retailers has generally occurred as part of a metropolitan-wide expansion by new bulky goods retailers (e.g. Bedshed, Easy Living, Sleepy Sam's, Outdoor Furniture Specialists, Totally Furniture);
- Established retailers moving into the precinct has been largely limited to Clive Peeters (Moorabbin Super Centre) Fantastic Furniture (Nepean Highway), Oz Design (Moorabbin Homemaker Centre);

- A number of existing key retailers relocated to the Moorabbin Homemaker Centre (Guests, Berkowitz Furniture, Forty Winks), with space back-filled by The Outdoor Specialists, Autobarn and Jimmy Possum;
- A new bulky goods development adjacent to Bunnings in Mentone was occupied by Ray's Tent City (also operating at Nepean Highway, Brighton), McKnight's Retravision (also at South Road, Moorabbin) with other Retravision stores operating at Nepean Highway, East Brighton, and Chelsea;
- The closure of the Ikea store in Moorabbin; and
- Development proposals to add 40,000sq.m of floorspace at the Nylex site and 8,000 sq.m. at the Moorabbin Super Centre.

To summarise, recent retailer activity within Kingston's core bulky goods precincts highlights:

- The maintenance of the precinct's competitive position through the general retention of existing retailers and attracting new retailers by offering a range of accommodation options, including traditional highway showrooms and new purpose-built showrooms;
- A reliance on newly-establishing retailers to backfill space vacated by national retailers seeking to upgrade into purpose-built homemaker accommodation. The majority of these new retailers have only emerged over the past three years in response to strong demand in the residential housing sector and resulting demand for household furnishings;
- Some evidence of retailers operating in more than one precinct, possibly reflecting a limited catchment area for their products; and
- A strong reliance on furniture retailers to fill new bulky goods floorspace

Table 21: Selected Bulky Goods Precincts / Homemaker Centres: Key Retailer Mix (2001 Vs 2004)

X = 2001 • = 2004

Retailer	Nepean Highway	Warrigal Road	Nunawading (Maroondah Highway)	Richmond	Highpoint Homemaker Centre	Northland Homemaker Centre	Frankston-Dandenong Road	Fountain Gate Homemaker Centre	Hoppers Crossing	Epping
Adairs	•		•							
Adairs (Homemaker Stores)	•		•	•				•		
Adriatic Furniture			X•	X•	X•					X
Barbeques Galore	X•		X•	X•	X•	X•		X•	•	
Bedshed	•		•			•	•			
Berkowitz	X•		X•		X•		X•			
Bunnings	X•	X•	X•		X•	X•		X•	X•	X•
Capt'n Snooze	X•		X•		X•	X•	X•	•	X•	X
Clive Peeters		•	X•				X•			
Dare Gallery	•		X•	X•					X•	
Dick Smith	•		•	•						
Dick Smith Powerhouse	•		•		•			•		
Easy Living	•	•	•				•	•	•	
Fantastic Furniture	•		X•	•	X•	X•	•		•	
Forty Winks	X•		X•		X•	X•	X•	•	X•	
Freedom	X•		X•	•	X•	X•		X•		
Furniture Galore			X•		X•	X•	X•		X•	
Good Guys	X•		•		X•	X•		•		
Guests	X•		X•			X•	X•			
Harvey Norman	X•		X•		X•	X•	X•		•	
Natural Selection			•	X•						
Oz Design	•		X•	X•	X•	X•	X•	•	X•	
Plush			•	•			•			
Rays Outdoors	X•		X•					X•	X•	
Retravisation	•		X•	X•		•		•	X•	
Sleepy Sam's	•		•		•	•				
The Outdoor	•		•					•		

Retailer	Nepean Highway	Warrigal Road	Nunawading (Maroondah Highway)	Richmond	Highpoint Homemaker Centre	Northland Homemaker Centre	Frankston-Dandenong Road	Fountain Gate Homemaker Centre	Hoppers Crossing	Epping
Furniture Specialists										
The Sleeping Giant					X•	X•	•	•	X•	X•
Sydney's Lounge Discounters	X•		•		•	X•	X•		X•	
Totally Furniture	•		•						•	

18.3 Distribution of Household Demand

Bulky goods retailing is reliant on having access to a relatively large catchment area from which retailers are able to capture a share of household expenditure. The extent of this catchment area will vary depending on the nature of goods being sold, the degree of competition from other bulky goods precincts and the relative attractiveness of the retail offer in terms of tenancy mix and quality of tenants.

The competitiveness of a bulky goods precinct will be maximised through endeavouring to establish a critical mass of retailers in one location. While this will enable retailers to draw from a wider catchment area, there must also be sufficient demand within that catchment to support those retailers. Similarly, there must be a willingness of potential customers to travel the required distances.

The catchment area for bulky goods retailers along the Nepean Highway is constrained by Port Phillip Bay to the west, the industrial areas of Moorabbin and the green wedge to the west. The impact of these on the catchment areas of each of the Nepean Highway's precincts varies substantially.

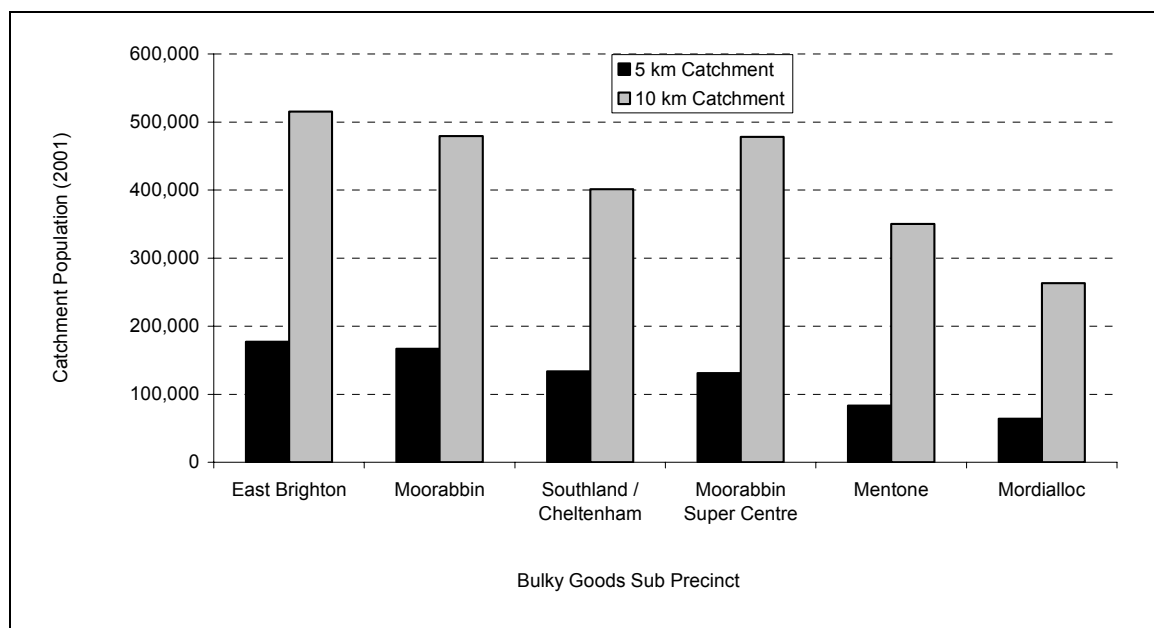
The population within 5 km and 10 km of each sub-precinct decreases the further south a retailer is located along the Nepean Highway. The population within a 5 km catchment is particularly important as retailers would be expected to derive a relatively high proportion of their trade from this area given that competition will be minimal.

The existing pattern of bulky goods development along the Nepean Highway reflects catchment populations, the availability of suitable sites for showrooms and competition from other retail centres. Moorabbin, where there is the greatest concentration of bulky goods floorspace, has the highest catchment population after East Brighton, while Mentone has relatively little constructed floorspace apart from the existing Bunnings.

For retailers establishing in locations offering lower catchment populations, there is the pressure to capture a higher share of expenditure within that catchment in order to compensate. For example, retailers located in Mentone would need to achieve twice the market share that retailers in other sub-precincts achieve with respect to their primary catchments (up to 5 km).

In a broader context, it is important to acknowledge the relative rates of urban development envisaged for municipalities within Melbourne's south east in order to make informed decisions regarding areas of highest emerging demand for bulky goods retailing. Consideration is required of other relevant State and local planning endeavours relating to urban settlement that illustrate where potential future catchment expansion is most likely to eventuate.

Figure 40: Population Within 5 km of Bulky Goods Sub Precincts 2001*



Source: ABS, Charter Keck Cramer

* Distance measured from East Brighton (Cnr Nepean Hwy/Centre Rd), Moorabbin (Cnr Nepean Hwy/South Rd), Mentone (Cnr Nepean Hwy/Lower Dandenong Rd), Mordialloc (Cnr Nepean Hwy/Beach Rd.)

18.4 Retailer Churn

The development of the Moorabbin Homemaker Centre provides an indication of the dynamics of demand within Kingston's core bulky goods precinct. Of the 10 retailers that now occupy the centre, four were previously located in the Nepean Highway bulky goods precinct. The premises that these retailers vacated ranged between 720 sq.m. and 1,000 sq.m., suggesting a need to relocate in order to expand their operations.

The premises vacated by these retailers have been back-filled by newer and arguably lesser quality retailers (Totally Furniture, Outdoor Specialists) as well as Autobarn. The attraction to these new occupants was likely to have been the availability of affordable floorspace within a major bulky goods precinct.

Table 22: Moorabbin Homemaker Centre: Previous Location of Tenants

Retailer	Current Floor Area (sq.m.)	Previous Location	Estimated Floor Area
Adairs/Dare Gallery	1,400	-	-
Berkowitz Furniture	1,500	861 Nepean Hwy, Moorabbin	720 sq.m.
Capt'n Snooze	1,650	1184-1186 Nepean Hwy, Moorabbin	890 sq.m.
Forty Winks	1,430	1164 - 1168 Nepean Hwy, Cheltenham	1,000 sq.m.
Guests Furniture	2,050	895 Nepean Hwy, Moorabbin	875 sq.m.
Natuzzi	1,000	-	-
Oz Design	1,000	-	-
Sleepy Sam's	1,060	-	-
Spotlight	2,600	-	-
Thomson Lighting & Living	1,060	-	-

Source: Telstra Yellow Pages, Charter Keck Cramer

Table 23: Selected Nepean Highway Showrooms - Current and Preceding Occupants

Address	Estimated Floorarea	Previous Occupant (2002)	Current occupant (2005)
871 Nepean Hwy, Moorabbin	1,800 sq.m.	Andersons Furniture	Fantastic Furniture
861 Nepean Hwy, Moorabbin	720 sq.m.	Berkowitz Furniture	The Outdoor Specialists
895 Nepean Hwy, Moorabbin	875 sq.m.	Guests	Autobarn
1184-1186 Nepean Hwy, Cheltenham	890 sq.m.	Cap'n Snooze	Bedshed
1164 - 1168 Nepean Hwy, Cheltenham	1,000 sq.m.	Forty Winks	Totally Furniture

Source: Telstra Yellow Pages, Charter Keck Cramer

18.5 Competing Centres

The extent of the trade area for core bulky goods precincts and the share of expenditure attracted to each precinct will be determined by the location and nature of competing centres.

The precincts experience competition from a range of other centres for both homewares and bulky goods. These include:

- Melbourne CBD;
- Richmond (Church St., Bridge Rd, Burnley St.);
- Victoria Gardens, Richmond;
- Chadstone Shopping Centre;
- Chadstone Homemaker Centre;
- Frankston bulky goods precinct (McMahons Rd);
- Monash Homemaker Centre;
- Centre Road, Bentleigh;
- Burke Road, Camberwell;
- Moorabbin Airport;
- Hughesdale (Dandenong Rd); and
- Clayton Road, Clayton.¹⁵

In addition, there are a number of strategically well-positioned purpose-built bulky goods developments proposed that will impact on the City of Kingston's position within the bulky goods retail sector. These include:

- Chadstone Shopping Centre (20,000 sq.m.) - permit granted;
- Frankston, McMahons Rd (57,000 sq.m.) - planning application;
- Harvey Norman Homemaker Centre, corner Westall Rd and Springvale Rd, Clayton (36,600 sq.m.) – permit granted; and
- Melbourne Convention Centre - incorporating a homemaker retail complex of (50,000 sq.m.).

Within the City of Kingston, the Moorabbin Airport Master Plan¹⁶ also identifies the potential for 'larger scale showroom' uses in association with the existing retail activities (DFO, Aldi, Warehouse, Good Guys etc.) where it *complements the non-traditional retail function of the*

¹⁵ JHD (2002) Chadstone Shopping Centre: Economic Impact Assessment.

¹⁶ Moorabbin Airport Corporation (2004), Moorabbin Airport Final Masterplan 2004

precinct. Other forms of retailing activity which exhibit mainstream retail characteristics will be considered in an ancillary function'. The Master Plan also identifies the opportunity for the development of restricted retail and showrooms along its Boundary Road frontage.

The attractiveness of the Moorabbin Airport for bulky goods retailers is reflected by the Goods Guys recently establishing a new store there. The opportunity to gain exposure to shoppers visiting other retailers will act to attract further bulky goods retailers and exert competitive pressure on Nepean Highway retailers, particularly with respect to households within the southern areas of Kingston and the City of Greater Dandenong to the east.

These proposed developments represent a further maturing of the bulky goods retail sector. The implication being that the competitive advantage of 'pioneering' bulky goods precincts such as the Nepean Highway and Maroondah Highway will be continually eroded away. As a result, the extent of their trade area is being redefined based on a longer-term equilibrium between existing and proposed centres reflecting the trading requirements of key retailers and a general maturing of the bulky goods market. Properly analysing and understanding the levels of increased competition across and within trade catchments as new projects are mooted is vital in ensuring the sustainability of the established bulky goods precincts are maintained.

18.6 Strategic Assessment of Kingston's Core Bulky Goods Precincts

Key attributes of the City of Kingston's core bulky goods precincts that will influence future development opportunities include:

- A dominance of key national retailers providing a strong regional presence and strong competitive base relative to other bulky goods locations.
- A relatively fragmented and linear pattern of development extending from East Brighton south to Mentone and Parkdale Plaza, limiting the opportunities for shoppers to undertake convenient comparison shopping at a single location. For non-comparison shopping, however, such a development pattern provides for a more dispersed distribution of retailers, thereby reducing the distances that shoppers must travel.
- Primary catchment population (within 5 km.) decreases substantially south of Cheltenham reflecting the narrowing of residential development due to Port Phillip Bay to the west, and industrial development and the green wedge to the east. As a result, retailers must achieve significantly higher market shares to compensate.
- Continued development of purpose-built bulky goods centres in neighbouring municipalities, representing a further maturation of the bulky goods market and reduction in catchment size. Given the Nepean Highway's relatively early development as a bulky goods precinct, it is likely that retailers have been able to extract some economic rents that are now being eroded as the market has matured. As a result, the potential may exist for the Nepean Highway's competitive position to be naturally eroded in the future.
- The competitive strength of the core precincts will lie in the consolidation of retailers within defined locations offering the strongest trading opportunities reflecting:
 - a) Strong primary catchment characteristics (population and household expenditure);
 - b) The availability of potential sites for future development of additional bulky goods floorspace;
 - c) Generous frontages to the Nepean Highway to maximise the exposure and profile and the precinct;
 - d) The opportunity to establish a precinct with sufficient depth of retail anchors such that the longer-term success of the precinct is not jeopardised by the loss of a key tenants; and

- e) Sufficient opportunities for a critical mass of retailers to be established within each retail category (e.g. furniture, electrical, outdoors etc.) to enable households to undertake comparison shopping.

The future development of Kingston's core bulky goods precincts should be consistent with underlying demand and supply situation for bulky goods floorspace, the competitive environment faced by the precincts and the influence of this on the combined role and function of the precincts. A failure to do so may undermine the performance of individual precincts through higher vacancy rates and lower rentals, resulting in the attraction of lower-order tenants, thereby impacting on the perceived quality of the precinct.

Key strategic objectives that should be incorporated into planning for the future development of Kingston's core bulky goods precincts should be:

- To recognise the longer-term maturing of bulky goods sector as a retail format, together with the resulting redefinition of the role and function of established precincts such as the Nepean Highway and the catchment area serviced in response to the continued development of new centres;
- To ensure considerations regarding the provision of bulky goods floorspace takes account of interrelated planning policies which influence future housing growth and population profile;
- Consolidate bulky goods activity within defined core precincts in order to maximise the competitive position of each for comparison shopping;
- Maximise the longer-term viability of bulky goods retailing by encouraging activity in those locations offering the highest catchment expenditure levels;
- To recognise the role of Southland Shopping Centre as an existing and continual preferred location for bulky goods retailing in order to reinforce the centre's principal activity centre status;
- To acknowledge the strong likelihood that Moorabbin Airport will further strengthen its existing bulky goods offer and generate potentially substantial additional bulky goods floorspace consistent with the Moorabbin Airport Masterplan; and
- To recognise the existing provision of bulky goods floorspace (approximately 120,000 sq.m.) together with an additional 48,000 sq.m. of approved floorspace yet to be constructed.

18.7 Non-Core Bulky Goods Precincts

The Kingston Planning Scheme in its current form identifies a number of preferred locations for bulky goods retailing in addition to the core precincts identified above. Since these designations were created, much has changed in relation to the existence of additional bulky goods floorspace provided, and that proposed, in and adjacent to Kingston. The 'preferred locations for bulky goods include':

- Parkdale Plaza;
- Mentone - corner Nepean Highway and Lower Dandenong Road; and
- Chelsea Heights - Wells Road.

The Parkdale Plaza is a stand-alone centre situated between Thrift Park and the Mordialloc major activity centre on the Nepean Highway. The centre, which although zoned Business 1, has traditionally catered for larger tenancies providing either entertainment or larger format retail or bulky goods premises. With the additional bulky goods development envisaged for the Nylex Site and the Moorabbin Airport, the longer-term viability of this centre as a large format retail centre is questioned. Council needs to be mindful that its existing Parkdale Plaza Business Centre Policy creates a policy basis which encourages medium to large-scale tenancies in order to maintain a necessary differentiation between this centre and the nearby Parkdale and Mordialloc activity centres. It is considered that upon completion and stabilisation of the Nylex redevelopment, the planning controls which currently apply to this centre be reviewed to determine the merits of

retaining the Business 1 and neighbouring Business 4 zone over this parcel of land. This should then inform whether or not the preferred designation for 'Bulky Goods' on this land is retained.

The component of the Mentone precinct anchored around the Thrift Park Shopping Centre does not have any significant bulky goods offer and is likely to experience significant competition from other bulky goods retailers including the existing Bunnings store to the north and new 40,000 sq.m. floorspace proposed for the Nylex site and an expansion of the retail role of the Moorabbin Airport. An opportunity has arisen to further consider the renewal of the Thrift Park centre as a result of land ownership change.

Based on the likely reinvestment at the Thrift Park Centre and changes in the concentration of bulky goods activity throughout Kingston, it is considered appropriate that more complementary planning controls are considered. Such controls may include consideration being given to the use of an alternate form of Business or Mixed Use Zone to encourage alternate land use activities. As a preliminary measure, it is considered appropriate that the designation of the areas to the north west of the Thrift Park site be removed from being identified as 'preferred locations for bulky goods retailing'.

The Chelsea Heights preferred location for bulky goods is anchored by a Mitre 10 Mega and would be expected to primarily serve the immediate area with respect to the hardware related requirements of households and trade supplies. The absence of residential development to the north and east will limit the amount of retail floorspace that may be supported by the precinct. Since the initial development of the strategy, Council has held discussions with a developer seeking to redevelop the existing Blue Gum Caravan Park site to accommodate a 'Bulky Goods' development of 30,000m². Preliminary, material has been submitted seeking to substantiate the merits of this proposal and why the preferred location for bulky goods designation should be retained over the area covering the subject land.

At present, the precinct along Wells Road where the 'preferred location for bulky goods' status exists is zoned Business 3, which encourages the 'integrated development of offices and manufacturing industries and associated commercial and industrial activities'. Much of the land within the corridor has been developed over the past ten years or so and appears generally consistent with the above purpose of the zone. It is apparent that the Wells Road precinct performs a multitude of functions and unlike other 'core bulky goods' precincts identified earlier in this report, well established concentrations of 'restricted retailing' activity are limited. It is clear that any sizeable proposal within the precinct would act to substantially change the concentration of 'restricted retailing activity' within this precinct. As such, it is important that this strategy assists Council in determining a position as to whether it wishes to further reinforce the 'bulky goods' role of this precinct or seek to expand upon those uses which are specifically identified within the purpose of the Business 3 zone.

Having reviewed the existing and proposed land use activity located within this precinct and having considered the desired land use objectives of Council, the following reasons are advanced for recommending the removal of the 'preferred locations for bulky goods retailing' designation from this area:

- Substantial 'bulky goods' development activity has, and continues to, occur within and on the periphery of the City of Kingston which impacts on the available catchment to support the development of a further substantial 'bulky goods' development;
- The potential future catchment size to service the subject area is compromised through clear limits on future urban growth generated by constraints imposed by the Urban Growth Boundary and a constrained catchment to the west;
- The limited extent of remaining Business 3 Zoned land in the City of Kingston means that the subject precinct retains a significant strategic advantage in providing for

manufacturing and related industrial activities proximate to established residential populations and key road infrastructure;

- The 'bulky goods' investment which has occurred recently within the precinct is of a distinct nature that is not reliant on the clustering of other forms of bulky goods merchandising; and
- The apparent planning opportunity for Kingston and neighbouring municipalities is to approach the distribution of 'bulky goods' in a manner which strongly prioritises the reinforcement of core bulky goods precincts by not undermining these areas through incremental peripheral development.

18.8 Conclusion

This assessment of bulky goods retailing within the City of Kingston indicates that:

- Kingston's core bulky goods precincts have an established position within the wider market based on a mix of quality national retailers which is at least comparable with competing precincts across metropolitan Melbourne;
- Recent strong growth in demand for bulky goods and homewares has supported an increase in retail activity in both homemaker-style centres and traditional highway locations;
- Households' demand for bulky goods is likely to soften considerably in response to a slowing in housing construction and the impact of a weakening \$A/\$US exchange rate on import prices;
- New purpose-built premises are generally tenanted by both existing retailers expanding their floor area, and new retailers establishing in the area;
- Any competitive advantages offered by this expansion in retailing activity is likely to be countered by similar rates of expansion in other competing precincts across the metropolitan area; and
- Nepean Highway's southern precincts offer considerably lower exposure to local household expenditure on bulky goods when compared to other core precincts.

19. SUPPORTABLE BULKY GOODS FLOORSPACE

This analysis relates to the supportability of total bulky goods floorspace in a variety of formats and locations across Kingston's core precincts, and does not assess the commercial viability of an individual development. In doing so, it implicitly recognises the objectives of encouraging the overall economic sustainability of bulky goods retailing within these core precincts.

Determining the future level of supportable bulky goods floorspace is an important component of a strategy for bulky goods retailing in the City of Kingston for the following reasons:

An under-provision of floorspace may result in:

- Existing retailers earning excessive profits that would otherwise be competed away;
- Households using alternative centres, resulting in a higher than expected level of escape expenditure and households having to travel greater distances in order to meet their shopping needs; and
- A reduced range of retailers, thereby impacting on the opportunity for households to undertake comparison shopping for bulky goods and reducing the competitiveness of the precinct.

Similarly, an over-provision may result in:

- An inefficient allocation of land uses;
- Increased retail vacancies and a softening in rents;
- Reduced profitability of businesses as a greater number of businesses compete for limited available household spending;
- Decreased property values and reduced investment in properties;
- An increased rate of obsolescence of properties, reflecting the reduced rate of progressive investment in contemporary designed premises; and
- A general decline in the profile of the precinct as lower rents attract second-tier retailers.

It follows that the future role, function and performance of Kingston's core bulky goods precincts is dependent on projecting the future level of bulky goods floorspace that may be supported, and where any additional supportable floorspace should be developed. Clearly, any consideration regarding additional floorspace must be made against existing planning strategies relating to a variety of land use objectives and the sustainability of the existing floorspace.

19.1 Definitions

Reference to bulky goods and homewares and the products that constitute these retail categories are based on anecdotal evidence of such products being sold by retailers located outside of designated activity centres. It is not the intention that the inclusion of specific products within the definition bulky goods should have any relevance for interpreting statutory planning definitions.

19.2 Methodological Issues

The appropriate methodology for assessing the level of bulky goods retailing differs from approaches commonly used for other forms of retailing. This reflects the unique characteristics of bulky goods retailing and the associated shopping behaviour of households. In particular, these include:

- Bulky goods are typically not homogenous, resulting in a need for households to undertake comparison shopping for higher value items (price comparison) or where style and design influence purchasing decisions (non-price comparison);

- Willingness of shoppers to travel further distances to undertake comparison shopping given the value of items typically purchased and the frequency at which they are purchased;
- Attractiveness of bulky goods centres and precincts being determined by the range and mix of national retailers;
- Exposure and accessibility primarily by being located on major arterial roads; and
- Strong catchment profiles reflecting the mix of products sold through bulky goods outlets, which are typically discretionary retail goods.

By comparison, traditional retailing relates to the purchase of generally homogenous items with a greater emphasis on convenience. For example, the two major supermarket chains dominate food retailing, and department store retailing is similarly concentrated. The similarities between Southland and Chadstone Shopping Centres are highlighted by the fact that both are anchored by Myer and David Jones department stores, thereby limiting the opportunity for these centres to be differentiated. This high level of homogeneity within the traditional retail sector results in catchment areas being primarily determined by convenient, rather than comparative, shopping opportunities.

Therefore, it is much easier to predict the supportable floorspace provision for traditional retailing without the need to survey households to determine their shopping behaviour and the distribution of household expenditure across retail locations, reflecting the limited benefit to households of travelling further a field.

The bulky goods and homewares industry is significantly less concentrated with a considerable number of locations and retailers where residents of Kingston and surrounding municipalities may purchase goods. Each of these centres incorporates a different range of retailers, reflecting the market segment being catered for and the greater number of retailers in the market.

The nature of bulky goods retailing is that it caters for the mass consumer market. As a result, it does not cater for niche or higher-end products that are typically most sought after by high-income households. Such products may include antique furniture or custom-built furniture that is typically sold in specialist precincts or in freestanding locations e.g. Hampton St, Hampton, or High St, Armadale, hi-fi and other specialist electrical equipment. Alternatively, computers and other generic goods may be purchased without inspecting (e.g. Dell computers). In addition to this, there is the growing trend towards supermarkets carrying non-food lines that may be classified as homewares, particularly within larger stores such as the Clarinda Safeway.

Households often make opportunistic purchases of homewares or bulky goods including:

- Manufacturers/wholesalers etc. clearing goods at significantly reduced prices;
- Retailers offering items that are outside their standard range in order to attract shoppers (e.g. Aldi offering computers, washing machines, bicycles etc. as weekly specials); or
- The unplanned purchase of items whilst shopping for other goods (e.g. as part of a visit to a department store or strip centre). As a result, there will be a component of spending that will never be captured by bulky goods centres or precincts.

Households' choice of shopping location is therefore much less predictable as this will reflect their preferred retailers, rather than the convenience of centres. In such cases, surveys of households' shopping behaviour is required in order to identify the share of household expenditure that is likely to be directed to bulky goods precincts and centres.

The methodology adopted for the purpose of this analysis does not attempt to estimate the proportion of total household expenditure on bulky goods and homewares that is opportunistic or unplanned. Similarly, it does not attempt to measure the proportion of trade that is attributable to non-households, such as businesses. It is considered reasonable to assume that these two factors would balance out.

19.3 Methodology

The adopted methodology recognises:

- The established role of Kingston's core bulky goods precincts in serving Melbourne's southern bayside region and the dominance of Southland Shopping Centre for homewares retailing;
- The difficulties associated with measuring bulky goods and homewares activity (retail turnover and floorspace) given the dispersion of activity across a range of retail formats;
- The competitive environment that characterises bulky goods retailing and the influence of this upon households' shopping behaviour and the need for this to be estimated based on available survey data; and
- The opportunity for bulky goods and homewares to be sold through a variety of retail formats that limits the share of the market that may be captured by dedicated bulky goods retailers.

While the bulky goods sector has experienced strong growth through capturing market share from department stores, it may be unreasonable to assume that such a trend will continue in the future given an apparent stabilisation in department stores' market share over recent years. Accordingly, the methodology assumes that department stores maintain their current share of the bulky goods and homewares markets.

The methodology comprises a series of interrelated stages that:

- Establish the scope of the analysis;
- Identify households' shopping behaviour with respect to homewares and bulky goods shopping;
- Estimate the level of household expenditure within the trade area; and
- Calculate supportable bulky goods floorspace.

19.3.1 Scope of Analysis

Bulky goods and homewares retailing in the City of Kingston occurs across a range of formats and locations. Identifying the role of all these is limited by the ability to accurately measure households' use of smaller centres via surveys or other means. To reflect this, the scope of the analysis has been restricted to locations that are regularly used by households to purchase such goods and, in particular, Kingston's core bulky goods precincts.

The relatively mature status of the bulky goods retailing within Kingston is reflected by:

- The presence of higher profile national retailers;
- The location's profile as a key retail precinct; and
- A dominant share of the bulky goods market within its primary and secondary catchment areas.

Given this relatively mature status, the future expansion of bulky goods retailing within Kingston will be primarily determined by:

- Population growth and associated increases in household expenditure on homewares and bulky goods; and
- The ability to maintain market share by consolidating activity into precincts that are best positioned to compete against existing and proposed centres by providing form comparison shopping.

19.3.2 Identification of Household's Shopping Behaviour

An appropriate methodology for assessing the level of supportable bulky goods floorspace in Kingston would reflect the shopping behaviour of residents in Kingston and surrounding municipalities. While the scope of this strategy does not extend to surveying households' bulky goods and homewares shopping behaviour, surveys undertaken by JHD as part of the Economic Impact Assessment¹⁷ for the proposed expansion of Chadstone Shopping Centre provides valuable data.

These surveys and the market share calculation derived by JHD were accepted by the panel appointed to consider the expansion of Chadstone Shopping Centre as appropriate¹⁸. Based on this, and the consultants' own review of the survey methodology, it is considered appropriate to use the results of these surveys as a basis for measuring households' shopping behaviour. Notably, this chapter, and that which precedes it, have identified a number of proposed (though yet to be constructed) large bulky goods centres. It will be important that a similar survey to that conducted by JHD be undertaken following the establishment of these centres to understand any implications with respect to reductions in the size of the identified catchments of 'bulky goods' as greater competition is generated. Given the potential overlap of catchments once the new centres are constructed, it is considered appropriate that the revised survey be undertaken on a regional basis in collaboration with the Department of Sustainability and Environment.

Telephone surveys of 1,003 households across Melbourne's eastern and south eastern suburbs were undertaken by JHD in November 2001. Data on households' shopping behaviour was collected at a sub-regional level. This data also provides a basis for estimating the level of household expenditure on homewares and bulky goods directed to the three key bulky goods retailing precincts in Kingston (Moorabbin, Mentone and Brighton) and Southland Shopping Centre.

Survey respondents were asked to answer to the following question:

"Over the past 2 years or so, where have you mainly shopped or browsed for"

The product categories included furniture, home entertainment, large electrical, computer, homewares, small electrical, household linen, floor coverings and hardware.

In using this data to take account of households' shopping behaviour with respect to bulky goods and homewares, it is acknowledged that:

- Telephone surveys were undertaken in 2001 prior to the opening of the Moorabbin Homemaker Centre and Moorabbin Super Centre. The opening of these centres will have had the impact of redistributing expenditure from existing centres within Kingston and, to a lesser extent, expenditure from outside the municipality;
- The wording of this question naturally excludes secondary shopping destinations, thereby resulting in an underestimation in the patronage of these centres; and
- A number of competing centres with strong anchor tenants have also opened since the surveys were undertaken including Victoria Gardens (Ikea), and QV (Harvey Norman).

While it is difficult to assess the likely impacts of recent developments on households' use of Kingston's core precincts for bulky goods and homewares shopping, the impacts are likely to have balanced out. As such, the results of these surveys provide an accurate indication of the current shopping behaviour of residents within Kingston and surrounding municipalities.

The proportion of households within each sub-region that mainly shop for homewares and bulky goods at the three bulky goods precincts along the Nepean Highway or Southland Shopping Centre have been derived from Table A6.4, A6.5, A7.3 and A7.4 as they appear in JHD's final report. Given that the sub-regions as defined by JHD do not extend south of Mentone, new sub-

¹⁷ JHD (2002) Chadstone Shopping Centre: Economic Impact Assessment

¹⁸ Panel Report Amendment C32 p 66-67

regions have been defined by the consultants, with proportions of households using the nominated precincts and centres estimated based on proportions for comparable sub-regions.

These proportions are shown in Figures 42 and 43. Results are consistent with levels that would be expected given the location of competing bulky goods precincts and centres and activity centres. The proportion of respondents in the primary north trade area nominating one of Kingston's core precincts as their main centre for homewares and bulky goods shopping was 71% and 60% respectively. For the purpose of establishing a comparison, approximately 80% of households shop at the nearest full line supermarket in order to undertake their weekly food shopping.

The translation of visits to centres into expenditure and market shares has been based on the following assumptions:

- There is a direct relationship between visits and expenditure with the level of expenditure per visit assumed to be consistent across all centres used by households given that respondents were asked to nominate where they regularly shop;
- A proportion of total household spending will be directed to other centres that are used on an irregular basis; and
- A proportion of total trade directed towards Kingston's core bulky good precincts may be attributed to households residing outside the defined trade area. For the purpose of this analysis, it has been assumed that approximately 5% of total bulky goods turnover may be attributed to this group.

Figure 41: Trade Areas: Kingston Core Bulky Goods Precincts

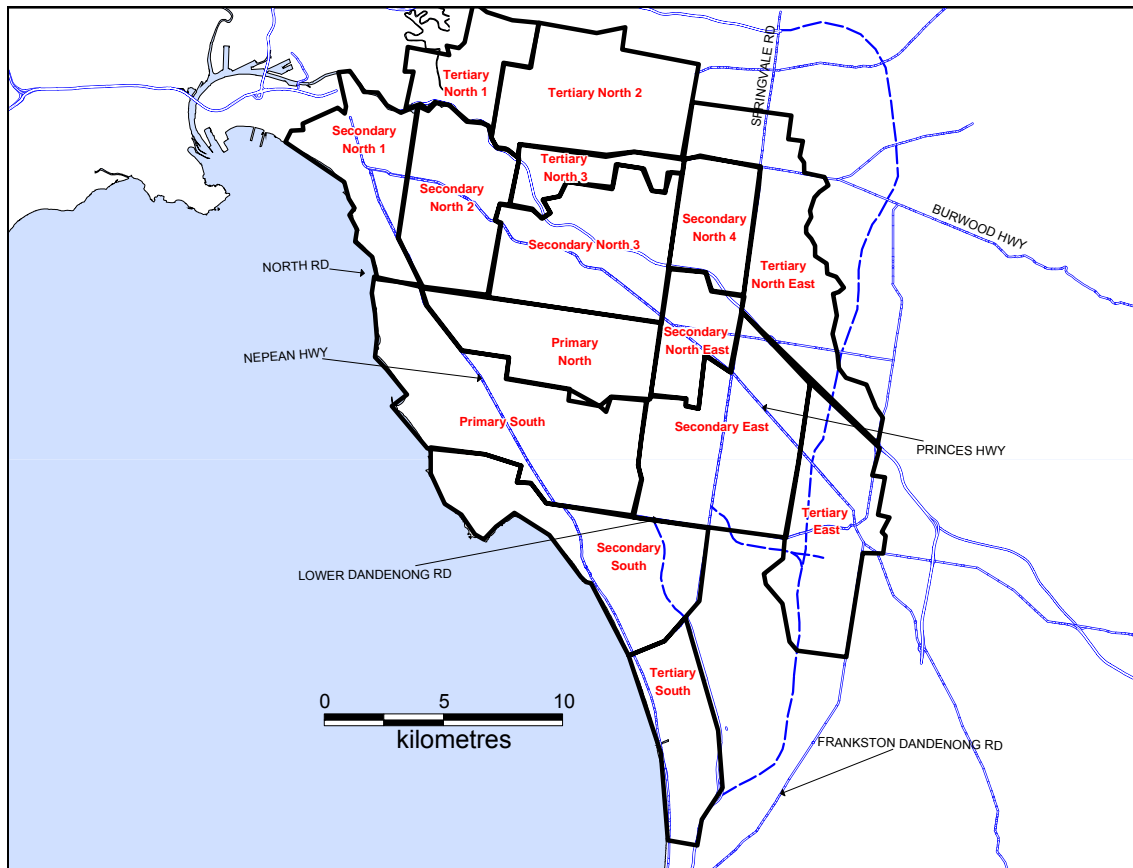


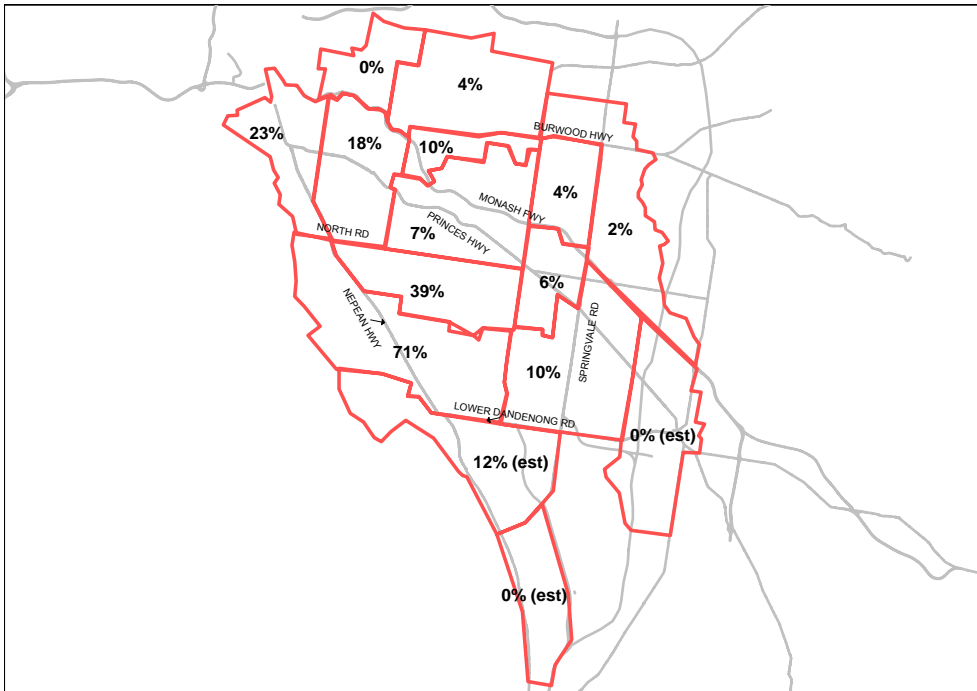
Table 24: Kingston Core Bulky Good Precincts: Market Share (November 2001)

Homewares					Total Market
Trade Area	Brighton	Mentone	Moorabbin	Southland	Share
Tertiary North 1	0.0%	0.0%	0.0%	0.0%	0%
Tertiary North 2	0.0%	0.0%	2.9%	0.9%	4%
Tertiary North East	0.0%	0.0%	1.7%	0.5%	2%
Primary South	2.8%	2.5%	17.7%	47.5%	71%
Secondary South	0.4%	2.5%	0.0%	8.9%	12%
Secondary East	0.4%	1.1%	0.7%	8.3%	10%
Primary North	1.5%	0.4%	15.0%	21.9%	39%
Secondary North East	2.4%	0.0%	0.0%	3.8%	6%
Tertiary South	0.0%	0.0%	0.0%	0.0%	0%
Tertiary East	0.0%	0.0%	0.0%	0.0%	0%
Secondary North 1	2.1%	1.0%	11.7%	8.6%	23%
Secondary North 2	1.1%	0.6%	10.1%	6.7%	18%
Secondary North 3	0.0%	0.4%	4.8%	2.0%	7%
Secondary North 4	0.0%	0.0%	3.2%	0.7%	4%
Tertiary North 3	0.0%	0.0%	3.7%	5.9%	10%

Bulky Goods					Total Market
Revised Catchment Name (Final)	Brighton	Mentone	Moorabbin	Southland	Share
Tertiary North 1	0.0%	0.0%	0.0%	0.0%	0%
Tertiary North 2	0.0%	1.0%	3.8%	0.6%	5%
Tertiary North East	0.0%	0.7%	2.9%	0.0%	4%
Primary South	2.3%	19.9%	23.5%	14.3%	60%
Secondary South	0.0%	19.9%	3.7%	5.0%	29%
Secondary East	0.0%	5.0%	3.7%	2.0%	11%
Primary North	1.5%	17.5%	23.5%	5.2%	48%
Secondary North East	0.0%	0.0%	0.0%	0.0%	0%
Tertiary South	0.0%	0.0%	0.0%	0.0%	0%
Tertiary East	0.0%	0.0%	0.0%	0.0%	0%
Secondary North 1	1.3%	9.0%	11.1%	2.5%	24%
Secondary North 2	0.5%	7.0%	16.3%	2.8%	27%
Secondary North 3	0.0%	5.2%	11.0%	0.7%	17%
Secondary North 4	0.0%	1.1%	4.0%	0.0%	5%
Tertiary North 3	0.0%	3.9%	10.4%	4.2%	19%

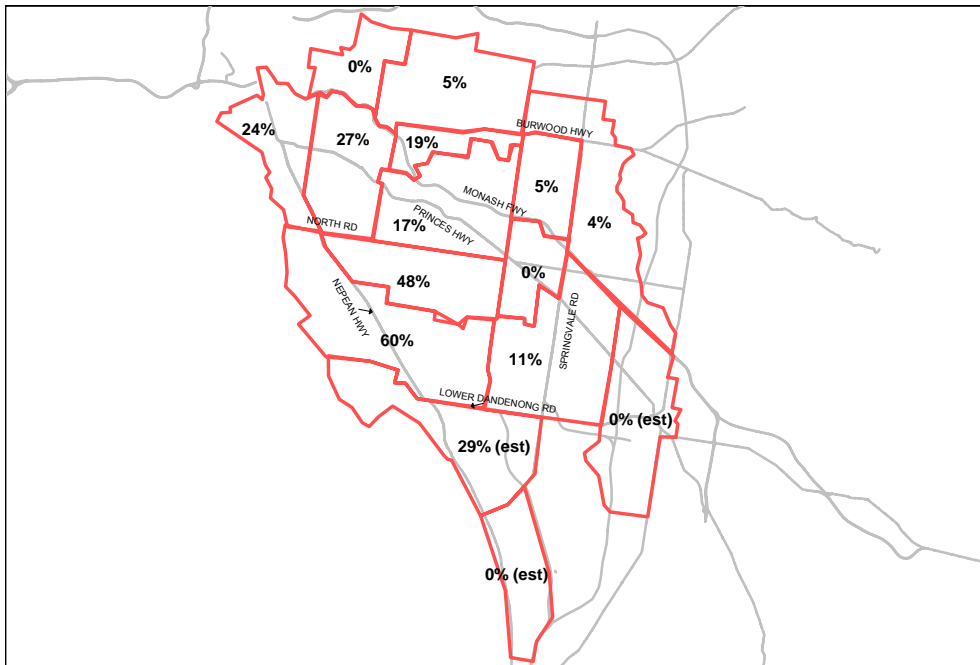
Source: JHD Chadstone Telephone Surveys, Charter Keck Cramer

Figure 42: Kingston Core Bulky Good Precincts: Homewares Market Share (November 2001)



Source: JHD Chadstone Telephone Surveys, Charter Keck Cramer

Figure 43: Kingston Core Bulky Good Precincts: Bulky Goods Market Share (November 2001)



Source: JHD Chadstone Telephone Surveys, Charter Keck Cramer

19.4 Forecast Population Growth

The future population of each of the sub-regions that constitute the trade area has been forecast based on:

- Population projections prepared for the City of Kingston by ID Consultants; and
- Population projections prepared by the Department of Sustainability and Environment at a Statistical Local Area level.

The forecast population growth rate has been assumed to be 2.0% per five year period (0.3% per annum) where it is not possible to accurately project the likely future population growth rates based on available data.

Table 25: Forecast Population Growth by Trade Area Sub Region

Trade Sub Region	2001-2006	2006-2011	2011-2016
Tertiary North 1	2.0%	2.0%	2.0%
Tertiary North 2	2.0%	2.0%	2.0%
Tertiary North East	2.0%	2.0%	2.0%
Primary South	4.7%	5.0%	2.4%
Secondary South	7.0%	2.3%	1.5%
Secondary East	2.6%	0.1%	0.7%
Primary North	2.5%	4.8%	3.9%
Secondary North East	2.0%	2.0%	2.0%
Tertiary South	2.0%	2.0%	2.0%
Tertiary East	2.0%	2.0%	2.0%
Secondary North 1	2.8%	3.6%	3.7%
Secondary North 2	1.0%	1.4%	0.7%
Secondary North 3	2.0%	2.0%	2.0%
Secondary North 4	2.0%	2.0%	2.0%
Tertiary North 3	2.0%	2.0%	2.0%

Source: ID Consultants, DSE, Charter Keck Cramer

19.5 Forecast Household Expenditure By Trade Area

Household expenditure on bulky goods and homewares has been estimated at a trade area level for 2004, 2006 and 2011. Forecasts have been based on the Marketinfo micro-simulation model developed by MDS Market Data Systems which currently estimates household expenditure for 2003-04 in 2003-04 dollars.

Expenditure forecasts have been updated to take account of:

- Projected population growth rates for each trade area; and
- Per capita expenditure in line with that reported by the ABS for household goods in Victoria over the period from 2003/04 to December 2005, and the consultants' projected growth rates from December 2005 as determined in Section 17.2.3

A listing of items that constitute bulky goods and homewares retailing is provided in Appendix B. Expenditure estimates are inclusive of GST.

Table 26: Victoria: Growth in Expenditure on Household Goods

Year To:	Population ('000)	Household Goods Retail Turnover (\$M)	Per Capita Expenditure (\$)
2003-04	4,945	7,187	1,454
2005 Calendar Year	5,020	7,829	1,560
Change 2003-04 to 2005	1.5%	8.9%	7.3%

Source: ABS, Access Economics, Charter Keck Cramer

Over the period 2003-04 to year ending December 2005, per capita expenditure on household goods in Victoria increased by 8.9% or an average of 5.8% per annum, reflecting both price growth and real per capita consumption growth. Over this period, the consumer price index increased by 3.9% indicating that in real terms per capita expenditure on household goods grew by 5% or 3.3% per annum.

Total bulky goods expenditure is forecast to grow at a longer-term average rate of 1.7% per annum (refer Section 17.2.3) based on the relationship between per capita volumes of household good purchased, real prices for these goods, and the impact of forecast exchange rates on the cost of imported goods.

Historically, real per capita consumption of household goods has increased by an average of 1.5% per annum over the full economic cycle from 1989 to 2005.

Table 27: Projected Household Expenditure by Catchment 2001-2016 (\$2005 million)

	2005-06	2010-11	2015-16
Primary	432	489	544
Secondary	1,302	1,434	1,577
Tertiary	883	972	1,070
Total	2,617	2,895	3,191

Source: ABS, Access Economics, Charter Keck Cramer

19.5.1 Kingston's Core Bulky Goods Precincts: Projected Retail Turnover (Bulky Goods and Homewares)

The total level of household expenditure on bulky goods and homewares directed towards retailers at Kingston's core bulky goods precincts has been estimated based on:

- Estimated level of available household expenditure within each of the defined trade areas;
- Allocation of household expenditure in accordance with market shares identified from telephone surveys undertaken by JHD in 2001; and
- An allowance for turnover attributable to households residing outside of the trade area.

The ability of the core precincts to attract expenditure from outside of the defined trade areas will be dependent on accessibility to alternative shopping locations. In addition, the origin of such expenditure will principally need to be from Melbourne's northern and eastern suburbs where there are already a range of homewares and bulky goods retail centres and precincts.

Based on the existing market situation which, as mentioned, needs to be reviewed pending future investment outside Kingston, it is assumed that approximately 5% of total homewares and bulky goods turnover in Kingston's core bulky good precincts would be attributable to households residing outside the identified trade areas.

Table 28: Projected Retail Turnover - 2005-06 (\$2005 mill)

Kingston Catchment	Total Available Spend (\$2005)	Market Share	Expenditure Directed to Core Precincts	Share of Total Turnover
Primary	432	56.5%	244	47%
Secondary	1,302	17.2%	224	43%
Tertiary	883	3.4%	30	6%
Sub Total	2,617	19.0%	498	95%
Outside of Trade Area			26	5%
Total			524	100%

Table 29: Retail Turnover - 2010-11 (\$2005 mill)

Kingston Catchment	Total Available Spend (\$2005)	Market Share	Expenditure Directed to Core Precincts	Share of Total Turnover
Primary	489	56.5%	276	47%
Secondary	1,434	17.3%	247	42%
Tertiary	972	3.4%	33	6%
Sub Total	2,895	19.2%	556	95%
Outside of Trade Area			29	5%
Total			586	100%

Table 30: Projected Retail Turnover 2015-16 (\$2005 mill)

Kingston Catchment	Total Available Spend (\$2005)	Market Share	Expenditure Directed to Core Precincts	Share of Total Turnover
Primary	544	56.4%	306	47%
Secondary	1,577	17.3%	272	42%
Tertiary	1,070	3.4%	36	6%
Sub Total	3,191	19.3%	615	95%
Outside of Trade Area			32	5%
Total			647	100%

Table 31: Core Bulky Goods Precincts Projected Turnover 2006-2016

	Total Available Spend (\$2005)	Market Share	Expenditure Directed to Core Precincts	Trade from Outside Trade Area	Total Turnover (\$m)
2005 - 06	2,617	19.0%	498	26.2	524
2010 - 11	2,895	19.2%	556	29.3	586
2015 - 16	3,191	19.3%	615	32.4	647

19.5.2 Forecast Supportable Bulky Goods and Homewares Floorspace

The future level of retail floorspace dedicated to bulky goods and homewares retailing that may be supported will be determined by the:

- Forecast level of expenditure directed towards the core bulky goods precincts in Kingston;
- Influence of new developments on the overall competitiveness of centres and precincts in Kingston relative to those located beyond the municipality; and
- Productivity of retail floorspace as measured by average retail turnover density (turnover per sq.m.) after taking account of technological innovations.

The potential to increase the competitiveness of the Nepean Highway as a bulky goods precinct will be influenced by the convenience of shopping relative to other competing locations. Shopping convenience is determined by:

- Opportunities to access a range of retailers selling the same category of bulky goods in one location;
- Available retailing formats and the impact of this on the ability to attract retailers and the range of products that may be displayed; and
- The distance and travel time required to access retailers relative to other locations.

The productivity of retail floorspace will also reflect the retailing format available with purpose-built bulky goods premises expected to achieve higher retail turnover densities than older warehouse-type accommodation that has been converted to bulky goods retailing. This will reflect both the ability to improve operational efficiency as well as to attract a higher number of shoppers. Retailers must, however, weigh these benefits up against the higher rents associated with new purpose-built bulky goods facilities.

Turnover details for bulky goods retailers at a store level are generally not available as leases typically do not have a turnover component for calculating rents. There are varying opinions amongst retail analysts of the average turnover density for bulky goods retailers. Analysts' estimates are generally in the range of \$3,500 to 4,000 per sq.m. (including GST) which is comparable to a discount department store.

Turnover densities are also an important determinant of the capacity of retailers to pay rents. For example, if turnover densities are relatively low then the rental levels may be insufficient to make the construction of new floorspace viable.

For the purpose of determining the level of supportable retail floorspace, a retail turnover density of \$3,750 has been assumed after taking account of the competitive position of Kingston's core precincts and the required turnover levels required to support the supply of additional floorspace. A sensitivity analysis has been prepared to assess the influence of turnover densities in the range \$3,250-\$4,250 per sq.m.

The level of supportable bulky goods floorspace within Kingston's core bulky goods precincts based on a turnover density of \$3,750 per sq.m. is calculated to be:

- 139,720 sq.m. in 2005-06;
- 156,140 sq.m. by 2010-11; and
- 172,600 sq.m. by 2015-16.

When compared with the existing and approved provision of floorspace along the Nepean Highway of 168,450 sq.m., it is apparent that there is sufficient floorspace to meet market requirements until around 2016. Additional supply of bulky goods floorspace at Moorabbin Airport (which is not covered by City of Kingston planning controls) will further extend the period for which market needs

will be catered for. With the construction and marketing of bulky goods floorspace currently underway at Moorabbin Airport, there is the potential for a considerable increase in supply over the next 3-5 years.

The above assessment of supportable floorspace is consistent with anecdotal evidence collected during the course of this strategy from real estate agents and other property professionals. Real estate agents have reported a recent softening in demand for bulky goods premises along the Nepean Highway, possibly reflecting a slowing in the housing market and the related demand for new furnishings. The emergence of new developments beyond Kingston's boundaries may also be influencing the choice of retailers in relation to location strategies.

In addition, there have been a number of recent closures of bulky goods retailers including Ikea, Hi-Fi Warehouse and Totally Furniture, together with a noticeable slowing in household expenditure on bulky goods during 2005.

19.6 Sensitivity Analysis

The influence of retail turnover densities on supportable floorspace can be significant. Table 32 shows the amount of supportable floorspace that may be supported based on a range of assumed turnover densities. This analysis indicates that even at low turnover densities, there is little opportunity to support any significant increase in bulky goods floorspace before 2016.

Table 32: Sensitivity Analysis Projected Additional Supportable Floorspace and Retail Turnover Density

Retail Turnover Density (\$/sq.m.) (\$2004)	2006 (sq.m.)	2011 (sq.m.)	2016 (sq.m.)
3,250	-7,250	11,750	30,750
3,500	-18,750	-1,150	16,450
3,750	-28,750	-12,350	4,150
4,000	-37,450	-22,050	-6,650
4,250	-45,150	-30,650	-16,150

From the preceding analysis, it was calculated that the average market share across the trade area held by Kingston's core precincts is estimated to be 19% in 2005-06. Market shares derived from surveys undertaken by JHD are considered to be an accurate reflection of the existing retailing environment. However, it is also recognised that the future competitiveness of the core bulky goods precincts may both influence and reflect the provision of additional floorspace according to the location and quality of additional floorspace both within and outside Kingston. Accordingly, a sensitivity analysis has been undertaken to determine the impact of varying market shares on the total level of supportable floorspace.

The ability of the core precincts to attract a significantly increased share of expenditure on bulky goods will be influenced by:

- Proposals to develop approximately 120,000 sq.m. of bulky goods at Chadstone Shopping Centre, Clayton and Frankston. In addition, catchments to the north may be further eroded as a result of new developments planned for within, and on, the periphery of Melbourne's Central Business District;
- The already mature status of the Nepean Highway as a bulky goods precinct; and
- The continued role of alternative retailing formats in meeting opportunistic purchases.

In broad terms, the level of floorspace that may be supported increases by approximately 7,000 sq.m. for each 1 percentage point increase in overall market share.

For the purpose of providing an indication of potentially achievable market shares, a 34% market share across the entire trade area would require that Kingston's core bulky goods precincts capture

100% market share within the primary catchment area assuming that market shares change proportionately in the secondary and tertiary trade areas.

Table 33: Supportable Retail Floorspace: Sensitivity Analysis 2006

Market Share	Retail Turnover Density (\$/sq.m.)				
	\$3,250 / sq.m.	\$3,500 / sq.m.	\$3,750 / sq.m.	\$4,000 / sq.m.	\$4,250 / sq.m.
17%	144,100	133,800	124,900	117,100	110,200
18%	152,600	141,700	132,200	124,000	116,700
19%	161,100	149,600	139,600	130,900	123,200
20%	169,500	157,400	146,900	137,700	129,600
21%	178,000	165,300	154,300	144,600	136,100

Table 34: Additional Supportable Retail Floorspace: Sensitivity Analysis 2006

Market Share	Retail Turnover Density (\$/sq.m.)				
	\$3,250 / sq.m.	\$3,500 / sq.m.	\$3,750 / sq.m.	\$4,000 / sq.m.	\$4,250 / sq.m.
17%	-24,350	-34,650	-43,550	-51,350	-58,250
18%	-15,850	-26,750	-36,250	-44,450	-51,750
19%	-7,350	-18,850	-28,850	-37,550	-45,250
20%	1,050	-11,050	-21,550	-30,750	-38,850
21%	9,550	-3,150	-14,150	-23,850	-32,350

19.7 Conclusion

This analysis of supportable bulky goods floorspace indicates that there is sufficient supply of existing and approved bulky goods floorspace to cater for anticipated demand until around 2016.

Southland Shopping Centre represents a key strategic asset for the City of Kingston which is currently performing below other regional shopping centres across Melbourne in terms of turnover per square metre of floorspace. Department stores and discount department stores, being the key anchors for this centre, have lost market share over the past decade to bulky goods retailers. It is within the context of reinforcing this centre's role as the principal activity centre within Kingston that future considerations regarding additional bulky goods floorspace should also be considered. Beyond considerations regarding Southland, it is an imperative that monitoring of introduced and planned 'bulky goods' activities at the Moorabbin Airport are recognised as a contributing factor in the possible de-stabilisation of established core 'bulky goods' precincts.

Kingston's primary objective should now be focussed on protecting and reinforcing its established core bulky goods precincts identified through this strategy. It is apparent that continual monitoring of catchment characteristics is required with the maturing of the 'bulky goods sector' both within and, of equal importance, those proximate to the City of Kingston. A key role for Council in its capacity as planning authority will be to further ensure that it looks at the overall dynamics of the retail sector across all aspects covered within this strategy, which include 'out of centre' and 'in centre' retailing in order to ensure that overarching planning objectives, particularly relating to activity centre policy, are not irreversibly undermined.

It is the consultants' recommendation that:

- No additional floorspace be approved before 2016.
- Recognition be given to the potential for additional floorspace to be developed at the Moorabbin Airport outside of the control of the Kingston Planning Scheme which will further extend the timing for approvals beyond 2016.

- Council encourage the Department of Sustainability and Environment to work in collaboration with Council to undertake a regional analysis of consumer behaviour once the approved projects identified through this report are established in order to review catchment area sizes.
- Council actively pursue strategies to alleviate the likely impacts associated with an increase in floorspace by 38% over the short term.
- Council reinforce within its planning scheme the core bulky goods precincts through the use of the Business 4 zone and recognition of the importance of these precincts within its Municipal Strategic Statement.
- Council strongly discourage through its Municipal Strategic Statement the establishment of any additional bulky goods floorspace within zones where 'Restricted Retailing' is a discretionary land use (i.e. Industrial 1, Business 2 and 3 Zones).
- As identified in the previous chapter, Council remove the Mentone (Thrift Park) and Chelsea Heights locations as preferred bulky goods locations within its Municipal Strategic Statement.
- Council continue to monitor the performance of the Parkdale Plaza given the proposed redevelopment of the Nylex site for 40,000 sq.m. of bulky goods and the continued retail development at the Moorabbin Airport. In the event that this centre's longer-term viability is compromised, opportunities for redevelopment for residential uses should be considered.

Part F: Key Strategic Development Sites

20. ASSESSMENT OF KEY STRATEGIC DEVELOPMENT SITES

20.1 Moorabbin Airport

Moorabbin Airport Corporation¹⁹ (MAC) purchased a long-term lease over Moorabbin Airport in June 1998 from the Australian Federal Government. A requirement of the purchase is that the MAC prepare a master plan for the development of the Airport over the first 20 years of the lease. The first master plan was approved by the Federal Minister for Transport and Regional Development in May 1999 and subsequently updated in 2004 with the Final Master Plan.

20.1.1 Development Focus

The Moorabbin Airport Master Plan²⁰ states that the vision for the future development of the airport includes *'strengthening the current Airport operations by improving Airport management, attracting new aviation business and increasing revenues by selective development of land not required for aviation purposes'*.

In implementing this vision, a key development objective is the *'progressive development of non airside land surplus to aviation needs into high quality commercial, industrial, office and retail uses'*.

The key precincts identified within the Master Plan for retail and commercial activities are precincts C, D and E which front Centre Dandenong Road and Boundary Road. The stated strategic objectives for each precinct are:

- Precinct C: Retail Precinct

Currently occupied by Direct Factory Outlets and other retail activities (Aldi, Priceline, The Good Guys, Warehouse etc.), a service station complex and associated car parking areas. The MAC's strategic focus for this precinct is to encourage the consolidation of clearance retailing outlets and complementary retailing and larger scale showroom uses. Mainstream retailing, including activities based on full line, full price retailing are not expected to dominate this precinct. Discount department stores are directly prohibited within this precinct.

While the strategies for achieving these objectives emphasise a focus on 'clearance retailing', they also indicate that *'other forms of retailing activity which exhibit 'mainstream' retail characteristics will be considered in an ancillary function'*. Mainstream retail activity appears to be defined by the master plan as being a department store as indicated by the following comment in relation to the strategy for achieving the objectives for this precinct: *'Prevent the development of this precinct as a mainstream retail activity node by excluding department stores from this precinct'*.

Given the development of an Aldi supermarket and subsequent discussions with a MAC representative during the consultation phase of this strategy, it is apparent that the MAC will aggressively pursue any opportunities available to it under its existing legislation in order to maximise returns from its property development activities. Under the existing controls which are applied to this precinct only a department store use is prohibited.

- Precinct D: Commercial / Industrial Precinct

This precinct has been identified in the master plan as offering opportunities for the development of an integrated high-quality office, business and commercial area. Primary uses being promoted include business and corporate-related facilities and restricted retail and showrooms.

The northern part of the precinct has been identified primarily for warehouse and office uses, with opportunities for commercial and restricted retailing activities supported in an ancillary function.

¹⁹ The MAC is 66.6% owned by Goodman Holdings Pty. Ltd. with Airport Investments holding 33.3%.

²⁰ Moorabbin Airport Corporation (2004), Moorabbin Airport Final Masterplan 2004

The Chifley Business Park currently being developed within this precinct includes a range of industrial and commercial office accommodation within a high amenity environment.

The eastern section of the precinct has been earmarked for restricted retail, business and corporate related facilities. The master plan states that '*appropriate retailing activities which support the core function of the precinct may be supported where positive planning outcomes can be demonstrated*'.

- Precinct E: Corner Centre Dandenong and Boundary Roads

The MAC's vision for this precinct is to create an intensive mixed use precinct including corporate offices, conference and hotel facilities, retail and commercial. The strategy for implementing this vision includes establishing activities that service the airport population and surrounding households, including restaurants, cafes and retailing.

20.1.2 Existing Retail Provision and Performance

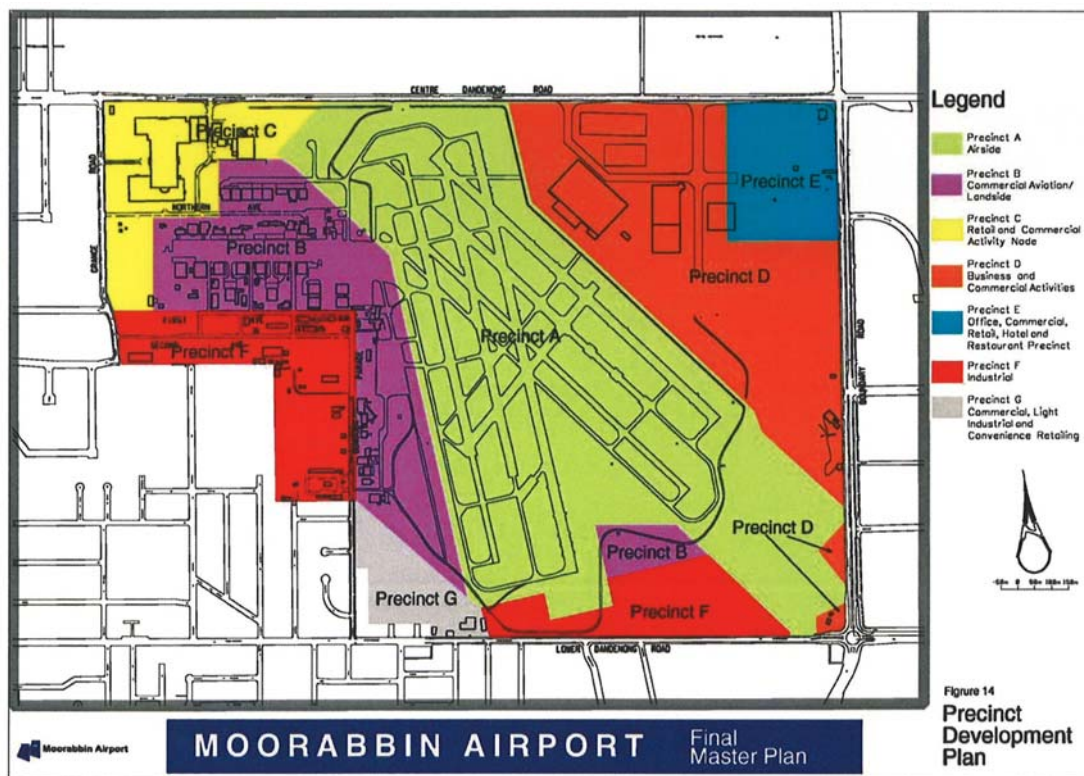
Retail activity is concentrated within Precinct C with key anchors being the Moorabbin DFO. An Aldi supermarket has also established in the precinct, thereby extending the retail function of the precinct. In recent times, a Good Guys electrical retail tenancy and Warehouse tenancy have also been established.

Direct Factory Outlets established an outlet centre at Moorabbin Airport in 1997 comprising 8,000 sq.m. of floorspace and 45 retailers. The centre has since expanded to 23,000 sq.m. and 116 retailers. The centre offers an extensive range of products including women's fashion, men's fashion, children's clothing, footwear, sporting goods/apparel, homewares/furniture, manchester, jewellery/accessories, lingerie/sleepwear, handbags/luggage, prints/frames and gardenware.

Approximately 2.5 million customers are attracted to the Moorabbin DFO each year, generating turnover in excess of \$100 million²¹. This compares to Southland Shopping Centre with 16.8 million visitors and turnover of \$630 million and Parkmore Shopping Centre with 7.3 million visitors and turnover of \$183 million²².

²¹ Direct Factory Outlets chief executive Geoff Porz quoted in The Age 2 May 2004

²² Property Council of Australia (2005), shopping Centre Directory



20.1.3 Future Retail Expansion

The MAC is keen to further expand retail activities at the Moorabbin Airport. In particular, the master plan has identified the potential for 'larger scale showroom' uses in association with the existing retail activities (DFO, Aldi etc.) where it 'complements the non traditional retail function of the precinct'. 'Other forms of retailing activity which exhibit mainstream retail characteristics will be considered in an ancillary function'. The Moorabbin Airport Master Plan also identifies the opportunity for the development of restricted retail and showrooms along its Boundary Road frontage.

The development of a full-line supermarket on the corner of Centre Dandenong and Boundary Roads is also being considered. While it has been indicated that the Chifley Business Park workforce will provide significant support for such a supermarket, this is questionable given the shopping behaviour of typical households. It is more likely that the primary market for a supermarket in this location would be households within Dingley Village immediately to the east, and to a lesser degree, households immediately west of Moorabbin Airport.

The impact of a new full-line supermarket at Moorabbin Airport on the Dingley Village Shopping Centre may be lessened by any endeavour of Woolworths to upgrade the existing Safeway supermarket in Dingley.

20.1.4 Commercial Office Activities

Chifley Business Park, situated in Precinct D on Centre Dandenong Road, was launched in 1999 as a 28-hectare Corporate and Industrial Park for both larger and smaller users. Since 1999, significant road, services, front entry and landscaping infrastructure has been constructed. Chifley has attracted large Corporates such as Coca-Cola Amatil, Storepak and Visy Industries.

A total of approximately 52,000 square metres of office/warehouse have been constructed with approximately 22,000 square metres currently under construction for smaller users in the range of 1,500 to 3,500 square metres fronting Centre Dandenong Road.

More recently, commercial office activities have been incorporated into the Chifley Business Park. The key catalyst for office development has been a relocation by Simplot to 6,500 sq.m. of office space plus an additional 500 sq.m. for a research and development facility. A speculative office

development is also being completed by Macquarie Goodman to further strengthen the commercial component of the park.

Simplot is understood to have been primarily attracted to the Chifley Business Park from the Nepean Highway in Cheltenham by the need for additional space within the region in order to retain its existing workforce. Additional factors influencing their decision have included access to a child care facility, ample car parking facilities and a high amenity environment with accessibility to retailing facilities.

Macquarie Goodman envisage the opportunity for further office development in the future with tenants expected to be drawn from office precincts along the Nepean Hwy, or alternatively from firms in the Monash area seeking cheaper rents.

It is the consultants' view that the emergence of the Chifley Business Park represents an opportunity for the needs of larger office uses to be accommodated within the City of Kingston. The experience of Simplot is typical of expanding firms seeking higher quality office accommodation within a modern campus-style environment offering good parking facilities.



20.1.5 Implications for Kingston Retail and Commercial Hierarchy

The MAC has clearly indicated in both its master plan and during discussions with its representative that it will actively develop Moorabbin Airport for a range of uses including conventional and restricted retailing, and commercial offices. The recent inclusion of an Aldi supermarket to complement the existing DFO indicates that the MAC is likely to aggressively pursue development opportunities available to them. This includes the mooted development of a full-line supermarket within Precinct E.

Westfield, as the owners of Southland Shopping Centre, have opposed the growth of DFO primarily on the grounds that this has occurred outside of the planning requirements faced by itself and other centres, rather than as a source of new competition. While recognising this, any assessment of the

impact of the existing DFO upon Southland and the Kingston retail hierarchy generally would need to recognise the following:

- DFO represents a relatively unique retail format and as a result draws visitors from a very wide catchment area that extends beyond that of even the Southland Shopping Centre. The emergence of new DFO facilities in central and northern Melbourne will reduce the catchment of the facility at the Moorabbin Airport. As a result, the competitive impacts are dispersed across a wide number of centres;
- Compared to other centres with which Southland Shopping Centre competes, DFO has a significantly smaller share of the retail clothing market. Surveys undertaken by JHD have indicated that DFO's market share within Chadstone's immediate trade sub-area is estimated to be 2.5% compared to 33% for Southland Shopping Centre, 7% for the Melbourne CBD and 4.5% for South Yarra/Prahran/Toorak strip.²³; and
- Melbourne's bayside area is not serviced by a sub-regional centre with the nearest being located at Keysborough (Parkmore Shopping Centre) and Malvern (Malvern Central). This raises the issue of whether there is an insufficient diversity of retail centres in the region and DFO represents an appropriate response to this. Further analysis would be required before any policy direction may be given on this issue.

Showroom-based retailing has been identified by the MAC as a development opportunity within Precincts C, D and E. The recent introduction of the Good Guys is an early sign of the potential for further large format retailing activity at the Moorabbin Airport to complement its existing diversified retail role. Given the available supply of land, this has the potential to significantly increase the supply of bulky goods floorspace within the City of Kingston to levels which have the potential to undermine existing precincts. The impact on the Nepean Highway bulky goods precinct and bulky goods retailing generally will be dependent on the scale of development and tenancy mix of any future development. The implication of potential future development was examined in earlier sections of this strategy which have encouraged Council to consolidate its 'Core Bulky Goods Areas' within its Planning Scheme whilst reducing any focus on the secondary locations where bulky goods may have previously been encouraged.

The Chifley Business Park represents an opportunity for Kingston to offer higher quality campus-style office accommodation that cannot be provided within existing office precincts such as Cheltenham and Moorabbin. The Chifley Business Park is unlikely to have any significant overall impact on existing office precincts other than that which may otherwise occur, but instead may enable firms seeking to upgrade their office accommodation to remain with the City of Kingston

Recommendation

Council work proactively with Woolworths to explore upgrade opportunities for the Dingley Safeway in an attempt to protect the vital role of the supermarket as an anchor for the Dingley Village Neighbourhood Centre.

Council modify its MSS to recognise the increased role non-aviation activities, in particular retail and commercial development, have and will continue to play at the Moorabbin Airport.

²³ JHD (2002) Chadstone Shopping Centre: Economic Impact Assessment, Table A 7.2 (Note: Market shares represent average of Secondary South, Tertiary South East and Beyond Trade Area - South West)

Moorabbin Airport DFO: Tenancy List

Ladies Fashion	141-- Table Eight (D4)	75-- Pumpkin Patch (O7)	87-- World Kitchen (L11)
1-- Dotti (H7)	142-- Flockhart Street (D6)	77-- Pumpkin Patch (O7)	93-- Matchbox (L10)
2-- MNG (H6)	144-- Authentic FO (Converse) (C8)	139-- Witchery / Seed (E3)	110-- Bohemia Crystal (J6)
3-- Blue Illusion (H8)	146-- Joe Bloggs (C8)	140-- Esprit (E4)	135-- Villeroy and Boch (C1)
9-- Ti Amo (G8)	148-- Westco (C6)	Footwear	Sporting Goods-Apparel
11-- Mantalini (G8)	149-- Reload (C6)	4-- Nine West (H6)	51-- Bolle (K4)
13-- Gloweave (F8)	150-- Ginger Tree (C5)	26-- Sandler (E5)	53-- The License Store (L4)
30-- Biotic (F5)	151-- Cue (C5)	34-- Windsor Smith / lipstik (G5)	54-- Podium Sports (L5)
32-- PTO (F5)	152-- Charlie Brown (C4)	36-- Windsor Smith / lipstik (G5)	55-- The Speedo Shop (L4)
35-- Warwick Jones (G4)	155-- Aspect (C3)	38-- Diana Ferrari (G5)	56-- Quikstop (M5)
38-- Diana Ferrari (G5)	Mens Fashion	46-- Joanne Mercer (J5)	58-- Puma (M5)
40-- Portmans (H5)	13-- Gloweave (F8)	48-- Tony Bianco Shoes (J5)	100-- Canterbury (M6)
41-- Country Road (H4)	15-- Stafford Direct (E8)	58-- Puma (M5)	122-- adidas (D10)
43-- Ojay Clearance (I4)	16-- Oxford (E6)	66-- Shoe Warehouse (N6)	143-- Flockhart Street (C7)
44-- Giordano (I5)	17-- Essential Man (E5)	95-- PAIRS (L9)	144-- Authentic FO (Converse) (C8)
45-- Catalog (J4)	39-- Menzone (H4)	96-- Colorado (M6)	Manchester
49-- Politix (K4)	41-- Country Road (H4)	97-- PAIRS (L9)	69-- Pure Zone (O6)
50-- Ozmosis (K5)	44-- Giordano (I5)	98-- Colorado (M8)	85-- Sheridan Australia (M11)
56-- Quikstop (M5)	49-- Politix (K4)	126-- Novo (B8)	Jewellery-Accessories
58-- Puma (M5)	56-- Quikstop (M5)	141-- Table Eight (D4)	9-- Ti Amo (G8)
65-- 7 Angels (O5)	58-- Puma (M5)	144-- Authentic FO (Converse) (C8)	33-- Ritual (F4)
67-- United Colors of Benetton (O5)	96-- Colorado (M6)	145-- Roadhouse (C9)	37-- Florentine Eyewear (G4)
96-- Colorado (M6)	98-- Colorado (M8)	153-- Aquila (C4)	51-- Bolle (K4)
98-- Colorado (M8)	100-- Canterbury (M6)	Lingerie-Sleepwear	73-- Vals Jewellery (O7)
99-- Chelsea (L8)	102-- Jag (M6)	5-- La Figure Lingerie (G8)	121-- Kleins (D8)
101-- Jacqui E (L8)	108-- Roger David (J6)	6-- Underwarehouse (G6)	Miscellaneous
102-- Jag (M6)	109-- The General Store (J8)	28-- Bendon (E5)	12-- E B Games (F6)
106-- Just Jeans (K6)	113-- Brands United (I7)	105-- Peter Alexander (K8)	58-- Puma (M5)
109-- The General Store (J8)	122-- adidas (D10)	127-- Socks and Jocks (B8)	61-- Pet Connection (N4)
112-- Jay Jays (I6)	123-- Suburban (C10)	Handbags-Luggage	83-- Outlet Books (O11)
113-- Brands United (I7)	124-- Rivers (B10)	8-- Lifestyle Bags and Luggage (G6)	94-- Sanity (M9)
122-- adidas (D10)	137-- Tommy Hilfiger and Blazer (D2)	14-- Strandbags (F6)	103-- Cosmetics Fragrance Direct (K8)
123-- Suburban (C10)	143-- Flockhart Street (C7)	33-- Ritual (F4)	128-- Bliss Is Hair (B7)
124-- Rivers (B10)	144-- Authentic FO (Converse) (C8)	76-- Cobb and Co (N9)	157-- Caldera Garden Features (G9)
125-- Max Power (B9)	145-- Roadhouse (C9)	147-- Victoria Station (C7)	158-- The Plant Factory (G3)
131-- Review (B4)	154-- Nautica (C3)	155-- Aspect (C3)	159-- Cards Direct (I8)
132-- Eco d (B3)	155-- Aspect (C3)	Homewares-Furniture	160-- DFO Tattslotto (I4)
133-- David Lawrence (B3)	Childrens Clothing	41-- Country Road (H4)	162-- Bam & Lucy's Flowers (I5)
134-- Garfunkle (B2)	31-- PTO Kids (F4)	59-- Rugs Direct (M4)	172-- The Re-Store (D4)
136-- Mossman (C2)	41-- Country Road (H4)	60-- My Cargo Hold (N5)	Food Court
137-- Tommy Hilfiger and Blazer (D2)	67-- United Colors of Benetton (O5)	62-- Villa & Hut (O3)	115-- Villa & Hut Kafe (N4)
138-- Charcoal (E2)	68-- Scooter (N6)	63-- Noble Art Framing (O4)	116-- Gloria Jeans Coffee (O6)
139-- Witchery / Seed (E3)	70-- Run Scotty Run (N7)	64-- My Cargo Hold (N5)	117-- Magic Wok (N10)
140-- Esprit (E4)	72-- Kidswear X Factory (N7)	71-- Shards and Slivers (O6)	118-- Subway (M10)
	74-- Marquise (N8)	78-- Oneida Outlet (O8)	119-- Sandra D's Diner (D&)
		79-- The Royal Doulton Company (O9)	120-- In 2 Juice (D8)
		81-- Red Vanilla (O10)	129-- Serina Cafe (B7)
			130-- Cafe Maldini (B4)

20.2 Clayton Business Park (Former Nissan Car Plant) - Westall

The Clayton Business Park has a total site area of 31 ha, accommodating a mixture of modern office buildings, older-style manufacturing warehouses and over 30,000 sq.m. of vacant land available for future development. Existing occupants include:

- Premoso Pty Limited (Holden Special Vehicles);
- Coca Cola Amatil;
- Craftsman Press; and
- Australian Independent Wholesalers (Woolworth's Limited).

The core market segment catered for by the Clayton Business Park has been identified by Macquarie Goodman as being firms seeking less than 10,000 sq.m. of total floorspace with a 10-15% office component. Demand for a higher office component has been currently constrained by the increased supply of commercial office space within the Monash Technology Precinct.

Macquarie Goodman have shown some interest in exploring the development of a supermarket on the site's Centre Road frontage. There has been no economic assessment of the viability of such a retail development provided by Macquarie Goodman during the time in which this strategy was being developed.

It is the consultants' preliminary view that a supermarket in this location would not be sustainable given barriers to its catchment area, including a railway line (600 metres south), Princes Highway (1 km north) together with strong competition from existing supermarkets at:

- Corner Springvale and Centre Roads, Springvale (Coles) 1.5 km east;
- Springvale Rd, Springvale (Safeway and IGA) 2.5 km south; and
- Clayton Rd, Clayton (1.5 km east).

Recommendation

Council should be seeking to explore with Macquarie Goodman the development of a master plan for the subject land. Such an exercise should give consideration to the appropriateness of the current zoning of the land as well as ensuring the provision of support facilities (i.e. child care, cafes etc) are provided where needed to further strengthen the commercial role that the site may play. Integration issues with the Westall Station and adjacent Westall Village are also relevant given the size of the business park.



21. APPENDIX A: CHADSTONE SHOPPING CENTRE: ECONOMIC IMPACT ASSESSMENT REPORT**Table 35: Chadstone Shopping Centre Market Shares 2001**

Chadstone Catchment Area	Kingston Catchment Area	Chadstone Market Share (2002)		Remaining Centres' Market Share (2002)	
		Homewares	Bulky Goods	Homewares	Bulky Goods
Beyond North West	Tertiary North 1	1.3%	0.7%	98.7%	99.3%
Tertiary North	Tertiary North 2	1.3%	0.7%	98.7%	99.3%
Tertiary East	Tertiary North East	11.2%	0.9%	88.8%	99.1%
Beyond South West	Primary South	0.0%	0.0%	100.0%	100.0%
Beyond Trade Area	Secondary South	0.0%	0.0%	100.0%	100.0%
Tertiary South East	Secondary East	6.5%	0.9%	93.5%	99.1%
Secondary South	Primary North	28.5%	2.8%	71.5%	97.2%
Secondary South East	Secondary North East	30.1%	4.8%	69.9%	95.2%
Beyond Trade Area	Tertiary South	0.0%	0.0%	100.0%	100.0%
Beyond Trade Area	Tertiary East	0.0%	0.0%	100.0%	100.0%
Beyond Trade Area	Secondary North 1	0.0%	0.0%	100.0%	100.0%
Secondary West	Secondary North 2	18.2%	2.1%	81.8%	97.9%
Primary	Secondary North 3	41.7%	6.4%	58.3%	93.6%
Secondary East	Secondary North 4	6.5%	1.0%	93.5%	99.0%
Secondary North	Tertiary North 3	30.2%	3.8%	69.8%	96.2%

Source JHD Table A6.4 & A6.5

Table 36: Market Share of Non-Chadstone Trade - Homewares*2001

		Homewares			
Chadstone Catchment	Kingston Catchment Area	Brighton	Mentone	Moorabbin	Southland
Beyond North West	Tertiary North 1	0.0%	0.0%	0.0%	0.0%
Tertiary North	Tertiary North 2	0.0%	0.0%	2.9%	0.9%
Tertiary East	Tertiary North East	0.0%	0.0%	1.9%	0.6%
Beyond South West	Primary South	2.8%	2.5%	17.7%	47.5%
Beyond Trade Area	Secondary South	0.4%	2.5%	0.0%	8.9%
Tertiary South East	Secondary East	0.4%	1.2%	0.7%	8.9%
Secondary South	Primary North	2.1%	0.6%	21.0%	30.6%
Secondary South East	Secondary North East	3.5%	0.0%	0.0%	5.5%
Beyond Trade Area	Tertiary South	0.0%	0.0%	0.0%	0.0%
Beyond Trade Area	Tertiary East	0.0%	0.0%	0.0%	0.0%
Beyond West	Secondary North 1	2.1%	1.0%	11.7%	8.6%
Secondary West	Secondary North 2	1.4%	0.7%	12.3%	8.2%
Primary	Secondary North 3	0.0%	0.7%	8.3%	3.5%
Secondary east	Secondary North 4	0.0%	0.0%	3.4%	0.8%
Secondary North	Tertiary North 3	0.0%	0.0%	5.3%	8.5%

* Proportion of trade area spending directed to each centre other than Chadstone Shopping Centre
Source JHD Table A7.3

Table 37: Market Share of Non-Chadstone Trade - Bulky Goods*

		Bulky Goods			
Chadstone Catchment	Kingston Catchment Area	Brighton	Mentone	Moorabbin	Southland
Beyond North West	Tertiary North 1	0.0%	0.0%	0.0%	0.0%
Tertiary North	Tertiary North 2	0.0%	1.0%	3.8%	0.6%
Tertiary East	Tertiary North East	0.0%	0.7%	2.9%	0.0%
Beyond South West	Primary South	2.3%	19.9%	23.5%	14.3%
Beyond Trade Area	Secondary South	0.0%	19.9%	3.7%	5.0%
Tertiary South East	Secondary East	0.0%	5.0%	3.7%	2.0%
Secondary South	Primary North	1.5%	18.0%	24.2%	5.4%
Secondary South East	Secondary North East	0.0%	0.0%	0.0%	0.0%
Beyond Trade Area	Tertiary South	0.0%	0.0%	0.0%	0.0%
Beyond Trade Area	Tertiary East	0.0%	0.0%	0.0%	0.0%
Beyond West	Secondary North 1	1.3%	9.0%	11.1%	2.5%
Secondary West	Secondary North 2	0.5%	7.2%	16.6%	2.9%
Primary	Secondary North 3	0.0%	5.6%	11.7%	0.8%
Secondary east	Secondary North 4	0.0%	1.1%	4.0%	0.0%
Secondary North	Tertiary North 3	0.0%	4.1%	10.8%	4.4%

* Proportion of trade area spending directed to each centre other than Chadstone Shopping Centre
Source JHD Table A7.4

Table 38: Overall Market Share - Homewares

Chadstone Catchment	Kingston Catchment Area	Homewares				Total Market Share
		Brighton	Mentone	Moorabbin	Southland	
Beyond North West	Tertiary North 1	0.0%	0.0%	0.0%	0.0%	0%
Tertiary North	Tertiary North 2	0.0%	0.0%	2.9%	0.9%	4%
Tertiary East	Tertiary North East	0.0%	0.0%	1.7%	0.5%	2%
Beyond South West	Primary South	2.8%	2.5%	17.7%	47.5%	71%
Beyond Trade Area	Secondary South	0.4%	2.5%	0.0%	8.9%	12%
Tertiary South East	Secondary East	0.4%	1.1%	0.7%	8.3%	10%
Secondary South	Primary North	1.5%	0.4%	15.0%	21.9%	39%
Secondary South East	Secondary North East	2.4%	0.0%	0.0%	3.8%	6%
Beyond Trade Area	Tertiary South	0.0%	0.0%	0.0%	0.0%	0%
Beyond Trade Area	Tertiary East	0.0%	0.0%	0.0%	0.0%	0%
Beyond West	Secondary North 1	2.1%	1.0%	11.7%	8.6%	23%
Secondary West	Secondary North 2	1.1%	0.6%	10.1%	6.7%	18%
Primary	Secondary North 3	0.0%	0.4%	4.8%	2.0%	7%
Secondary east	Secondary North 4	0.0%	0.0%	3.2%	0.7%	4%
Secondary North	Tertiary North 3	0.0%	0.0%	3.7%	5.9%	10%

Table 39: Overall Market Share - Bulky Goods

Chadstone Catchment	Kingston Catchment	Bulky Goods				Total Market Share
		Brighton	Mentone	Moorabbin	Southland	
Beyond North West	Tertiary North 1	0.0%	0.0%	0.0%	0.0%	0.0%
Tertiary North	Tertiary North 2	0.0%	1.0%	3.8%	0.6%	5.4%
Tertiary East	Tertiary North East	0.0%	0.7%	2.9%	0.0%	3.6%
Beyond South West	Primary South	2.3%	19.9%	23.5%	14.3%	60.0%
Beyond Trade Area	Secondary South	0.0%	19.9%	3.7%	5.0%	28.6%
Tertiary South East	Secondary East	0.0%	5.0%	3.7%	2.0%	10.6%
Secondary South	Primary North	1.5%	17.5%	23.5%	5.2%	47.7%
Secondary South East	Secondary North East	0.0%	0.0%	0.0%	0.0%	0.0%
Beyond Trade Area	Tertiary South	0.0%	0.0%	0.0%	0.0%	0.0%
Beyond Trade Area	Tertiary East	0.0%	0.0%	0.0%	0.0%	0.0%
Beyond West	Secondary North 1	1.3%	9.0%	11.1%	2.5%	23.9%
Secondary West	Secondary North 2	0.5%	7.0%	16.3%	2.8%	26.6%
Primary	Secondary North 3	0.0%	5.2%	11.0%	0.7%	16.9%
Secondary east	Secondary North 4	0.0%	1.1%	4.0%	0.0%	5.0%
Secondary North	Tertiary North 3	0.0%	3.9%	10.4%	4.2%	18.6%

22. APPENDIX B: DEFINITION²⁴ OF BULKY GOODS AND HOMEWARES CATEGORIES

Homewares	Bed linen
	Blankets and traveling rugs
	Bedspreads and continental quilts
	Pillows and cushions
	Towels and face washers
	Table and kitchen linen
	Other household textiles
	Household linen and furnishings (excl. ornamental)
	Paintings and carvings and sculptures
	Ornamental furnishings nec ²⁵
	Tableware
	Glassware
	Cutlery
	Cooking utensils
	Cleaning utensils
	Glassware, tableware, cutlery and household utensils
	Electrical
Refrigerators and freezers	
Washing machines	
Air-conditioners	
Dishwashers	
Clothes dryers	
White goods and other electrical appliances nec	
Mobile phones	
Telephone handset (purchase)	
Answering machines	
Televisions	
Satellite dishes	
Television aerials nec	
Video cassette recorders	
Video cameras	
Digital video disc players/laser disc players	
Video equipment nec	
Radios	
Record player	
Tape deck	
CD player	
Integrated sound system	
Amplifiers and tuner-amplifiers	
Speakers	
Audio equipment nec	
Home entertainment systems	
Audiovisual equipment and parts nec	
Home computer equipment (incl. pre-packaged software)	
Hardware	Repairs and maintenance - paint
	Repairs and maintenance (materials only) nec
	Lawnmowers (including electric)

²⁴ Reference to bulky goods and homewares and the products that constitute these retail categories are based on anecdotal evidence of such products being sold by retailers located outside of designated activity centres. It is not the intention that the inclusion of specific products within each definition should have any relevance for interpreting statutory planning definitions.

²⁵ Nec – not elsewhere classified

	<ul style="list-style-type: none"> Gardening tools Other hand and power tools Tools and other household durables nec Nails, screws and other fasteners Trees, shrubs and plants Other gardening products Swimming pool chemicals
Furniture	<ul style="list-style-type: none"> Kitchen furniture Bedroom furniture Lounge/dining room furniture Outdoor/garden furniture Other furniture
Other Bulky Goods	<ul style="list-style-type: none"> Carpets Floor rugs, mats and matting Vinyl and other sheet floor coverings Floor tiles Other floor coverings Curtains Blinds Tyres and tubes Motor vehicle electrical accessories Vehicle parts purchased separately nec Vehicle accessories purchased separately nec Camping equipment Sports equipment nfd²⁶ Fishing equipment Golf equipment (excluding specialist sports shoes) Specialist sports shoes Sports equipment nec Recreational and educational equipment nec Baby goods (excluding clothing) Non-electrical household appliances

²⁶ Nfd – not fully described

23. APPENDIX C: DEFINITION²⁷ OF FOOD EXPENDITURE CATEGORIES

Groceries	Fresh Food
Alcoholic beverages nfd and nec	Meat (excluding fish and seafood) nfd
Animal food nfd	Ham (including canned)
Beer for consumption off licensed premises	Bacon (including canned)
Beer nfd	Sausages (not continental)
Biscuits	Mince
Bread	Smallgoods
Breakfast cereals	Processed meat nec
Butter	Prepared beef and veal
Cake, biscuit, pudding and bread mixes	Beef and veal nec
Cakes, tarts and puddings (fresh or frozen)	Prepared mutton and lamb
Canned, frozen and bottled fruit	Mutton and lamb nec
Canned and bottled baby foods	Prepared pork (excluding bacon and ham)
Canned and bottled fish and seafood	Pork (excluding bacon and ham) nec
Canned and packet soup	Prepared poultry
Canned meat (other than bacon and ham)	Poultry nec
Canned spaghetti and baked beans	Game
Cereals and pasta nec	Offal
Cheese	Meat (excluding fish and seafood) nec
Chocolate confectionery	Fish and seafood nfd
Cigarettes	Fresh fish and seafood
Coffee	Fruit and nuts nfd
Confectionery nec	Fresh fruit nfd
Cordials	Fresh citrus fruit
Dairy products nec	Fresh stone fruit
Dried fruit nec	Fresh apples and pears
Dried fruit nfd	Berries
Dried grapes	Grapes
Edible oils and fats nec	Melons
Eggs and egg products nec	Tropical fruit (excluding bananas)
Fish and seafood nec	Bananas
Flour	Fresh fruit nec
Food and non-alcoholic beverages nfd	Vegetables nfd
Food drinks nec	Fresh vegetables nfd
Food wraps (excluding paper)	Fresh potatoes
Fresh cream	Fresh onions
Fresh eggs	Other fresh root vegetables
Fresh milk	Fresh tomatoes
Frozen fish and seafood	Flower vegetables
Frozen prepared meals	Leaf vegetables
Frozen processed meat	Peas and beans
Frozen vegetables	Pumpkin
Fruit and vegetable juice nfd	Fresh vegetables nec
Fruit juice	Other vegetables
Honey	
Household non-durables nec	
Household non-durables nfd	

²⁷ The products that constitute the food category is based on anecdotal evidence of such products being sold within supermarkets, convenience stores etc.. It is not the intention that the inclusion of specific products within the definition goods should have any relevance for interpreting statutory planning definitions.

Groceries	Fresh Food
Household paper products (excluding stationery)	
Household polishes	
Household soaps and detergents	
Ice confectionery (including ice cream)	
Jellies and desserts	
Margarine	
Marmalades, jams and preserves	
Medicines and non-prescribed pharmaceutical products	
Mixed fruit and vegetable juice	
Nappies	
Non-alcoholic beverages nfd	
Non-prescribed ointments and lotions nec	
Non-prescribed pain relievers	
Nuts	
Oral hygiene products	
Other alcoholic beverages off licensed premises	
Other food additives	
Other household cleaning agents	
Other tobacco	
Packaged prepared meals nec	
Packaged waters	
Pasta	
Potato crisps and other savoury confectionery	
Powdered milk	
Rice	
Sauces and salad dressings	
Shavers, hairdryers and related	
Soft drinks	
Soy and non-dairy milks	
Spices and herbs	
Spirits for consumption off licensed premises	
Spirits nfd	
Spreads and dips	
Sugar	
Sunscreens	
Surgical dressings	
Syrups	
Talcum powders and deodorants	
Tea	
Tobacco products nec	
Toilet soap	
Toiletries and cosmetics nec	
Unpackaged milk-based beverages	
Vegetable juice	
Wine for consumption off licensed premises	
Wine nfd	
Yoghurt	