



ESSENTIAL ECONOMICS

Wollert PSP 1070

Addendum: Activity Centre and Employment Analysis as Input to PSP

20 December 2013

The Metropolitan Planning Authority (MPA) are currently finalising the Wollert Precinct Structure Plan (PSP). Essential Economics Pty Ltd prepared the '*Wollert PSP 1070 – Activity Centre and Employment Analysis as Input to the Precinct Structure Plan*' (July 2012 Report) as input to the activity centre and employment uses within the PSP area.

Since the preparation of that report, MPA have refined the Urban Structure, and land owners and developers have proposed a number of changes to the activity centre hierarchy in the surrounding region.

This Addendum to the July 2012 Report reviews the implications for activity centre development and employment arising from the revised Urban Structure, and assesses the implications that may arise from specific activity centre proposals in the surrounding region.

The information contained in this Addendum includes the following:

- 1 A summary of key findings of the July 2012 Report
- 2 A summary of Activity Centre proposals in the region
- 3 A review of the revised Wollert PSP Urban Structure
- 4 A review of the residential outcomes arising from the revised Urban Structure
- 5 A review of the activity centre outcomes arising from the revised Urban Structure
- 6 A review of the employment land outcomes arising from the revised Urban Structure
- 7 A review of the employment generation outcomes.

This Addendum should be read in conjunction with the July 2012 Report.

****Please note:** Figures containing draft land use plans have been deleted as the plans are confidential at this point in time.

1 Summary of Key Findings of the July 2012 Report

Potential residential development outcomes

The Wollert PSP area has potential to accommodate a total population in the range of 28,000 persons (low development scenario) to 43,000 persons (high development scenario), according to analysis in the July 2012 Report of available gross land area, potential dwelling

yields, and expected average household size. A population of approximately 35,000 residents is estimated under a medium development scenario.

This population outcome is associated with a dwelling yield of 9,400 lots under a low scenario, 11,800 lots under the medium scenario, and to 14,400 lots under the high scenario.

Activity Centre Planning

An assessment of supportable retail and non-retail floorspace in the Wollert PSP was prepared in the July 2012 Report on the basis of the anticipated population outcomes, and by analysing the potential to capture a share of the available spending by residents living within the PSP area.

Table 1 below summarises the recommendations regarding the potential activity centre outcomes for the Wollert PSP.

Table 1: Summary of Potential Activity Centre Outcomes

	Base scheme		
	Low	Medium	High
<u>Wollert Major Town Centre</u>			
Total supportable retail and commercial floorspace	20,600 m ²	32,700 m ²	43,300 m ²
Major retail tenancies (indicative)	1xsmall DDS, 1xfull-line supermarket, 1xmid-sized supermarket	1x large DDS, 2xfull-line supermarkets, 1xmid-sized supermarket	1x large DDS, 2xfull-line supermarkets, 1xmid-sized supermarket
Land requirements	5.5 ha	8.6 ha	11.4 ha
<u>Wollert Neighbourhood Town Centre</u>			
Total supportable retail and commercial floorspace	6,100 m ²	7,100 m ²	8,200 m ²
Major retail tenancies (indicative)	1xfull-line supermarket	1xfull-line supermarket	1xfull-line supermarket
Land requirements	1.7 ha	1.9 ha	2.2 ha
Local centre floorspace	2,000 m ²	3,500 m ²	5,500m ² ⁽¹⁾
Potential homemaker floorspace	25,000m ²	35,000m ²	40,000m ²

Source: Essential Economics Pty Ltd

Note: ⁽¹⁾ potential for larger LTC in the northern part of PSP may exist; DDS refers to Discount Department Store

Impact of Proposed Changes to Activity Centre Planning at Aurora

At the time of preparing the July 2012 Report, a proposal existed for the redistribution of retail and commercial floorspace between the Aurora North Town Centre (NTC) and the Aurora South Town Centre (STC), located approximately 1.5km and 3km (respectively) south of the Wollert PSP respectively.

The proposed changes will increase the retail provision at the Aurora NTC and increase its competitive relevance for future development of centres in the Wollert PSP. In particular, the inclusion of a Discount Department Store (DDS) at Aurora NTC (with the possibility of a second

DDS in the future) would limit the opportunity to establish a strong DDS trader as part of the Wollert MTC.

An analysis was undertaken in the July 2012 Report to examine the implications for activity centre development in Wollert PSP arising from proposed changes to activity centre planning for the Aurora NTC and the Aurora STC.

The July 2012 Report found that under the alternative scheme, it would be difficult to attract a DDS to anchor the Wollert MTC, particularly if insufficient separation between these two centres is provided. Even under the high development scenario, the analysis indicates that only a small-format DDS might be supported in the Wollert MTC.

Total retail provision in the Wollert PSP under this alternative scenario is estimated at 13,500m² under the low development scenario, 24,000m² under the medium development scenario, and 30,000m² under the high development scenario. A provision of non-retail commercial floorspace will also be provided in the Wollert PSP centres.

Employment Area Planning

The designation of an employment precinct at Wollert has potential to add to the employment-generating capability of the precinct and the wider Epping North-Wollert corridor. However, the Wollert employment precinct is unlikely to develop as a significant location for major industrial use, especially in the short to medium-term, having regard for the features of the site and expected competition from other major existing and planned employment areas in the wider region.

In this context, the Wollert employment precinct is likely to evolve as a sub-regional or district-level industrial estate, accommodating a range of activities primarily focussed around servicing the local and regional population and catering for industrial land demand from building and service industries.

Employment Outcomes

Taking into consideration the future development of employment land and activity centres within the Wollert PSP, and a high level analysis of the demand for and employment associated with community uses, the Wollert PSP would be expected to provide the following employment outcomes:

- Low scenario: Total of approximately 7,500 jobs.
- Medium scenario: Total of approximately 8,500 jobs.
- High scenario: Total of approximately 9,500 jobs.

2 Summary of Recent and Proposed Activity Centre Proposals in the Region

At the time of preparing the July 2012 Report, Places Victoria had commissioned a report titled *Aurora Assessment of Retail and Commercial Uses* (Urbis, March 2010) which recommended a redistribution of retail and commercial floorspace between the Aurora NTC and the Aurora STC. Urbis recommended the Aurora NTC to become a sub-regional shopping centre comprising 24,000m² of retail and commercial floorspace, including a DDS and two supermarkets, while the Aurora STC would serve only a small neighbourhood role with 3,000m² of retail and commercial floorspace.

More recently, Places Victoria commissioned a similar study titled *Aurora, Epping North – Future Demand for Retail Facilities* (MacroPlan 2012). The findings of this study are similar to that of the Urbis report, in that MacroPlan also recommend the Aurora NTC to serve a sub-regional role comprising a DDS and two supermarkets. However, MacroPlan identify the potential for the Aurora STC to serve the role of a large neighbourhood centre comprising 8,500m² of retail and commercial floorspace.

In essence, the proposed changes to the allocation of retail and commercial floorspace in Aurora are minimal in the context of their implications for Wollert PSP. Therefore, the findings of the July 2012 Report (refer Section 1) remain relevant with regard to the implications of a larger Aurora NTC on the Wollert MTC. Section 5.7 in this Addendum Report assesses the implication of the proposed changes to centres in Aurora on activity centre development in Wollert PSP in more detail.

A summary of the approved and the various proposals at Aurora centres is shown in Table 2.

Table 2: Summary of Proposed Changes to Activity Centres in Aurora

Centre	Approved Development (Aurora Development Plan, 2007)	July 2012 Proposal (Urbis Report, 2010)	Current Proposal (MacroPlan Report, 2012)
<u>Aurora North Town Centre</u>			
Supermarkets	1	2	2
Discount Department Store	0	1	1
Total retail and commercial floorspace	6,000m²	24,000m²	21,500m²
<u>Aurora South Town Centre</u>			
Supermarkets	2	1	1
Discount Department Store	1	0	0
Total retail and commercial floorspace	14,000m²	3,000m²	8,500m²

Source: VicUrban, *Aurora Development Plan Part 2*, 2007; Urbis, *Aurora Assessment of Retail and Commercial Uses*, March 2010; MacroPlan, *Aurora, Epping North – Future Demand for Retail Facilities*, 2012

In addition to changes to the proposed centres in Aurora, a proposal exists to increase the permitted retail floorspace at the Epping North East Neighbourhood Activity Centre (NAC) from 3,000m² to 7,000m². The increase in floorspace is proposed to enable the development of a full-line supermarket.

The south-eastern part of the Wollert PSP may form part of the secondary catchment for this centre, having regard for the following:

- Proximity of the centre to the southern boundary of the Wollert PSP (approximately 1km)
- Location on Epping Road which will be a major connector road linking Epping to Wollert
- The limited neighbourhood shopping facilities in this part of Wollert, based on the revised Urban Structure (refer Section 3, following).

Consequently, permitting a full-line supermarket at Epping North East NAC would have a positive effect on the level of choice in convenience shopping facilities for residents in the south-eastern part of the Wollert PSP.

It is not expected that an increase in retail floorspace at Epping North East NAC would impact on the future development of centres or supermarkets in Wollert. The Wollert MTC will be the main shopping location for residents in the south-eastern part of the Wollert PSP.

3 Revised Draft Wollert PSP Urban Structure

The revised Urban Structure (December, 2013) for the Wollert PSP is shown in Figure 1. The majority of the PSP area is identified for urban uses, while employment uses are located along the eastern edge of the PSP which adjoins the proposed E6 Corridor.

With regard to the urban areas, the revised Urban Structure provides the following:

- One Major Town Centre (MTC) located in a central position in the PSP area
- Two Local Town Centres (LTCs) located in the western and the northern parts of the PSP area
- Two Local Convenience Centres (LCCs)
- Seven schools, including government and non-government schools
- Significant areas of passive and active open space
- A Public Transport Corridor which extends to the MTC (mode subject to further investigation)
- Areas where sensitive land uses are prohibited.

The eastern portion of the PSP area has been nominated for a mix of employment uses. This land was identified for employment uses in the Melbourne North Growth Corridor Plan

(MNGCP), with the type of development constrained due to its location within buffer distances from a nearby quarry.

The revised Urban Structure (December, 2013) identifies the following types of employment uses:

- General light industrial, comprising approximately 136ha of land (net)
- Bulky goods, comprising 28ha of land (net), located in the south with access to Craigieburn Road.

MPA have prepared an alternative Urban Structure which provides the following mix of employment uses:

- General light industrial, comprising approximately 89ha of land (net)
- Bulky goods, comprising 44ha of land (net), located along Epping Road, towards the intersection with Bridge Inn Road and the E6
- Office park, comprising 27ha of land (net), located to the north and south of Bridge Inn Road.

Figure 1 shows the revised Urban Structure (December, 2013), while Figure 2 shows the alternative distribution of employment uses.

4 Review of the Residential Outcomes in Wollert PSP

MPA have provided updated analysis of land budgets and expected dwelling yields in the Wollert PSP, based on the revised Urban Structure (refer Figure 1). The revised land budget and dwelling yields prepared by MPA are attached as an annex to this Addendum.

Based on the revised Urban Structure, it is estimated that approximately 12,010 dwellings could be accommodated within the Wollert PSP, including approximately 10,030 conventional dwellings and approximately 1,980 medium-density dwellings. These estimates are based on the following assumptions:

- Conventional dwellings: 15 dwellings per net residential area
- Medium-density dwellings: 25 dwellings per net residential area.

The above yields are reasonable for the purpose of assessing future dwelling yields in the PSP area. Furthermore, the location of a significant extent of medium-density housing surrounding the Wollert MTC is also reasonable.

However, potential may exist for additional medium-density housing around the two LTCs and around selected areas which overlook areas of open space. This would provide additional support to the LTCs and would capitalise on areas overlooking open space that may be subject to higher property values.

Based on a yield of 12,010 dwellings and an average household size of 3 persons, the Wollert PSP is estimated to accommodate approximately 36,030 residents.

The July 2012 Report provided three development scenarios. The medium scenario was based on a dwelling yield of approximately 11,800 dwellings, which broadly reflects the dwelling yield provided in the revised draft Urban Structure (December, 2013). The population in the Wollert PSP area under the medium development scenario was estimated at 35,400 residents.

5 Review of the Town Centre Outcomes in Wollert PSP

The residential development outcomes identified under the medium development scenario in the July 2012 Report broadly reflect those in the revised draft Urban Structure. Therefore, the total demand for retail and commercial floorspace identified in the July 2012 Report under the medium development scenario can also be broadly applied to the revised draft Urban Structure.

However, changes to the planned location of centres in the Wollert PSP, in particularly LTCs, have occurred since the July 2012 Report. Therefore, to test the appropriateness of the proposed Town Centre locations, a review of the activity centre outcomes in the Wollert PSP is provided below. The analysis takes into consideration updated population (refer Section 4) and retail spending estimates.

The review is based on the location of the MTC and the two LTCs as shown in the revised draft Urban Structure (December, 2013). This methodology has been adopted in order to provide

advice as to the extent of retail and commercial development that could be accommodated at the proposed locations.

This varies slightly from the methodology provided in the July 2012 report, which was based on a 'top-down' methodology, whereby total supportable floorspace within the Wollert PSP was estimated and was then distributed between various centres and locations.

The following information is provided in the review of Town Centre outcomes in the Wollert PSP:

- Updated of retail spending estimates
- Review of the Wollert MTC
- Review of the planned LTCs
- Review of the planned LCCs
- Summary of Town Centre Outcomes in Wollert PSP
- Implications of changes to activity centre planning in Aurora
- Review of 'bulky goods' floorspace demand and locations

5.1 Update of Retail Spending Estimates

Table 3 shows updated retail spending estimates for residents in the Wollert PSP in 2035, including the following:

- Average retail spending in 2035 is projected to be approximately \$17,310 per capita (in constant 2013 dollars).
- Total available retail spending in 2035 by Wollert PSP residents is estimated at \$624m (in constant 2013 dollars).

Table 3: Wollert PSP – Available Retail Spending by Wollert PSP Residents, 2035 (\$2013)

Retail category	Average Per Capita Retail Spending	Total Retail Spending
Food, liquor, groceries	\$6,250	\$225.2m
Food catering	\$1,910	\$68.8m
Non-food	\$8,620	\$310.6m
Retail services	\$530	\$19.1m
Total Retail	\$17,310	\$623.7m

Source: MarketInfo and Essential Economics Pty Ltd

5.2 Review of the Wollert MTC

Key features of the Wollert MTC based on the revised Urban Structure include the following:

- Central location: The MTC is centrally located within the Wollert PSP area, which ensures the MTC is easily accessible to Wollert residents and businesses.
- Accessibility and exposure: The MTC is located on an east-west arterial road (Boundary Road) which connects with the planned E6, and this will provide the MTC with a strong level of exposure and accessibility. Connector streets ensure the MTC is easily accessible to the areas in the north and south.
- Land area: The revised Urban Structure provides a land budget of approximately 10ha.
- Public transport corridor: A public transport corridor is planned to terminate at the Wollert MTC, while the mode of public transport is still to be determined (this may involve rail). A railway station at the Wollert PSP would have positive implications for businesses and land use in the Wollert MTC, while also providing benefits for Wollert residents and the community.
- Community facility: A community facility (yet to be determined) is also planned for a location which adjoins the MTC.

Having regard for the above features, the location identified in the revised Urban Structure for the Wollert MTC is appropriate.

The following provides an analysis of the potential retail and commercial land uses that could be supported in the Wollert MTC, including an assessment of the potential for a DDS, supermarkets, total retail floorspace and non-retail commercial development.

Potential for DDS Development

An update of the assessment of the potential for DDS development at the Wollert MTC prepared in the July 2012 Report (refer Section 6.3 of the July 2012 Report) has been undertaken. This assessment takes into consideration updated retail spending estimates (refer Table 3).

The approach undertaken is a *capacity analysis*, which examines the spending capacity for DDS-type shopping by residents in the PSP area, calculates the share of such spending that might be captured by DDSs at the Wollert MTC, and presents estimates of potential future trading performance for such stores. The main assumptions used in the analysis are detailed in the July 2012 Report.

Based on the updated analysis, which is shown in Table 4, the Wollert MTC could support a DDS comprising approximately 7,000m² in retail floorspace. It is estimated a DDS at the Wollert MTC could achieve turnover of approximately \$26m in 2035 at an average of \$3,700/m² (in 2013 constant prices), which would be sufficient to attract a DDS operator. Currently, successful DDS typically achieve average turnover in the order of \$3,000/m² to \$3,500/m².

The analysis is based on the a DDS achieving a market share of 35% of DDS-related retail spending by Wollert PSP residents and 20% of turnover from beyond the Wollert PSP (including areas to the south of Wollert PSP).

Table 4: DDS Capacity Analysis, Wollert MTC, 2035

Category	2035
Total non-food retail spending by Wollert PSP residents (includes services)	\$329.7m
Available spending on DDS-type merchandise	\$306.6m
Spending directed to DDSs (@ 18%)	\$55.2m
Wollert MTC market share	35%
DDS spending retained from Wollert PSP residents	\$19.3m
Turnover from beyond PSP (@20%)	\$4.8m
Total DDS non-food turnover	\$24.1m
Plus F&G turnover (@8%)	\$2.1m
Available turnover to DDSs in the MTC	\$26.2m
Indicative DDS	7,000 m ²
Average trading level	\$3,700/m ²
Source:	MarketInfo; Essential Economics
Note:	Figures in constant 2013 dollars

Potential for Supermarket Development

A supermarket capacity analysis for the Wollert MTC shows approximately 8,600m² of supermarket floorspace could be supported in the Wollert MTC. These supermarkets would capture an estimated market share of 47.5% of FLG spending directed to supermarkets by Wollert PSP residents.

Total supermarket turnover for the Wollert MTC is estimated at approximately \$95m in 2035 (in constant 2013 dollars), which assuming an average trading level of \$11,000/m², could support approximately 8,600m² of supermarket floorspace.

The supermarket capacity analysis is presented in Table 5 and takes into consideration the following:

- Approximately 75% of total available spending on food, liquor and groceries (FLG) is directed to supermarkets, with the remainder directed to food specialty stores, fresh food markets and so on.
- Supermarkets in the Wollert MTC will capture a share of this supermarket spending (estimated at 47.5%), but will compete to some degree with supermarkets located in the LTCs in Wollert (refer Section 5.3 of this Addendum) and supermarkets located beyond the Wollert PSP area including in Aurora, Lyndarum, Epping North East, Epping Plaza, and so on. Some supermarket spending will also 'escape' from the Wollert PSP in association with other trips outside the region (such as commuter work-related trips).

- A relatively small proportion of supermarket turnover will be captured from residents outside the PSP area, because people tend to direct most of their supermarket shopping locally and because of Wollert's position at the outer fringe of the urban area.
- A small share of supermarket turnover (usually around 6%) is derived from the sale of non-FLG merchandise, including small kitchenware items, a limited range of clothing, other household accessories, and so on.
- An average retail turnover performance of approximately \$11,000/m² for supermarkets in the Wollert MTC (in constant 2013 prices); this estimate takes into consideration existing benchmarks for supermarket performance at regional and regional shopping centres, and potential for real growth in the future.

Table 5: Supermarket Capacity Analysis, Wollert MTC, 2035

Category	2035
FLG spending of Wollert PSP residents directed to supermarkets, 2035 (@75%)	\$168.9m
Wollert MTC market share	47.5%
FLG spending retained, 2035	\$80.2m
Plus turnover form beyond (@ 10%)	\$8.9m
Total FLG turnover	\$89.1m
Plus non-FLG turnover (@ 6%)	\$5.7m
Total supermarket turnover	\$94.8m
Average trading level	\$11,000/m ²
Supportable supermarket floorspace (rounded)	8,600m²
Source:	MarketInfo; Essential Economics
Note:	Figures in constant 2013 dollars

Approximate 8,600m² of supermarket floorspace is sufficient to support two full-line supermarkets (in the order of 3,500m² to 4,000m²) and a third limited range supermarket. An indicative distribution of supermarkets in the Wollert MTC is shown below:

- Full-line supermarket: 3,800m²
- Full-line supermarket: 3,600m²
- Limited-range supermarket: 1,200m².

Total Supportable Retail Floorspace

The analysis described above indicates that the Wollert MTC could be anchored by a large DDS and up to three supermarkets. These retail tenancies, along with other non-retail businesses which would be anticipated to locate within the MTC, will attract significant patronage to the centre which would support speciality retailing. This would include a mix of small speciality shops and mini-major tenancies.

Typically, major tenancies such as supermarkets and DDSs account for between 60% and 65% of retail floorspace in sub-regional shopping centres. Assuming in the case of the Wollert MTC

major tenancies account for 62.5% of floorspace (or the mid-point between 60% and 65%), total supportable retail floorspace supportable in the MTC would be in the order of 25,000m², and this would include approximately 9,400m² of speciality and mini-major floorspace.

Table 6 shows an indicative distribution of retail floorspace at the Wollert MTC.

Table 6: 'Indicative' Schedule of Retail Uses in the Wollert MTC

Tenant Types	Floorspace
DDS	7,000 m ²
Supermarket (up to 3)	8,600 m ²
Sub-total: major retail tenants	15,600 m ²
Speciality and mini-majors	9,400 m ²
Total retail floorspace	25,000 m²

Source: Essential Economics

Potential for Non-retail Commercial Development

The extent of non-retail development in activity centres varies considerably, making it difficult to forecast non-retail floorspace opportunities with certainty.

The July 2012 Report provides details on previous work undertaken by Essential Economics which illustrates that the share of non-retail commercial floorspace can vary from 10% to 50%, depending on the individual circumstances of each centre. Discussions on the relevant factors for Wollert are also described in the July 2012 Report, which assumes non-retail commercial development would accommodate approximately 25% of floorspace in the Wollert MTC.

This assumption remains relevant; however, this share could potentially increase if high speed metropolitan rail services are provided to the Wollert MTC. Close proximity to a railway station is a key feature sought by prospective office tenancies.

For the purpose of this Addendum, it is assumed that non-retail commercial uses account for 30% of total retail and commercial floorspace in the Wollert MTC, and in this case the Wollert MTC could accommodate approximately 10,700m² of non-retail commercial floorspace.

Total retail and commercial floorspace supported in the Wollert MTC is estimated at approximately 35,700m². Table 7 summarises the potential composition of the Wollert MTC.

Table 7: Supportable Retail and Commercial Floorspace in the Wollert MTC

Land Use	Floorspace
Retail floorspace	25,000 m ²
<u>Non-retail commercial floorspace</u>	<u>10,700 m²</u>
Total retail and commercial floorspace	35,700 m²

Source: Essential Economics

Review of Land Budget Requirements

The revised Urban Structure provides a land budget for the Wollert MTC of approximately 10ha, which is based on average site coverage of 35% for retail uses and 50% for non-retail uses, and is sufficient to accommodate the extent of floorspace identified in Table 6.

5.3 Review of Local Town Centre Outcomes

The revised Urban Structure identifies the following two LTCs:

- LTC – West, located in the western part of the Wollert PSP. The centre will serve the convenience retail needs of the surrounding residential population and will be located in the vicinity of a community facility and two schools. A land budget of approximately 2.4ha has been allocated in the revised Urban Structure.
- LTC – North, located approximately 1km north of the Wollert MTC, the LTC-North will serve the convenience retail needs of the surrounding residential population. Two schools, a community facility and areas of open space adjoin the centre. A land budget of approximately 1.2ha has been allocated in the revised Urban Structure.

An assessment of the supportable supermarket, retail and commercial floorspace at LTCs in these locations has been undertaken and is described below.

The core catchment areas for the two LTCs are shown in Figure 4. When defining these catchments, consideration has been given to the location of competing centres, planned road networks and physical barriers, all of which may restrict customer movement to the centres. These core catchments represent the geographic area from which the LTCs will generate the majority of their retail turnover.

The catchment population is estimated at approximately 6,900 residents for the LTC-West, and approximately 5,700 residents for the LTC-North. These populations are unlikely to support full-line supermarket facilities at these two locations. However, the catchment populations would be sufficient to support limited range supermarket facilities which would provide these residents with a greater level of accessibility to local shopping facilities.

The population estimates have been derived based on the location of residential areas identified in the revised Urban Structure, the expected dwelling yields (at 15 dwellings per hectare) and an average household size of 3 persons.

A supermarket capacity analysis has been undertaken for both LTCs, similar to that shown in Section 5.2 for the MTC, and is summarised in Table 8.

Based on this analysis, the LTC-West could support a supermarket in the order of 2,100m², which would achieve turnover in 2035 of approximately \$20.3m at an average of \$9,500/m² (in constant 2013 dollars). The analysis is based on the LTC-West supermarket achieving a market share of 50% of FLG spending by catchment residents directed to supermarkets and 15% of turnover derived from beyond the catchment. This includes areas within the Wollert PSP and beyond, including areas to the south of Craigieburn Road.

The LTC-North could support a supermarket in the order of 1,400m² achieving turnover in 2035 of approximately \$13.4m at an average of \$9,500/m² (in constant 2013 dollars). The analysis is based on the LTC-North supermarket achieving a market share of 40% of FLG spending by catchment residents directed to supermarkets and 10% of turnover derived from beyond the catchment.

Table 8: Supportable Supermarket Floorspace in the Wollert LTCs, 2035

Category	LTC - West	LTC - North
Catchment population	6,930 persons	5,730 persons
FLG spending (@\$6,250/person)	\$43.3m	\$35.8m
FLG spending directed to supermarkets (75%)	\$32.5m	\$26.9m
LTC supermarket - market share	50%	40%
FLG spending retained from catchment	\$16.2m	\$10.7m
Share of turnover from beyond catchment	15%	10%
FLG turnover from beyond the catchment	\$2.9m	\$1.2m
Total FLG turnover	\$19.1m	\$11.9m
Total turnover (including turnover on non-food merchandise @ 6%)	\$20.3m	\$12.7m
Average turnover level	\$9,500/m ²	\$9,500/m ²
Supportable supermarket floorspace (rounded)	2,100m²	1,300m²

Source: Essential Economics

Supermarkets in Australia generally create customer traffic and exposure sufficient to support specialty shops equivalent to approximately two-thirds of the supermarket's total floorspace. On this basis, the supportable speciality retail floorspace has been calculated for both LTCs and is shown in Table 8.

In addition, a limited provision of non-retail commercial floorspace will also be supported within these LTCs. It assumed non-retail commercial floorspace will account for approximately 15% of total floorspace in both LTCs.

Table 9 summarises the supportable retail and non-retail commercial floorspace in both LTCs as identified in the revised Urban Structure.

Table 9: Summary of Retail and Commercial Floorspace in LTCs in the Wollert PSP

Category	LTC - West	LTC - North
Supermarket	2,100m ²	1,300m ²
Speciality retail	1,400m ²	900m ²
Total retail	3,500m²	2,200m²
Non-retail commercial	600m ²	400m ²
Total retail and commercial	4,100m²	2,600m²

Source: Essential Economics

Flexibility should be provided when allocating maximum supportable shop floorspace for the two LTCs in the PSP. Providing these two centres maintain a neighbourhood shopping and service role, they will not impact adversely on the viability of the Wollert MTC. Therefore, potential may exist for a larger extent of floorspace in these two centres than that identified in Table 9.

Based on the above forecasts of retail and commercial floorspace, and applying an average site coverage of 35% for retail uses and 50% for non-retail uses, the following land budgets would be required:

- LTC-West: Approximately 1.2ha (allow for up to 2ha to provide for some flexibility)
- LTC-North: Approximately 0.7ha (allow for say 1.2ha to provide for some flexibility).

Potential may exist for the LTC-West to accommodate a greater level of floorspace if it were located further to the south, with direct access to Craigieburn Road. This location would also provide an opportunity for the LTC-West to serve residents located to the south of Craigieburn Road.

Land to the immediate south of Craigieburn Road and which would form part of the catchment for the LTC-West is anticipated to accommodate approximately 860 dwellings (Urban Development Program, 2011) and a population of approximately 2,600 residents. This would increase the catchment for the LTC-West to more than 9,000 residents which would be sufficient to accommodate a full-line supermarket.

5.4 Review of Local Convenience Centre Outcomes

The revised Urban Structure identifies the location for two LCCs. One of these centres is located in the employment area and would therefore serve the needs of future employees in the area.

The other LCC is located in the south-east portion of the PSP area and adjoins a planned school.

Both locations are considered appropriate for the development of a LCC.

Nationally, the viability of traditional, small convenience-based local strips in established suburban areas, in many instances, has been undermined by a combination of changing retail formats, consumer spending patterns and lifestyle trends. For instance, consumer preference for convenient multi-purpose trips and greater reliance on the motor vehicle has increased the popularity of modern convenience stores attached to petrol stations, whose product range continues to expand. Furthermore, the level of convenience experienced at supermarkets has also increased, with the advent of express lanes, self-service check-out, convenient parking and extended shopping hours.

Therefore, flexibility is required when planning for LCCs. As such, it would be prudent to plan for LCCs containing up to 1,500m² of floorspace in each of planned locations, including 1,000m² of retail floorspace. This level of floorspace provides a sufficient flexibility that would enable a mix of tenancies, while not impacting adversely on the viability of LTCs and the MTC.

5.5 Review of Identified ‘Bulky Goods’ Area

In addition to the traditional shopping centre components in the MTC, LTCs and LCCs, potential exists for a homemaker precinct (referred to as a ‘bulky goods’ area in the revised Urban Structure) in the Wollert PSP area, having regard for the strong demand for homemaker products that is likely to be generated from new housing development in the Epping North – Wollert growth corridor, and the relative lack of homemaker retailing so far established in this growth area.

A broad analysis of the potential for a homemaker precinct was provided in the July 2012 Report. That analysis has been updated to take into consideration updates in retail spending estimates and is shown in Table 10. The analysis takes into account the following factors that were identified in the July 2012 Report:

- A broad estimate that approximately 20% of total spending is directed to dedicated homemaker precincts (excluding spending to more traditional in-centre store formats such as discount department stores, specialty stores and so on).
- Potential to retain 60% of dedicated homemaker spending at a precinct located in the PSP area, with the remaining demand likely to support other homemaker precincts in the region, including at O’Herns Road (Aurora STC) and Epping Central.
- Potential to capture 30% of sales from beyond the Wollert PSP area, including sales from residents in Epping North and from parts of Mernda.
- Average turnover performance of \$5,300/m² in 2035 (based on applying real growth to current industry averages and in 2013 dollars).

Based on the above, potential exists for a dedicated homemaker precinct containing approximately 20,000m² of retail floorspace. This represents a modest homemaker precinct that could potentially accommodate a range of retailers selling furniture, electrical goods, and other merchandise typically sold in such precincts.

Table 10: Homemaker Retail Development Potential, 2035

Item	Medium Scenario
Total available retail spending	\$623.7m
Share to dedicated homemaker precincts	20%
Homemaker spending	\$124.7m
Retained locally (@60%)	\$74.8m
Plus sales from beyond PSP area (@30% of total)	\$32.1m
Total Sales	\$106.9m
Average turnover	\$5,300/m ²
Supportable retail floorspace	20,000 m ²
Source:	Essential Economics Pty Ltd
Note:	Figures are in constant 2013 dollars

As identified in the July 2012 Report, the actual development potential might be somewhat greater than indicated above, having regard for the fact that some homemaker retailers also serve a trade (ie non-household) market. Examples include hardware warehouses such as Bunnings or Masters, and other stores that serve the building industry. With core homemaker retail uses of approximately 20,000m², the actual size of a homemaker development could be in the order of 30,000m² floorspace.

A development of this size would require a land budget in the order of 10ha. In addition, potential may also exist for showroom uses, providing a site is available that provides sufficient exposure to passing custom. It would be prudent to plan for an area of around 20ha, and this would comprise around 10ha for a homemaker centre and an allowance of 10ha for showroom uses.

The revised Urban Structure (December, 2013) identifies an area of 28ha for 'bulky goods', while the alternative Urban Structure identifies an area of 44ha. Having regard for the analysis above, potential exists to reduce the amount of land dedicated for homemaker retailing and showroom uses.

The location for 'bulky goods' identified in the revised Urban Structure (December, 2013) represents the preferred location for a homemaker precinct/showroom uses. This location will benefit from high levels of exposure along Craigieburn Road which joins the planned E6 only a short distance to the east. If land dedicated to the 'bulky goods' is to be reduced, this should occur among land that does not have direct access to Craigieburn Road.

The Craigieburn Road location is preferred over the alternative location along Epping Road, as it is anticipated that this section of Craigieburn Road would carry higher levels vehicular traffic. This finding may need to be assessed against forecast traffic volumes for the two proposed locations.

5.6 Summary of Town Centre Outcomes

Table 11 summarises the potential town centre outcomes in the Wollert PSP based on the locations identified in the revised Urban Structure.

Table 11: Wollert PSP Town Centre Outcomes

Land Use	Wollert MTC	LTC West	LTC North	LCCs	Total
Discount department store	7,000 m ²	-	-	-	7,000 m ²
Supermarket	3,800 m ²	2,100 m ²	1,300 m ²	-	7,200 m ²
Supermarket 2	3,600 m ²	-	-	-	3,600 m ²
Supermarket 3	1,200 m ²	-	-	-	1,200 m ²
Specialty and mini majors	9,400 m ²	1,400 m ²	900 m ²	2,000 m ²	13,700 m ²
Total retail floorspace	25,000 m²	3,500 m²	2,200 m²	1,000 m²	31,700 m²
Non-retail commercial	10,700 m²	600 m²	400 m²	500 m²	12,200 m²
Total retail and non-retail commercial	35,700 m²	4,100 m²	2,600 m²	1,500 m²	43,900 m²
Land budget	10ha	2ha	1.2ha	1.6ha (0.8ha each)	14.8ha
Homemaker: Potential exists for 30,000m ² of floorspace in a homemaker precinct. Approximately 20ha is required to accommodate a homemaker precinct and showroom uses.					
Source: Essential Economics					

5.7 Implications of Proposed Changes to the Activity Centres in Aurora

The analysis presented in the July 2012 Report indicates that if a DDS were to be located in the Aurora NTC, this would limit the ability for a DDS to be developed at the Wollert MTC. Although the scheme for Aurora NTC assessed in the July 2012 Report differs slightly from the current proposal, the plan to develop a DDS-based centre remains. Consequently, the findings of the July 2012 Report remain relevant.

If a DDS were permitted at the Aurora NTC, the potential to attract a full-line DDS of around 7,000m² is more limited, although an operator may be interested in a smaller DDS in the order of 5,000m².

The provision of DDSs in the northern municipalities of Melbourne (Hume, Whittlesea, Darebin, Moreland and Banyule) is approximately one DDS per 45,000 residents. This ratio is lower in the growth area municipalities of Hume and Whittlesea, where it is closer to approximately 32,000 residents per DDS. This represents a situation whereby DDS operators are establishing themselves in the market place with the knowledge that significant population growth is expected to occur in the future.

Therefore, the expected population in the Wollert PSP at capacity of approximately 35,400 residents may not be sufficient to attract a full-line DDS store, particularly with a competing centre located less than 3km to the south.

Analysis of the distribution of regional and sub-regional centres throughout the outer areas of metropolitan Melbourne indicate a distance of around 4km is a sensible benchmark for the minimum distance required between higher-order centres. Of course, there are exceptions to this benchmark and these depend on the local context within which each centre is situated.

In this context, the Aurora NTC and the Wollert MTC are located less than 3km apart.

Overall, permitting a DDS to locate in the Aurora NTC will be the major determinant that has the potential to limit the retail role of Wollert MTC to that of a multiple supermarket-based centre.

6 Review of Employment Land Outcomes

The main findings in relation to employment land in the Wollert PSP identified in the July 2012 Report and summarised in Section 1 of this Addendum remain relevant.

In essence, the Wollert employment precinct is likely to evolve as a sub-regional or district-level industrial estate, accommodating a range of activities primarily focussed around servicing the local and regional population and catering for industrial land demand from the building industry.

The employment precinct is likely to be a longer-term opportunity to generate local employment, having regard for the proposed timeframe for completion of the E6 (if this route eventuates), and the competition from active (and expanding) industrial estates in Epping and the Hume Highway/Freeway corridor.

In relation to the revised Urban Structure, it is unlikely that the Wollert employment precinct will attract significant interest as a major office park location. A significant office park is already planned in Merrifield which will serve the wider northern growth corridor, and this will provide competition for any office park development in Wollert.

However, as the opportunity for employment uses in Wollert is a long-term proposition, it may be prudent to provide some level of flexibility regarding the type of employment uses in the Wollert PSP. This will provide the opportunity for office park development, should interest from the marketplace eventuate over time.

7 Revised Employment Outcome for the Wollert PSP

A revised estimate of the potential employment generated in the Wollert PSP has been prepared and is summarised in Table 12. The estimate of employment is based on the findings presented in this Addendum.

Table 12 also compares the expected employment level with the forecast size of the employed resident labour force and number of households in order to assess the performance of the precinct in providing local jobs to the residential population.

The assumptions applied in this analysis are as follows:

- 1 An employment ratio of 35m² per job is applied to the retail components of centres located in the PSP area.
- 2 An average employment ratio of 20m² per job is applied to the non-retail components of these centres.

- 3 An average employment ratio of 50m² per job is applied to the homemaker component.
- 4 Employment generation in the employment precinct is based on an average of 30 jobs created per net hectare, with a total gross land net area of 154ha (excluding land potentially used for homemaker retailing).
- 5 An estimate of the potential for employment at community centres and schools has been based on the following assumptions:
 - 10 jobs per community centre, three of which are planned
 - 45 jobs per primary school, five of which are planned
 - 90 jobs per secondary school, two of which are planned.
- 6 Estimates of employment at other community facilities – such as medical centres, kindergartens, libraries and so on – has **not** been undertaken. This can be provided when further details of these uses within the Wollert PSP area are known.
- 7 An estimate of the employed residential population is made by applying a crude labour force participation rate of 48%, and an average unemployment rate of 6%.
- 8 Home-based employment is estimated at 10% of the total employed labour force, and this is based on examination of other growth areas that shows a significant home-based business component is associated with people working in the building industry.

Table 12: Summary of Employment Generation in Wollert PSP

Location	Employment
<u>Major Town Centre</u>	
Retail component	710
Non-retail component	540
Total MTC employment	1,250
<u>Local Town Centres and Convenience Centres</u>	
Retail component	220
Non-retail component	100
Total LCTC and LCC employment	320
Total activity centres	1,570
Homemaker centre	600
Employment precinct	4,600
<u>Home-based employment:</u>	
Residential population	36,030
Labour force (@48% crude participation rate)	17,290
Employed labour force (6% unemployment)	16,250
Total home-based employment (@10%)	1,630
<u>Community and other uses</u>	
Schools	405
Community centres	50
Other	TBA
Total community and other uses	455*
Total employment	8,855
Employment self-sufficiency rate (per employed person)	54%
Employment self-sufficiency rate (Jobs per household)	74%
Source:	Essential Economics; MPA
Note:	*Estimate of employment does not include employment at other community facilities

8 Conclusion

This review of the revised Urban Structure for the Wollert PSP indicates that, in general terms, the main findings of the July 2012 Report remain relevant. Any changes to recommendations presented in the July 2012 Report are described in this Addendum.

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