



ESSENTIAL ECONOMICS

Rockbank PSP

Activity Centres Review

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Metropolitan Planning Authority

by
Essential Economics Pty Ltd

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Authorship

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INTRODUCTION

Background

The Metropolitan Planning Authority (MPA) is currently preparing the Rockbank Precinct Structure Plan (PSP).

As part of the PSP process, the MPA is seeking a peer review of an Urbis report dated December 2012 and consideration of the draft Melton Retail and Activity Centres Strategy prepared by Tim Nott and dated November 2013.

This review is to assist in the detailed planning of the Rockbank Major Town Centre (MTC) and other centres planned for the Rockbank PSP, as well as allowing for the hierarchy of centres in the surrounding region.

Note that this peer review does not include its own parallel economic assessment.

Nonetheless, where appropriate, this report tests and analyses potential economic outcomes as required in order to reach a view on the appropriateness or otherwise of the level of retail floorspace proposed for the Rockbank MTC and other centres in the Rockbank PSP.

1 ROCKBANK PSP

- 1.1 This section discusses the context of activity centre planning for the Rockbank PSP, including an overview of the future urban structure and the proposed hierarchy of activity centres in the surrounding region.

Location and Description

- 1.2 The Rockbank PSP comprises approximately 750 hectares of land located south of the Western Freeway in the West Growth Corridor, between Caroline Springs in the east and Melton in the west. Adjacent to the PSP area is the existing township of Rockbank.
- 1.3 As shown in Figure 1, the Western Freeway and Melton railway line provide east-west access in the north of the Rockbank PSP, with the existing Rockbank railway station located within the PSP area. To the east of the PSP area is the future alignment of the Outer Metropolitan Ring Road (OMR). In the south, the PSP area is bounded by Greigs Road and in the west by Paynes Road.

Figure 1 Rockbank PSP Location



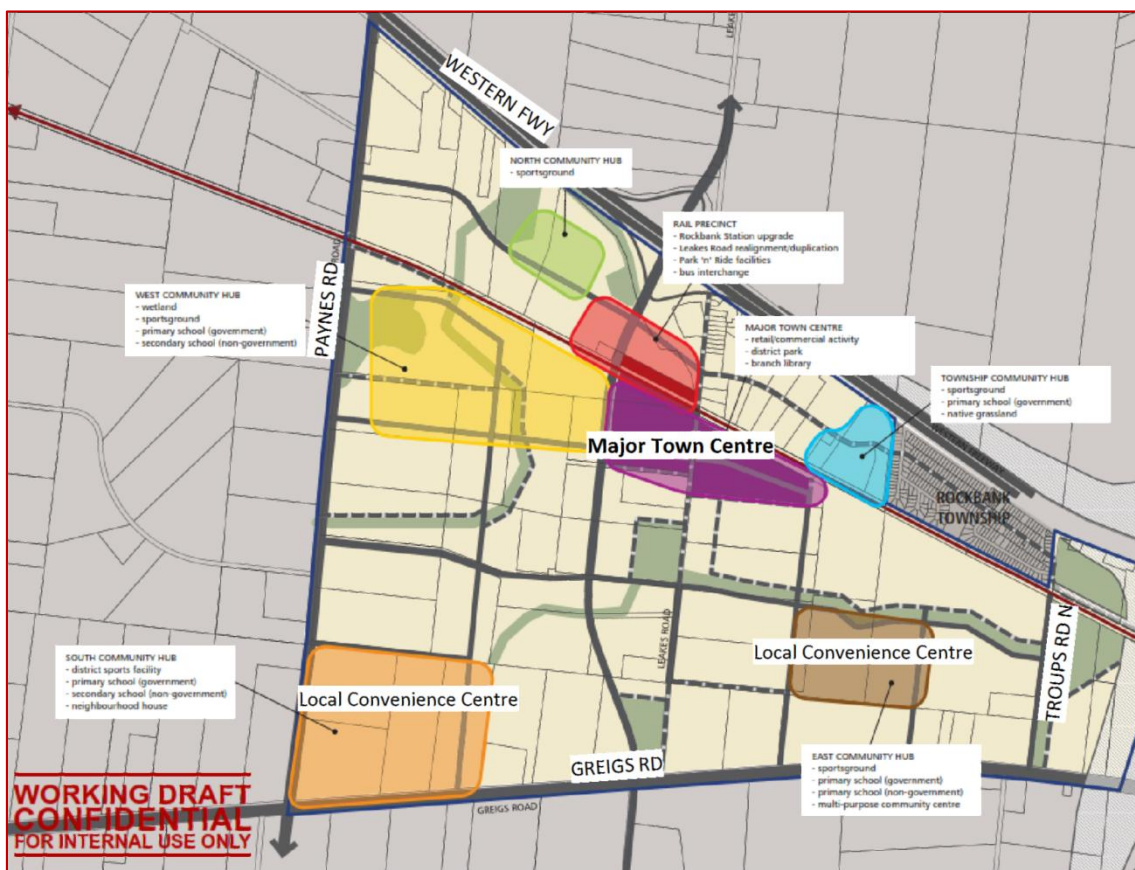
Source: MPA, MapInfo, Essential Economics

- 1.4 North of the Rockbank PSP is the completed Rockbank North PSP, and part of the future Melton East PSP. Immediately west of the Rockbank PSP is the completed Toolern PSP, which includes the Toolern PSP Part C (Paynes Road PSP), an area subject to a future planning scheme amendment that will change the land use from employment to residential. South of the Rockbank PSP is the Rockbank South PSP that is not currently on the MPAs PSP work program.

Future Urban Structure

- 1.5 As input to this review, we have been provided with a **preliminary** consultation plan for the Rockbank PSP. Note that this plan is indicative only and subject to change – nonetheless, it represents current thinking in relation to urban development in the PSP area.
- 1.6 As shown in Figure 2, the plan includes a major town centre (MTC) located adjacent to the existing Rockbank train station and east of a realigned Leakes Road.

Figure 2 Rockbank PSP Preliminary Consultation Plan



Source: MPA, MapInfo, Essential Economics

- 1.7 Two local convenience centres (LCCs), which are small retail nodes typically incorporating 3,000m² or less of retail floorspace, are proposed (in preliminary terms) for locations in the south-east and south-west of the PSP area.

Future Activity Centres Hierarchy in Region

- 1.8 A high-level analysis of future activity centre outcomes in the Rockbank area is contained in the draft Melton Retail and Activity Centres Strategy prepared by Tim Nott and dated November 2013.
- 1.9 In the draft Strategy, the potential for an “Activity Centre” serving a sub-regional role at Rockbank is identified on Page 13. This is generally consistent with the anticipated Rockbank MTC identified in the future urban structure plan identified in Figure 2 of this report. No specific floorspace provision is provided for the centre in the draft Strategy, as this is subject to more detailed future precinct-based centre planning.
- 1.10 The draft Strategy also identifies potential future “neighbourhood activity centres”. Three neighbourhood activity centres, Rockbank South NC1, Rockbank South NC2 and Rockbank South NC3, are identified on Page 9 of the draft Strategy, in proximity to the Rockbank PSP.
- 1.11 These three neighbourhood centres would draw patronage from within the Rockbank PSP area, just as any Rockbank MTC would also draw patronage from residents of the Rockbank South PSP.
- 1.12 According to economic analysis undertaken as input to the draft Strategy, each of these neighbourhood centres has been allocated a retail floorspace provision as follows:
- Rockbank South NC1 (western end of Rockbank South PSP): 7,000m²
 - Rockbank South NC2 (central to Rockbank South PSP): 9,000m²
 - Rockbank South NC3 (potentially eastern end of Rockbank South PSP): 5,500m².
- 1.13 These neighbourhood centres are of a size and expected function that is consistent with the provision of a full-line supermarket plus supporting specialty shops and ancillary non-retail uses, such as office and community facilities.
- 1.14 It is our understanding that discussions between the City of Melton and the MPA have taken place in relation to activity centre planning for the Rockbank South PSP. As a result of these discussions, preliminary planning for the Rockbank South PSP is considering the potential for **two** neighbourhood activity centres at the eastern and western ends of the PSP area.
- 1.15 For this reason, when determining the appropriate role and function of the Rockbank MTC, careful consideration must be given to these two neighbourhood activity centres that are potentially considered a short distance to the south.

2 URBIS REPORT OVERVIEW

- 2.1 This section provides an overview of the draft Urbis report prepared on behalf of Verve Projects in December 2012 that considers economic aspects relevant to the planning for the proposed Rockbank Major Town Centre (MTC).

Background

- 2.2 Urbis prepared a report titled “Draft Rockbank”, dated December 2012 on behalf of Verve Projects.
- 2.3 A copy of the draft Urbis report has been provided to this office by the Metropolitan Planning Authority (MPA).
- 2.4 The report is intended:

“to investigate the market potential and appropriate location and layout of a Major Town Centre (MTC) within the Rockbank Precinct Structure Plan (PSP). The analysis primarily addresses the following questions:

- *What is the potential range of retail and ancillary uses that could be supported within the Rockbank MTC?*
- *What is the likely sustainable staging and timing of the core retail development within the Rockbank MTC?*
- *What is the optimal typology of the town centre in terms of the location of ‘core’ retail uses, secondary retail uses and complementary ancillary uses?*

(Urbis, Page 1)

- 2.5 The Urbis report was prepared for a private client that owns land within the Rockbank PSP area. On this basis, the report has a particular focus on outcomes for the Rockbank MTC and is not a more generalised assessment of activity centre planning for the overall PSP. However, some limited consideration of other activity centres is provided in the report.
- 2.6 It is understood that the draft Urbis report has not been finalised. Nonetheless, the report contains a relatively detailed economic assessment that is less than 18-months old and has been provided to the MPA to inform planning for the Rockbank MTC.
- 2.7 To ensure the complete independence of our review, we have not contacted Urbis to discuss any of the report contents.
- 2.8 A review of the draft report structure shows that ‘Chapter 5: Optimum Town Centre Layout’ is incomplete. Based on the chapter title it is likely intended as an urban design response to the outcomes of the economic analysis contained in the previous chapters.

That is, the economic analysis in the report is complete (as at December 2012), although a design response has not been completed for inclusion in the report.

- 2.9 This review only makes comment on the economic analysis contained in Chapters 1 to 4 of the draft Urbis report.

Report Structure

- 2.10 The Urbis report adopts a methodology for the retail-economic assessment that is consistent in many respects with the methodology that would be adopted by our firm in a similar assessment. We are familiar with the methodology adopted by Urbis and generally comfortable with the data sources used, subject to commentary made in the balance of this report.
- 2.11 The general structure of the Urbis report is as follows:
- 1 Site Context and Planning Framework (Pages 3 to 9):** provides an overview of the regional context for Rockbank, a summary of the planning framework relevant to the west growth corridor, and a description of current and proposed PSPs relevant to the Rockbank MTC
 - 2 Market Analysis (Pages 10 to 18):** identifies a trade area to be served by the Rockbank MTC and forecasts the population and retail spending of future trade area residents
 - 3 Centre Hierarchy (Pages 19 to 21):** outlines the hierarchy of centres relevant to the proposed Rockbank MTC
 - 4 Market Potential Assessment (Pages 22 to 30):** undertakes a market assessment of potential retail uses at the Rockbank MTC, and with the assistance of case studies provides an indicative development plan, including timing and staging.
- 2.12 Note that a page numbering issue is present in the Urbis report, with no actual page numbers provided throughout most of the report. The correct page numbering is provided in a list of contents at the beginning of the report.
- 2.13 Despite the draft status of the report, the Urbis economic analysis provides a relatively detailed framework for assessing future retail floorspace demand for the Rockbank MTC.
- 2.14 The Urbis report provides some very detailed assumptions about the future retail development patterns and the timing of development in the region. However, in reality the long-term nature of development of the Rockbank MTC means that some uncertainty is necessarily associated with many of the assumptions and forecasts used in the analysis. This context is only partially reflected in the supporting commentary.

- 2.15 For example, the analysis does not consider in any significant detail factors that may influence future development outcomes, including:
- The growth in internet retailing and the impact this is having on a range of primarily 'discretionary' product categories that are typically sold at higher-order centres
 - Current economic trends and the decline in spending on retail as a share of household income
 - Current shifts in retail tenancy trends, including the resurgence of mini-major operators, increased size of major chain supermarkets, and decline in the importance of the discount department store as a driver of customer activity.
- 2.16 A summary of the key conclusions contained in the Urbis report are described as follows:
- The trade area served by the Rockbank MTC is primarily oriented south of the Western Freeway and includes the Rockbank PSP, Rockbank South PSP and parts of the Toolern, Melton East, Mount Atkinson and Rockbank North PSPs
 - The population of the trade area is expected to increase from approximately 1,700 persons at present to 61,800 persons at full development and this is expected to occur sometime between 2041 and 2051
 - As a result of the forecast population growth, total spending by trade area residents will expand from \$20 million currently to over \$1 billion at full development (expressed in constant 2012 dollars).
 - A major supermarket operator will be supportable at the Rockbank MTC from around 2020 and a discount department store from around 2027.
 - A two-stage development program for the Rockbank MTC is appropriate, with an initial 7,500m² of shop floorspace increasing to approximately 29,000m² dependent upon final tenant mix.
 - Development of the Rockbank MTC should pre-cede any development of a Local Town Centre (LTC), and any such LTC in the Rockbank PSP should be located Greigs Road to the east of Leakes Road.
- 2.17 The overall conclusion of the draft Urbis report is that development of the Rockbank MTC will proceed in around 2020, with a centre with 7,500m² of shop floorspace anchored by a major supermarket. Subsequently, in around 2027 a second stage of development anchored by a discount department store and two, or three, supermarkets would be supportable. At full development the Rockbank MTC would support up to 29,000m² of shop floorspace, plus additional non-retail ancillary uses.

3 OVERVIEW OF ECONOMIC ANALYSIS

- 3.1 This section provides a review of the economic analysis prepared by Urbis and considers economic issues relevant to activity centre planning for the Rockbank PSP.

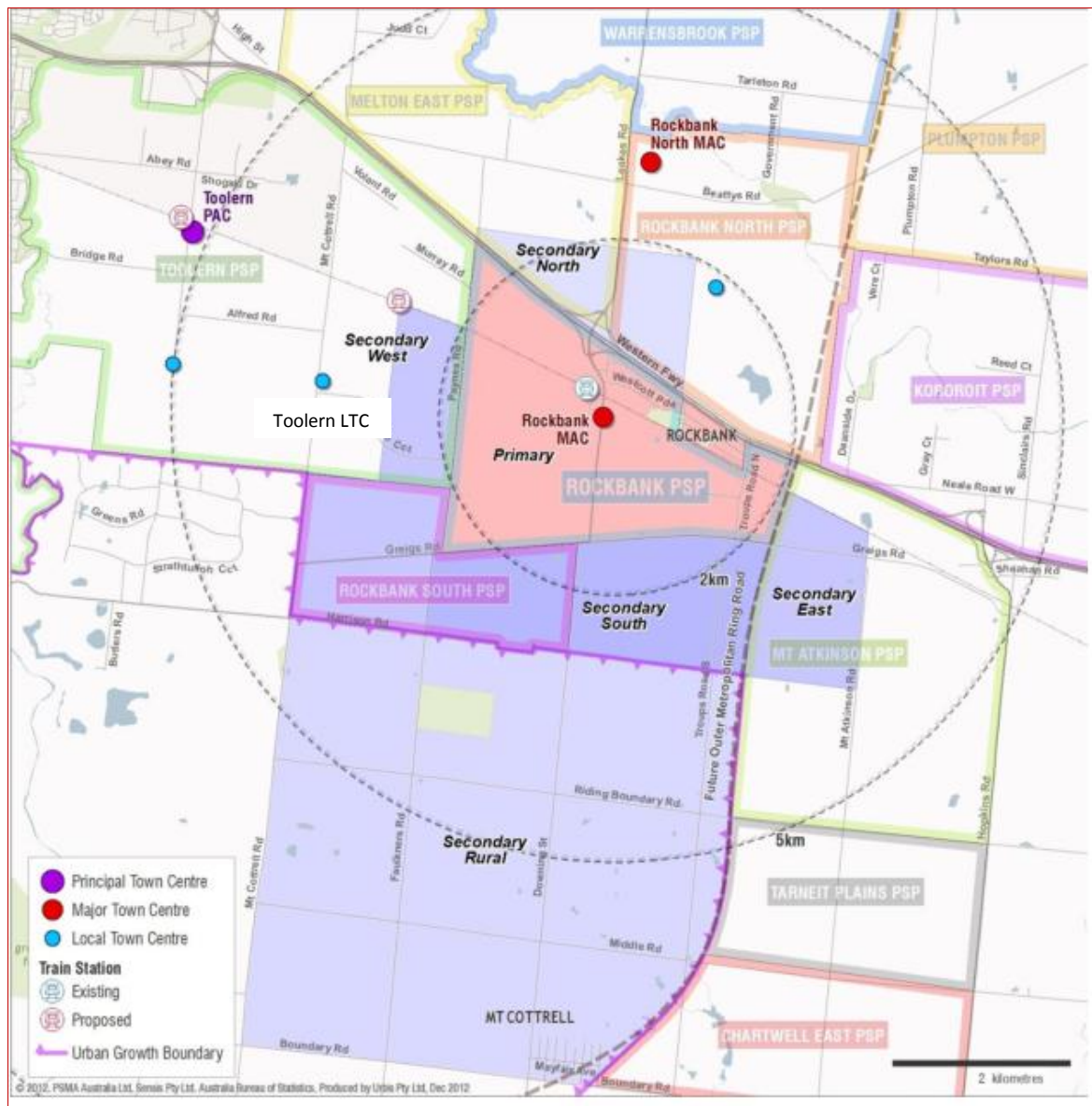
Site Context and Planning Framework

- 3.2 The Urbis report on Page 9 provides a description of the regional context for development of the Rockbank MTC, including consideration of the Western Freeway and Melton railway line in the north that will have an important influence on urban development patterns.
- 3.3 Importantly, the Urbis report recognises the longer-term development timelines for the Rockbank PSP and surrounding areas, with full-scale urban development not expected to commence for around 10 years. This longer-term development timeline means that an appropriate planning framework for activity centres in the Rockbank PSP will need to:
- Provide a degree of flexibility in terms of detailed centre design and development outcomes that reflects the uncertainty that is necessarily associated with a long-term development timeline; and
 - Provide, where possible, a clear direction in relation to activity centre locations and hierarchies that ensures stakeholders have certainty on high-level activity centre planning expectations.
- 3.4 The location of the Rockbank MTC is immediately adjacent to the existing Rockbank train station. It is anticipated that the Rockbank station (and Melton railway line) will undergo significant upgrades over the delivery phase of the Rockbank PSP. For this reason we agree with the statement by Urbis that:
- “the proposed Rockbank MTC will have the potential to evolve as a highly transit oriented development over time”.*
- 3.5 We also note the proposed realignment of Leakes Road that is mentioned in the Urbis report and is confirmed in the latest planning for the Rockbank PSP (see Chapter 1). It is expected that this will include a grade-separated crossing of the Melton railway line and significantly improve north-south access. However, the rail corridor and Western Freeway will remain substantial physical barriers that influence local travel patterns (including travel associated with shopping).
- 3.6 The future alignment of the Outer Metropolitan Ring Road (OMR) is located approximately 2km to the east of the proposed Rockbank MTC. Although this will provide residents of the Rockbank PSP with improved travel options, the consultant does not consider that the OMR will have any significant implications for the development and operation of the Rockbank MTC.

Trade Area Analysis

- 3.7 The trade area for the proposed Rockbank MTC is shown in Map 2.1 of the Urbis report and is reproduced below in Figure 3. The Urbis map incorrectly illustrates the Rockbank South PSP boundary, which extends further east to the OMR alignment. The map also fails to acknowledge the specialised activity centre planned for Mt Atkinson PSP to be located in the east of that precinct on Hopkins Road, outside MTA.

Figure 3 Rockbank MTC Trade Area - Urbis



Source: Urbis 'Draft Rockbank' December 2012, Map 2.1

- 3.8 General comments in relation to the trade area defined by Urbis are as follows:
- The trade area is skewed in a north-south direction, with a small Secondary East component located to the east of the OMR alignment, while the extent of the trade area to the west is limited by the presence of the proposed Toolern PTC
 - A Primary and five Secondary trade area sectors have been defined to reflect different trading patterns generated from various locations
 - The extent of the trade area to the north of the Rockbank MTC is relatively limited due to the presence of the rail line, freeway and proposed future Rockbank North MTC
 - In the south the extent of the trade area reflects rural areas outside the urban growth boundary.
- 3.9 We are in agreement with the trade area defined for the Rockbank MTC in the Urbis report and believe that it accurately reflects likely trading patterns and customer visitation generated by the centre.
- 3.10 Note that the trade area reflects the expected trading influence of nearby centres at Toolern (PTC) and Rockbank North (MTC), although recognising that it is normal for the trade areas of nearby centres to overlap.

Trade Area Population

- 3.11 The Urbis report provides estimates of population capacity in the trade area that are primarily based on estimates of developable area and the forecast dwelling capacity of this land.
- 3.12 Note that at the time of the Urbis report (December 2012) no detailed assessment of dwelling capacity was available for either the Rockbank PSP, Rockbank South PSP or Paynes Road PSP. For this reason, Urbis undertook an analysis based on high level estimates of gross developable area and dwelling density.
- 3.13 It is apparent that the population capacity of the trade area is potentially above that identified by Urbis. This is based on a review of up-to-date potential residential densities identified in the Rockbank, Rockbank South and Paynes Road PSPs and which have been provided to us by the MPA.
- 3.14 For example, Urbis have estimated the population capacity in the Primary trade area (excluding existing Rockbank township) to be approximately 6,027 dwellings or 16,900 persons (Urbis Table 2.1).
- 3.15 Given that this area is equivalent to the Rockbank PSP, it can be compared with the current MPA estimate of approximately 9,180 dwellings or 25,700 persons. That is, the current expectation by the MPA of the population capacity in the Rockbank PSP is approximately 8,800 persons higher than that assumed in the Urbis report.

- 3.16 This difference is primarily accounted for by a lower estimate of developable area and a lower estimate of dwelling density that is identified in the Urbis report relative to current MPA expectations. Nonetheless, it is difficult for us to reconcile the significant difference in estimates between Urbis and the MPA on this basis alone.
- 3.17 Table 1 shows a comparison of forecast population capacity in the Rockbank MTC trade area by Urbis, and that prepared by our firm using MPA data.
- 3.18 Our estimates are based on the latest unpublished estimates of lot capacity for the Rockbank, Rockbank South and Paynes Road PSPs provided by the MPA (based on net dwelling yield of 18/hectare). This data was not available to Urbis. Furthermore, we have used publicly available data for the Toolern and Rockbank North PSPs.

Table 1 Comparison of Urbis and Essential Economics/MPA Population Capacity

	Urbis	EE/MPA	Urbis Difference
Primary Trade Area	16,900	25,700	-8,800
Secondary Trade Area			
- North	6,000	5,500	+500
- East	6,200	6,800	-600
- South	12,600	13,200	-600
- West	18,200	13,000	+5,200
- Rural	<u>200</u>	<u>200</u>	<u>0</u>
Total Secondary	43,200	38,700	+4,500
Total Trade Area	60,100	64,400	-4,300
Existing Population	1,700	1,700	0
Total Trade Area Capacity	61,800	66,100	-4,300

Source: Urbis Table 2.1, MPA, Essential Economics

- 3.19 The analysis in Table 1 shows that the current expectations of long-term population capacity in the Rockbank MTC trade area at 66,100 persons is 4,300 persons higher than the 61,800 persons estimated by Urbis.
- 3.20 It appears that some sort of calculation error may be present in the Urbis figures, as it is difficult to reconcile the data in Table 2.1 of the Urbis report with the trade area defined in Map 2.1 of that report.
- 3.21 For example, the very high estimate of population capacity in the Secondary West trade area of 18,200 persons is based on a total land area of 665 hectares in Table 2.1 (Urbis report).
- 3.22 Using our mapping capability, the Secondary West trade area defined by Urbis is approximately 405 hectares, or 265 hectares smaller than that identified by Urbis in their Table 2.1.

- 3.23 As previously noted, we also cannot fully account for the significant difference in the estimates of population capacity for the Primary trade area.
- 3.24 Nonetheless in an overall sense, the total trade area population estimated by Urbis is marginally lower than current expectations, notwithstanding some concerns with how that population is distributed within the defined trade area sectors.
- 3.25 Given the issues with the distribution of the total population capacity within the trade area, it is difficult to undertake a detailed review of the population forecasts contained in Table 2.2 and Table 2.3 of the Urbis report. However, the broad timing of population growth in the trade area appears reasonable in the context of development proceeding within the next 18 months.
- 3.26 In our opinion, a more likely outcome is population growth that lags that identified by Urbis by 12 to 36 months, although this is of limited relevance to the final retail and activity centre development outcomes in the Rockbank PSP.

Trade Area Retail Spending

- 3.27 Estimates of average per capita retail spending in 2012 for residents in the trade area are provided in Table 2.4 of the Urbis report and have reference to the MarketInfo retail spending model. We also use the MarketInfo model which is regularly applied across the retail and property industry in Australia.
- 3.28 We endorse the Urbis approach of using nearby growth suburbs as a proxy for future spending patterns of trade area residents. The suburbs identified by Urbis on Page 15 are considered a reasonable comparison.
- 3.29 Total retail spending per capita by residents of the trade area is estimated at \$11,218 in 2012 by Urbis. This is also considered reasonable based on our own checks using the MarketInfo model.
- 3.30 Urbis forecasts total retail expenditure by trade area residents in the period 2012 to 2031 by applying the average per capita spending levels described above, to the population forecasts described in Table 2.3 of the Urbis report.
- 3.31 Forecasts of retail spending to 2031 also take into account real growth in per capita spending of approximately 1.5% per annum. This increase in per capita spending is generally associated with economic growth and increased household incomes that occur over time.
- 3.32 Real growth in retail spending as applied by Urbis is above the historical growth rates in retail spending over the past 35 years, as identified in ABS Australian National Accounts data. We estimate actual real growth in spending per capita to be approximately 1.1% over this forecast period to 2031.
- 3.33 On this basis, the Urbis forecasts reflect a relatively optimistic estimate of per capita spending growth.

- 3.34 However, the overall impact of this optimistic assessment of real per capita spending growth is not at a level that undermines the Urbis analysis.
- 3.35 We agree with the commentary in Section 2.4 of the Urbis report that deals with the importance of food-related spending in outer metropolitan urban growth areas, and the influence this has on retail development outcomes. Likewise, we also agree that over time, as the urban form in the trade area ‘matures’, a higher share of spending is likely to be directed to discretionary retail categories such as apparel and homewares.

Centre Hierarchy

- 3.36 Chapter 3 of the Urbis report provides an overview of the competitive context and centres hierarchy relevant to the Rockbank MTC, including a description of centres and current and proposed retail floorspace levels.
- 3.37 Urbis note that the status of the Toolern centre has been enhanced and is now considered to be a ‘Principal Town Centre’ according to the West Growth Corridor Plan.
- 3.38 It is realistic to consider the potential for the Toolern centre to have a role and function, as well as scale of development, that is in excess of that identified in the original Toolern PSP. This is recognised in commentary provided by Urbis, but has not been explicitly taken into account in the Urbis analysis.
- 3.39 Notwithstanding this comment in relation to Toolern, we generally agree with the commentary provided by Urbis in relation to the key competing centres and description of the activity centres hierarchy.

Market Potential Assessment

- 3.40 In preparing forecasts of total floorspace demand, Urbis have referred to two methods:
- **Floorspace Provision Benchmarks:** this method forecasts the demand for new retail floorspace based on the application of benchmarks of floorspace provision per capita, and applying this to the trade area population.
 - **Achievable Market Share:** this method forecasts retail floorspace demand based on forecast growth in spending by trade area residents and the market share of that spending that can be attracted to the Rockbank MTC.
- 3.41 We are familiar with both methods, and have used them – or variations thereof – in many retail assessments undertaken over the years.
- 3.42 The Urbis approach emphasises the importance of so-called ‘anchor tenants’ in determining retail development outcomes at the Rockbank MTC. We support this approach on the basis that total retail floorspace provision is a function of the types of retailers that can be attracted to a centre, and the level of customer activity that they

can create. That is, retail-economic analysis should always be informed by the practical realities of retail development, rather than simply be an economic modelling exercise.

- 3.43 Urbis undertake an assessment of the potential for a discount department store (DDS) at the Rockbank MTC on the basis that this store format is often an anchor tenant in what property industry parlance terms 'sub-regional' shopping centres. This is broadly consistent with the classification of the Rockbank MTC.
- 3.44 We are comfortable with the Urbis analysis, and agree that the trade area population (in excess of 60,000 persons) is sufficient to support a DDS at the Rockbank MTC. Note that even if such a DDS was built at the Rockbank MTC, additional trade area spending will be available for DDSs that would be located at other centres such as Toolern and Rockbank North.
- 3.45 The timing of any DDS at the Rockbank MTC will be determined by the actual rates of residential development and population growth that are achieved. We agree with the Urbis conclusion that a DDS could potentially be supported at the Rockbank MTC in the period between 2027 and 2030, subject to the forecast rates of population growth that are actually achieved.
- 3.46 We also agree with Urbis that the timing of any DDS at the Rockbank MTC represents the time at which a 'Stage Two' development phase at the centre is appropriate.
- 3.47 The initial 'Stage One' phase of development at the Rockbank MTC will rely on the delivery of a major supermarket operator as the anchor tenant.
- 3.48 In Section 4.2.2 of their report, Urbis undertake an assessment of the market capacity for a supermarket(s) at the Rockbank MTC, again based on a mix of floorspace benchmarks and achievable market share.
- 3.49 According to the Urbis analysis, based on an average supermarket floorspace provision of 350m² per 1,000 residents, the trade area population would support approximately 17,600m² of supermarket floorspace at full development (Urbis Page 24). In fact, based on the forecast population capacity in the trade area estimated by Urbis, the total supportable supermarket floorspace provision would be approximately 21,600m².
- 3.50 Upon further review it appears that a stage of analysis has been undertaken and not articulated at this part of the report to justify the 17,600m² figure on Page 24.
- 3.51 The actual provision of supportable supermarket floorspace generated by residents of the trade area at full development is even higher at approximately 23,100m² when applying the higher population capacity based on the latest MPA development expectation (see Point 3.19).
- 3.52 As an aside, we are confused by the reference to the Toolern LTC on Mt Cottrell Road as being within the trade area for the Rockbank MTC (Urbis Page 24). This centre is located outside the Secondary West trade area as Figure 3 of our report clearly shows. It is likely that this is related to an inconsistency between how the Secondary West has

been defined in the relevant maps, and how it has been incorporated into the subsequent analysis (see also Point 3.22).

- 3.53 Nonetheless, we agree with the Urbis report that the trade area population will support multiple supermarket operators. These stores will be located at centres within the trade area (such as the Rockbank MTC), as well as centres such as the Toolern LTC and Toolern PTC that are located outside the trade area.
- 3.54 Urbis advocate an outcome for the Rockbank MTC that allows for a total of two full-line supermarkets and potential for a third smaller operator (such as ALDI).
- 3.55 An initial single full-line supermarket would anchor the initial stage of development at the Rockbank MTC in around 2020 to 2023. Again, actual development timing will be dependent on the rate of urban and residential development in the Rockbank PSP area.
- 3.56 The provision of supermarkets at the Rockbank MTC has a strong influence on the hierarchy of centres serving the surrounding region, in particular for smaller centres. It is important that the provision of supermarket operators at the Rockbank MTC occurs in a manner that does not undermine the anticipated role and function of other centres.
- 3.57 In particular, as previously discussed in Chapter 1, preliminary planning for the Rockbank South PSP identifies two Local Town Centres (LTCs) that will require their own supermarkets to function as effective anchor tenants that support a range of complementary retail and other uses.
- 3.58 The structure of the Urbis analysis is not well-suited to consider the implications for the two LTCs within the Rockbank South PSP associated with their recommended provision of supermarkets at the Rockbank MTC. This is not a criticism, but simply a reflection that the Urbis analysis is not informed by latest growth area planning that identifies the potential for these two centres in the Rockbank South PSP.
- 3.59 For ease of comparison, we have prepared a revised version of the Urbis Table 4.4 that identifies the market capacity for supermarket floorspace in the trade area. This is shown in our Table 2 below.

Table 2 Updated Assessment of Supermarket Floorspace Capacity

	Population Capacity (persons)	Supermarket Floorspace Demand	
		Total	Retained
Primary Trade Area	27,400	9,590m ²	7,670m ²
Secondary Trade Area			
- North	5,500	1,925m ²	640m ²
- East	6,800	2,380m ²	950m ²
- South	13,200	4,620m ²	3,700m ²
- West	13,000	4,550m ²	2,500m ²
- Rural	<u>200</u>	<u>70m²</u>	<u>60m²</u>
Total Secondary	38,700	13,545m ²	7,850m ²
Total Trade Area	66,100	23,135m²	15,520m²
Plus Allowance for Beyond (@20%)			19,400m²

Source: Urbis, Essential Economics

- 3.60 According to our revised analysis, a total of approximately 19,400m² of supermarket floorspace is supportable within the Rockbank MTC trade area. This is approximately 1,800m² higher than the floorspace of 17,600m² identified in Table 4.4 of the Urbis report.
- 3.61 The overall level of supportable supermarket floorspace in the trade area is sufficient to accommodate the two full-line supermarkets and a smaller supermarket at the Rockbank MTC (as identified by Urbis).
- 3.62 Furthermore, two large full-line supermarkets (approximately 4,000m² each) could be located in the balance of the trade area.
- 3.63 These full-line supermarkets may potentially be located at the eastern and western parts of the Rockbank South PSP, as is currently being considered by the MPA. Note that this takes into account that the population of the Rockbank PSP (21,585 persons at capacity) can of itself support two major supermarket operators.
- 3.64 In general terms, strong trading full-line supermarkets of this size should be able to anchor neighbourhood activity centres accommodating in the order of up to 9,000m² of shop floorspace.
- 3.65 It is our initial expectation that two neighbourhood centres in the Rockbank South PSP, of approximately 9,000m² each, would trade strongly and include a relatively extensive range of speciality shops and other ancillary retail (such as fast food restaurants and mini majors).
- 3.66 An allowance is also made for two smaller 'limited-range' supermarkets (approximately 1,000m² each) at the proposed Local convenience centres located in the south of the Rockbank PSP (See Figure 1).

- 3.67 In Section 4.2.3 of the Urbis report, a potential staging and development plan for the Rockbank MTC is outlined. We are generally comfortable with this commentary and consider that it represents a sensible view of the likely retail development outcomes at the centre which are supported by market demand.
- 3.68 Urbis have identified the future potential for approximately 29,000m² of 'shop' floorspace at the Rockbank MTC on the basis of the following indicative tenant mix:
- Discount department store: 7,000m²
 - Supermarkets: 9,500m²
 - Mini Majors: 3,000m²
 - Specialty Shops: 8,500m²
 - Other Shop Uses: 1,000m².
- 3.69 This floorspace provision appears sensible on the basis of the economic analysis undertaken by Urbis, and taking into account our own review of relevant economic considerations.
- 3.70 Given the long-term nature of the forecast, and noting that a degree of flexibility in relation to development outcomes is appropriate, we consider that a shop floorspace allowance of approximately **30,000m²** is appropriate for planning the Rockbank MTC.
- 3.71 Likewise, we generally support the commentary in Section 4.3 of the Urbis report relating to the potential for ancillary non-retail uses to locate at the Rockbank MTC. The analysis is supported by a selection of small case studies of comparable centres in Melbourne and Perth – we are familiar with all of the centres used as case studies and agree with the short descriptions that are provided by Urbis.
- 3.72 In particular, we support the statement:

"No two centres are alike, and there are inherent difficulties in comparing two centres in different areas, that have evolved in different conditions" (Urbis Page 27).

This highlights the need for the design and development phase of the Rockbank MTC to reflect evolving market demand and changes in community need between now and 2030, when the second stage of development at the centre is likely to be delivered.

4 CONCLUSIONS AND RECOMMENDATIONS

- 4.1 Our review of the Urbis report prepared in relation to the Rockbank PSP has identified the following key conclusions:
- a **The proposed Rockbank MTC is appropriately located** adjacent to the Rockbank railway station and centrally to the future urban area located south of the Western Freeway and primarily comprising the Rockbank PSP and Rockbank South PSP.
 - b **We are in agreement with the trade area defined by Urbis for the Rockbank MTC** and consider it to be an accurate reflection of expected future customer visitation patterns.
 - c **The population analysis prepared by Urbis** has some inconsistencies that we are unable to reconcile at this time. Nonetheless, in overall terms the population capacity of the trade area is approximately 66,100 persons according to the latest expectations of urban development. This is 4,300 persons higher than the Urbis estimate of 61,800 persons.
 - d **Notwithstanding some minor issues, we are very comfortable with the market assessment for the Rockbank MTC prepared by Urbis.** We consider that a two-stage development program for retail development is likely. An initial stage of development incorporating approximately 7,500m² of shop uses, including a full-line supermarket, is likely to be delivered sometime after 2020, with a second stage of development, including a new DDS and supermarkets, expected in around 2030.
 - e **A total shop floorspace allowance of approximately 30,000m²** is appropriate for the Rockbank MTC at full development. This is consistent with the 29,000m² indicative development plan identified by Urbis.
 - f **Development of the Rockbank MTC to incorporate approximately 30,000m² of retail floorspace** would not undermine the ability to deliver LTC's (approximately 9,000m² each) at the eastern and western ends of the Rockbank South PSP area. Likewise, the ability to deliver small LCCs in the south of the Rockbank PSP is not compromised by this provision of retail at the Rockbank MTC.
- 4.2 Overall, it is our view that the conclusions of the Urbis report in relation to the Rockbank MTC are appropriate, and that development of the centre to accommodate 30,000m² of retail floorspace is supported by forecast market demand. Furthermore, this provision of floorspace will not undermine the hierarchy of centres proposed for the surrounding region, including two LTCs currently being considered for inclusion in the future Rockbank South PSP.