

An aerial photograph of North Altona, Victoria, Australia. The image shows a dense urban area with numerous buildings, streets, and green spaces. A blue pushpin is placed on the map, marking a specific location in the center-right area. The background is a light blue gradient.

## **Precinct 15, North Altona**

### **Neighbourhood Activity Centre Economic Impact Assessment**

**Prepared for:  
Precinct 15 Land Owners**

**March 2015**

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## Table of Contents

1. Executive Summary .....	1
2. Introduction .....	5
2.1 Approach.....	6
3. Background and local context .....	7
3.1 Altona North .....	7
3.2 Hobsons Bay Industrial Land Management Strategy.....	8
3.3 Hobsons Bay Activity Centres Strategy.....	9
3.4 Local Planning Policy .....	11
3.5 Population growth .....	13
4. Precinct 15 Land Use Plan .....	15
4.1 Residential use and open space .....	15
4.2 Neighbourhood Centre .....	16
4.3 Activity centre demand.....	17
4.4 New supermarket demands.....	20
4.5 Supermarket distribution .....	22
4.6 Supermarket accessibility .....	22
5. Catchment area analysis .....	24
5.1 Catchment area definition .....	24
5.2 Population characteristics.....	25
5.3 Population forecasts .....	28
5.4 Retail spending.....	30
6. Activity centres .....	32
6.1 Existing activity centres.....	32
6.1.1 Altona North .....	33
6.1.2 Borrac Square.....	34
6.1.3 The Circle, Altona North.....	35
6.1.4 Newport.....	35
6.1.5 Blackshaws Road, Altona North .....	36
6.1.6 Vernon Street, South Kingsville.....	36
6.1.7 Second Avenue .....	37
6.1.8 Challis Street .....	37
6.2 Future retail development .....	39
6.2.1 Spotswood .....	39
6.2.2 Yarraville .....	39
7. Economic Impact Assessment .....	40
7.1 Projected retail turnover.....	40
7.2 Sales impacts on competing centres.....	42
7.2.1 Description of impacts .....	42
7.2.2 Allocation principles.....	43
7.2.3 Impacts on specific centres.....	44
7.2.4 Summary.....	45
7.3 Benefits.....	46
7.3.1 Employment creation - permanent.....	46

7.3.2	Other benefits.....	47
7.3.3	Market benefits.....	48
7.3.4	Precinct benefits .....	48

## Tables

Table 1:	Activity centre demand – supply analysis.....	19
Table 2:	Catchment area demographic profile, 2011 Census.....	27
Table 3:	Catchment area population forecasts .....	29
Table 4:	Catchment area spend per capita rates, 2013/14 .....	30
Table 5:	Catchment area retail spending market 2014-2021 (Y/E June).....	31
Table 6:	Activity centres.....	32
Table 7:	Catchment area centres- retail floorspace by tenant type (2014).....	38
Table 8:	Precinct 15 NAC forecast sales (2016/17).....	41
Table 9:	Precinct 15 NAC proposed market share and sales distribution (2016/17).....	42
Table 10:	Precinct 15 NAC – retail sales impacts (2016/17).....	44
Table 11:	Precinct 15 NAC employment creation .....	47

## Figures

Figure 1:	Locality map.....	5
Figure 2:	Local context.....	8
Figure 3:	Hobsons Bay Industrial Land Management Strategy – Land classification map .....	9
Figure 4:	Hobsons Bay Activity Centres .....	11
Figure 5:	Hobsons Bay population forecasts.....	13
Figure 6:	Suburb forecasts (.id).....	13
Figure 7:	Precinct 15 Land Use Plan.....	16
Figure 8:	Floorspace demand – supply area .....	18
Figure 9:	Supermarket provision by local government area .....	21
Figure 10:	Supermarket accessibility .....	23
Figure 11:	Precinct 15 catchment area.....	25
Figure 12:	Dwelling approvals 2011/12 – 2012/13 and land availability.....	29
Figure 13:	Competitive supermarkets in the region, 2014.....	33
Figure 14:	Summary of sales impacts .....	46



## 1. Executive Summary

1. The land generally bounded by Blackshaws Road, Kyle Road, New Street and the West Gate Freeway in Altona North, otherwise known as Precinct 15, is designated by Hobsons Bay Council as a Strategic Redevelopment Area. The 67 hectares of existing and former industrial land use is being master planned to manage its transitioning to medium density residential and mixed uses over the next 20 years, or so. The Land Use Plan has the potential for up to 3,000 residential dwellings across the site, a central quarry park and a Mixed Use Zone (MUZ) on Blackshaws Road.
2. The Precinct 15 Land Owners Group has initiated the preparation of planning, design, engineering, environmental and other associated studies. It has commissioned Deep End Services to prepare a need and economic impact assessment on the proposed NAC.
3. Precinct 15 is the largest of nine Strategic Redevelopment Areas in Hobsons Bay. Developed to its planned potential, it has the capacity to house upwards of 6,500 people making it one of the largest redevelopment sites in metropolitan Melbourne. The Precinct is an 'island' of industrial zoning framed by the Westgate Freeway to the north and residential areas developed from the 1950's to the east, south and west. While strategically well located to the port, major road networks and industrial areas of the west, it is no longer deemed suitable or attractive to re-establish large or other industries which have characterised its past.
4. The proposed NAC is located near the mid-point of Precinct 15's frontage to Blackshaws Road where a proposed collector road provides an axial connection between the NAC and the internal street pattern, linking to pedestrian and bicycle networks across the site. The NAC could comprise a full-line supermarket (4,200 sqm) and 1,350 sqm of specialty shops – a total leasable area of 5,550 sqm. The NAC could act as the community hub and should serve the daily and weekly shopping needs of future residents on site, others in the surrounding area and passing traffic.
5. Precinct 15 is a complex site to plan and develop. It includes land currently used for industrial purposes and accordingly, the timing of residential development and a potential NAC is difficult to predict however, it is assumed that most of the existing industrial sites will be cleared within the next 12-18 months with the NAC established by 2016/17.
6. Economic restructuring has brought on the closure or relocation of various industries in Hobsons Bay and particularly Altona North, resulting in a declining industrial work force, a 25% decline in Altona North's population over the last 25 years, an ageing population and falling household incomes. The gentrification forces evident for some years in Williamstown, Newport and Spotswood are gradually moving west with unit development activity and a stabilised (and growing) population now emerging in Altona North.
7. Council's Local Planning Policy for activity centres is based on *The Hobsons Bay Activity Centres Strategy (2006)*. The Policy is focussed on protection of existing centres, enhancing physical amenity, safety, heritage and range of services. The potential of the Strategic Development Areas including Precinct 15 is not addressed however the Centres Strategy raises the prospect of establishing "convenience supermarkets".

8. Population projections for the City of Hobsons Bay by .id for Council indicate the city's population will increase from 87,362 people in 2012 to around 99,231 by 2026. After a 25% decline in Altona North's population between 1981 and 2006, the population base has stabilised and is growing again. .id project Altona North's population will grow from 12,000 in 2012 to 18,770 in 2031 – a 56% increase largely due to the development of Precinct 15. The adjoining suburbs of Newport West and South Kingsville will also experience moderate growth out to 2020.
9. A demand-supply analysis of activity centre floorspace for the Altona North, Newport West and South Kingsville area suggests that growing population levels will support an additional neighbourhood centre between 2010 and 2031. Altona Gate and existing neighbourhood centres will also be beneficiaries of the rising population levels and spending growth over the next 10 years.
10. The City of Hobsons Bay has one of the lowest rates of supermarket floorspace provision in metropolitan Melbourne. The current rate of 250m sqm of supermarket space per 1,000 residents is 24% below the average for metropolitan Melbourne and the 6<sup>th</sup> lowest of Melbourne's 31 municipalities. The adjoining municipalities of Wyndham, Maribyrnong and Brimbank are all close to the metropolitan average in the range of 325 – 339 sqm per 1,000 residents.
11. The size, distribution and quality of supermarkets in the area varies widely. Coles and Woolworths have one store each – the latter a very small (1,800 sqm) format at Borrack Square. There are two small independents which provide local convenience needs at Newport and The Circle while the introduction of ALDI at Altona Gate (July 2014) and in the Millers Junction homemaker centre (2015) will improve the choice and diversity of supermarkets.
12. The catchment population for a NAC at Precinct 15 is projected to increase from 26,336 people in 2014 to 32,048 in 2021. Per capita spending levels are around -4.3% below the metropolitan average however the total spending market is projected to increase from \$343.5 million in 2014 to \$429 million in 2021.
13. The network of existing activity centres in the area is dominated by Altona Gate, a designated major centre of 26,000 sqm (retail floorspace). Developed in 1977, it has been largely unchanged for many years until the recent closure of Safeway on the lower level triggered a refit of the space with ALDI and two fresh food retailers. Coles is the existing major supermarket at Altona Gate. Borrack Square, anchored by a small Woolworths supermarket, is a vibrant neighbourhood centre with main road exposure, high occupancy levels and a good retail and business mix. The Circle in Altona North is a more specialised centre with 20 tenancies including a small IGA (500 sqm) and a range of middle-eastern businesses with a strong fresh food orientation. Newport Village is on the fringe of the catchment, 2.8 km south-east. The proposed NAC floorspace at Precinct 15 represents a 12.0% increase in the total retail floorspace of activity centres in the catchment.
14. A tenancy survey of all existing centres in September 2014 revealed very low shop vacancy levels in the main centres and local / neighbourhood centres close to Precinct 15. There are obvious signs of ongoing renewal and re-mixing of local businesses in the smaller strip centres in response to the influx of new residents, a changing demographic mix and higher property values throughout Altona North, Newport and South Kingsville.



15. Supermarket-based developments have been recently approved at Spotswood on Melbourne Road and on part of the Bradmill site in Yarraville. There are significant road and rail barriers between Precinct 15 and these locations and given the expected time lag in development and their separate catchments, other proposals are not expected to impact the need or demand for a NAC to serve Precinct 15 and surrounding areas.
16. For the purposes of the impact assessment, the earliest timing of the Precinct 15 NAC is set for 2016/17 although it is acknowledged that planning processes, site preparation and infrastructure needs may push the date back. Given the uncertainty of predicting the size and performance of centres a long way into the future, 2016/17 therefore represents an early or worst case scenario for trading impacts. Beyond 2017, many centres will benefit from the rising population levels in the area, largely due to Precinct 15.
17. The proposed Precinct 15 NAC (5,550 sqm) would generate around \$38.3 million in turnover in 2016/17 comprising \$29.3 million in food, liquor, groceries and take-away food and around \$9.0 million in non-food and services.
18. The projected retail sales impacts from the NAC on the retail turnover that nearby activity centres would otherwise have achieved in 2016/17 is modelled at:
 

\$	Altona Gate & Millers Road North	-\$9.4 million (-6.2% of turnover)
\$	Williamstown MAC	-\$3.8 million (-2.2%)
\$	Altona	-1.0 million (-1.4%)
\$	Borrack Square	-\$5.5 million (-10.9%)
\$	The Circle	-\$1.7 million (-7.9%)
\$	Newport	-\$3.5 million (-7.5%)
\$	Williamstown	-\$3.8 million (-2.2%)
\$	Other local centres	-2.7% to -5.5%
19. Most of the potentially affected centres which have a good retail business mix, main road exposure or are in close proximity to Precinct 15, will enjoy strong sales and business growth from rising population levels, prior to the development of the NAC. Their higher turnover levels will ensure that trading effects, when they occur, will be a lower proportion of their turnover than expressed for 2016/17.
20. In overall terms, the range of impacts assessed is relatively small and proportional to the level of floorspace proposed (a supermarket based centre with limited retail specialty shop space). The sales re-allocations at all centres are within the bounds and expectations of a normal competitive environment where turnover levels naturally fluctuate with changes in economic and market conditions.
21. Because of the orientation of the Precinct 15 NAC to a large supermarket (76% of proposed floorspace), the impacts are largely confined to other full-line supermarkets in the area - all operated by major chains. Altona Gate, with its two supermarkets (Coles and ALDI), is expected to absorb the highest sales impacts in dollar terms. Coles has a long-established store in Altona Gate, while the recent opening of ALDI is the first store of its kind in the large area of central and eastern Hobsons Bay. Both stores are unlikely to be rendered unviable as a result of the development.
22. The provision of specialty shops in the Precinct 15 NAC is not excessive and would be in keeping with a mid-sized supermarket (similar to The Range Williamstown). Overall, the

proposed NAC is intended to represent a neighbourhood convenience centre, primarily catering to the demands of those residents expected to take up housing in Precinct 15.

23. Without the benefit of construction costs, it is difficult to estimate the number of jobs generated during the construction phase however based on other recent proposals, the NAC would generate about 50 full-time jobs during the development phase and support another 43 indirect jobs.
24. Once fully established, the centre could generate an estimated 132 direct and 83 indirect full time jobs ongoing. Jobs created in the retail sector are suitable for youth and others looking to enter or re-enter the workforce in part-time or casual positions. Importantly, the retail-based NAC and any other supporting co-located uses will replace on site, some of the 900 jobs that will be lost to Precinct 15 with the transitioning from industrial to residential land use over time.
25. In summary, the future development of the Precinct will have a number of valuable economic benefits and should be supported for the following reasons:
  - § A contemporary neighbourhood activity centre will form the community and commercial focus for Precinct 15, underline its credentials as a mixed use, medium density neighbourhood and will be largely supported by the on-site residential base.
  - § It promotes a walkable, partly self-contained community where daily and weekly shopping needs are accessible by foot, bicycle or short drive for up to 3,000 new dwellings. Its main road location and good exposure will be attractive to passing traffic and other residents in established areas. Travel time and private car use for shopping will be reduced by the proposal.
  - § It provides for the orderly and logical development of the Precinct with a commercial focus at the Blackshaws Road entry to the Precinct. The expected form of development is complementary to the medium density living options and range of smaller households likely to take up housing choices in the area.
  - § The development will bring employment and related benefits to the area without unduly impacting existing activity centres.
  - § The early development of the centre will be a major asset to Precinct 15 and should stimulate more interest and sales in Precinct 15 dwellings.



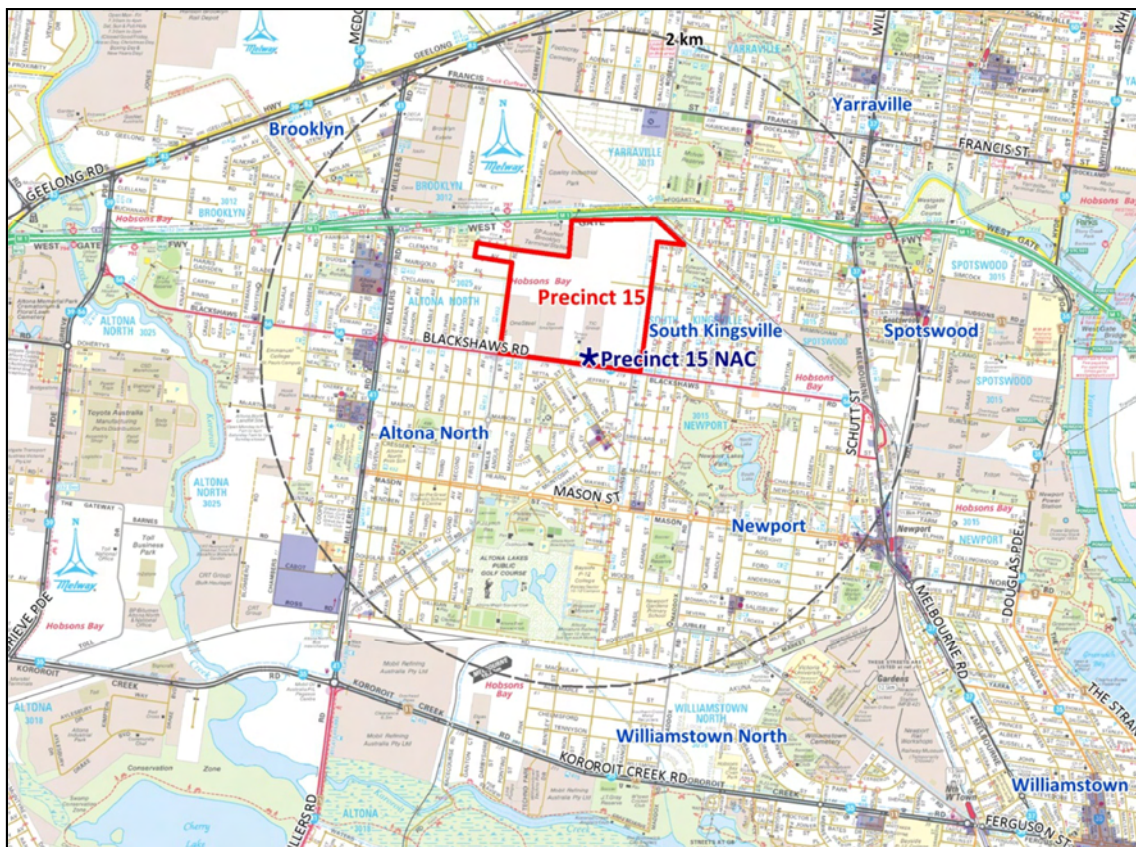
## 2. Introduction

The Precinct 15 Landowners group has commissioned Deep End Services to assess the need for, and economic impact of, a neighbourhood activity centre (NAC) at Altona North (refer Figure 1). This report is prepared with the assumption that a NAC is proposed for a Mixed Use Zone located within Precinct 15, however it is noted that any such proposal will be subject to various factors including market forces. The proposed NAC would be one element of the future Land Use Plan for 67 ha of strategic redevelopment area comprising existing and former industrial uses, generally bounded by Blackshaws Road, Kyle Road, New Street and the West Gate Freeway. The area, otherwise known as 'Precinct 15' in the City of Hobsons Bay *Industrial Land Management Strategy (June 2008)*, is identified as a Strategic Redevelopment Area and is expected to transition from industrial to residential uses over the next 20 years or so.

The northern part of Precinct 15 is vacant while the southern section includes some cleared land on Blackshaws Road (the former George Weston site) and a range of industrial and warehouse buildings, many of which are now vacant. All uses are expected to exit or relocate in the next 12 months or so, when the land will be fully cleared. A small part of the defined Precinct is also on the west side of Kyle Road.

The proposed NAC of 5,550 sqm gross leasable area (GLA) will incorporate a full-line supermarket (4,200 sqm) and 13 specialty shops. It will cater to the future needs of new residents in the Precinct and neighbouring areas and provide a community focus for the regeneration area.

Figure 1: Locality map



Source: Deep End Services; MapInfo; Ausway

## 2.1 Approach

This report assesses the need for, and economic impact of, a NAC at Precinct 15 based on the existing retail structure and expected population growth in the area. The general approach taken and the findings of this report are that the expected long term population growth in the Precinct and local area will support a neighbourhood centre.

For the purposes of the impact study, the report assumes the NAC will be operational by 2016/17 – although planning, design and infrastructure requirements could see the timing extend beyond 2017. The findings of the report, in terms of impact on existing centres in 2017, therefore present a worst case scenario as population growth from the precinct and other areas will generally improve trading levels for retailers throughout the area, over time.

In this context, the report established a general order of impacts that could be experienced by surrounding centres given the proposed size and composition of the NAC and assuming it is operational in 2016/17.

The tasks completed in the preparation of this report included:

- Inspection of the subject site and activity centres in the broader area;
- Completion of shopfront land use / occupancy surveys in the catchment area enabling an accurate estimation of floorspace dedicated to relevant retail goods and services;
- Investigations into competitive developments within and beyond the catchment area;
- A demand and supply analysis of neighbourhood retail floorspace in the local area and additional supermarket floorspace supportable by additional population levels;
- Identification of the catchment area likely to be served by the proposed development;
- Analysis of suburb based population forecasts by .id (September 2012) for Council and by the Department of Planning and Community Development (Victoria);
- Consideration of background reports and policy documents prepared by and for Council;
- An assessment of the likely retail turnover levels for the proposed NAC, assuming it is established by 2017 and the order of effects on surrounding centres; and
- An assessment of the employment effects of the NAC and other community benefits.

The Land Use Plan (refer Figure 7) is a conceptual plan and subject to further detailed design however on the basis of our current review and discussions during the concept planning stages, it is assumed the NAC is well laid out, attractive, accessible and well connected to Precinct 15 and Blackshaws Road. It is assumed the NAC will offer adequate, well located parking and be leased and managed on a professional basis with an experienced retailer operating the supermarket tenancy. Remediation of the Precinct will be resolved and the gradual relocation of industrial uses will occur, enabling the progressive development of the site over the next 10-20 years.

All estimates of retail spending and turnover that relate to the period after 1 July 2000 include Good and Services Tax (GST) and all forecasts of expenditure after June 2014 exclude inflation.



### 3. Background and local context

#### 3.1 Altona North

Altona North is an established suburb in the Hobsons Bay local government area (LGA) 12 km west of the Melbourne CBD. The suburb is generally bounded by the West Gate Freeway to the north, Kororoit Creek Road to the south and New Street to the east. Altona North and its neighbouring suburbs of South Kingsville, Newport and Spotswood are characterised by a historically significant industrial and manufacturing base.

Economic restructuring over recent decades has changed the patterns of land use in Hobsons Bay. Major industries in the eastern and northern parts of the City have closed or relocated, creating opportunities for new residential and mixed use developments. Much of the industrial land in Altona North is in a transitional phase where large occupiers such as Caltex (in South Kingsville) and Gilbertsons have vacated and cleared their sites for future redevelopment.

Residential development in Altona North dates back to the 1950s, with much of the housing constructed during the 1960s and 1970s. *Plan Melbourne* identifies one major Activity Centre at Altona North, which includes Altona Gate, a stand-alone sub-regional centre developed in 1977 and anchored by a Kmart discount department store (DDS), Coles and ALDI supermarkets. A number of neighbourhood and local centres such as Borrack Square, The Circle, Blackshaws Road, Millers Road and Second Avenue shops mainly serve local needs.

The loss of industrial jobs and an ageing population led to a gradual decline in Altona North's population over the 25 years from 1981 to 2006 – falling from 14,255 people in 1981 to 10,830 in 2006. There have been consequent changes in the demographic and workforce profile over the same period including:

- An older age structure – 23% aged over 65 in 2006 compared to 4% in 1981.
- Falling workforce participation levels from 61% (1981) to 47% (2006).
- Declining household size – 1 and 2 person families now comprise 59% of all household compared to 27% in 1981.
- A decline in European migrants and a rise in Asian and Middle East born residents.
- A decline in manufacturing employment from 33% to 17% of the workforce and a rise in professional, administrative and support services.
- A relative decline in household incomes – in 1981, 16% of households were in the lowest income quartile (Melbourne) which has risen to 39% in 2006

Since 2006, the trend in Altona North's population has reversed with positive growth for the first time in many years – a trend which is likely to continue with the development of identified Strategic Development Areas over the next 20 years, the largest in the area and Hobsons Bay is Precinct 15 with a projected population in excess of 7,000 people. This site alone will more than recover the total population losses in Altona North between 1981 and 2006, bringing new demands for goods and services to the area.

Figure 2: Local context



Source: Deep End Services; NearMap

### 3.2 Hobsons Bay Industrial Land Management Strategy

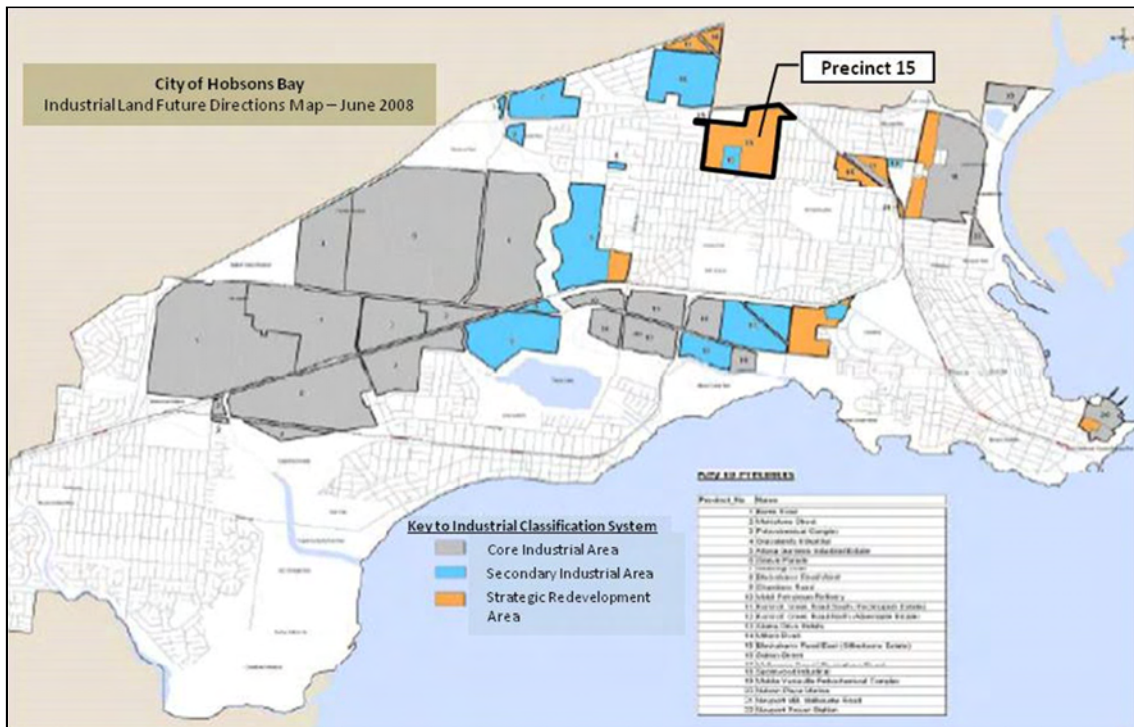
The City of Hobsons Bay *Industrial Land Management Strategy* (ILMS) completed in June 2008, recognised the important role of its industrial land, manufacturing and processing activities in providing regional employment opportunities for the inner west and the Werribee Growth Area. However, a review of 22 industrial precincts across the municipality identified nine precincts suitable for alternative land uses (refer Figure 3). These are referred to as Strategic Redevelopment Sites or Areas.

Part of Precinct 15 – the land generally bounded by Blackshaws Road, Kyle Road, New Street and the Westgate Freeway - was found to have location characteristics making it difficult to attract replacement industries to vacant or underutilised sites after several major occupiers had vacated in recent years.

Whilst acknowledging the existence of some important and viable operations, the ILMS recommended that, in consideration of the road infrastructure and surrounding residential land uses, the most suitable use for most of the precinct was residential. The ILMS has set the framework for the preparation of the Land Use Plan and further Planning Scheme amendments.

One of several '*Expected Outcomes / Measures*' from an Outline Development Plan was noted in the ILMS as "*Rezoning land in the SRA with both residential and mixed use components, with buffers provided around Secondary Industrial Area*".

Figure 3: Hobsons Bay Industrial Land Management Strategy – Land classification map



### 3.3 Hobsons Bay Activity Centres Strategy

The *Hobsons Bay Activity Centres Strategy* (Strategy) was prepared by a consortium of consultants with the final report dated March 2006. The Strategy comprises a Volume 1 Main Report which addresses city wide issues and a Volume 2 report dealing with centre specific strategies.

The findings and recommendations of the Strategy which have general relevance to Precinct 15 in terms of growth and expansion policies and more specific findings in relation to nearby centres are summarised as follows:

- Existing structure & classification of centres.
  - § There is an established network of about 30 activity centres in Hobsons Bay
  - § Adopting the Melbourne 2030 categorisation of centres there are three MAC's, 10 neighbourhood centres and 17 local centres. (refer Figure 4)
  - § Hobsons Bay's distinguishing features which are influential in activity centre planning and distribution are: close proximity to CBD; contrasting built form and heritage; strategic location for industry; coastal location; pattern of discrete villages; physical barriers (industry & wetlands); absence of tram-based strip centres; limited through traffic; contrasting demographics; availability of large redevelopment sites; and poor public transport connectivity.
- Retail floorspace requirements
  - § 11,350 new dwellings needed in Hobsons Bay to 2030 including between 4,000-8,000 on the Strategic Development Sites. Forecast population growth of 13,300 people (+16%) between 2004-2021.



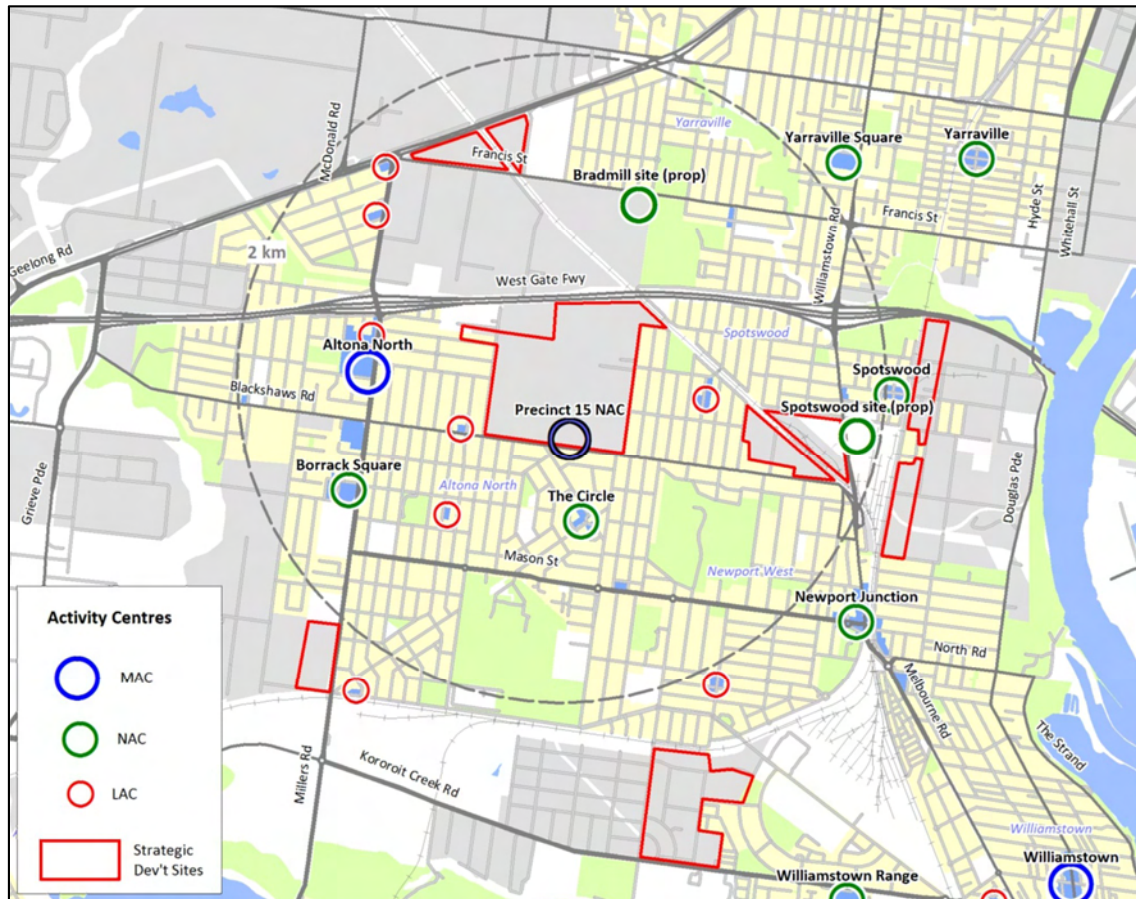
- § *Half the population gains will be in Altona North and Williamstown.*
- § *Current provision of retail facilities is generally consistent with other areas of Melbourne and the majority of Hobsons Bay residents reside within 2km of a centre offering full line supermarket facilities.*
- § *No justification for the creation of new retail facilities in Hobsons Bay.*
- § *Retail floorspace expansion to 2021 is likely to be necessary at Altona Gate and possibly to a small degree at Williamston Range and Central Williamstown, but not at any other locations.*
- *Meeting the local retail needs of major new residential development*
  - § *The creation of substantial new residential precincts on former industrial sites (Newport Railway workshops and Precinct 15) will require the provision of local convenience shops to provide basic needs and encourage walking and cycling.*
  - § *These may include 24 hour convenience stores, chemist, newsagent, greengrocer or a "limited line" supermarket (as distinct from a full line supermarket).*
  - § *They should be located with exposure from arterial roads to ensure viability.*
- *Centre specific recommendations*
  - § *Altona Gate*
    - *Increase fresh food retailers*
    - *Expand as part of integrated Master Plan to the north over Duosa Street and possibly incorporating the 16 shops fronting Miller Road.*
  - § *Borrack Square*
    - *Well functioning and busy centre which is part of a larger activity precinct*
    - *Expand retail mix,*
    - *Create central pedestrian square and undertake urban design improvements*
    - *Protect catchment to the east*
  - § *The Circle*
    - *Expansion of commercial zoning on the south side of McIntosh Road*
    - *Encourage medium density housing and urban design improvements.*

In summary, the 2006 Activity Centres Strategy largely adopted a status quo position and recommended little or no change in the size, role and function of centres in the city. Other than urban design improvements and a desire for an improved mix in some centres (the latter being well outside Council's control) the only location identified for future retail expansion is Altona Gate. A closer examination of this recommendation finds that the land in question is situated north of the main decked car park rendering any effective integration with the existing Altona Gate centre very difficult or improbable.

The Strategy's position on possible new retailing for the Strategic Redevelopment Areas is somewhat ambiguous. While, on the one hand, it recommends against the creation of new activity centres in the City and sets out a range of convenience based retailers, it also raises the possibility of a "limited line" supermarket which is undefined and could be subject to varying interpretations.

Council's approval of a shopping centre development at Spotswood would, on face value, appear to be inconsistent with the Policy raising the prospect that other areas such as Precinct 15, forming one of the two major redevelopment areas in Hobsons Bay, would be subject to a similar approach to the need for new, contemporary retailing facilities for new and existing residents.

Figure 4: Hobsons Bay Activity Centres



Source: Deep End Services; MapInfo

### 3.4 Local Planning Policy

A new draft Municipal Strategic Statement (MSS) to the Hobsons Bay Planning Scheme was exhibited from 14 July to 26 August 2011 as Amendment C63. The draft MSS clarifies existing planning policy frameworks which have already been the subject of Planning Scheme Amendments. The Amendment updates the format, structure and content of the MSS without altering its policy intent or direction, updates population forecasts and specifies further strategic work. A Planning Panel considered the Amendment and issued its report in February 2012 recommending only minor changes to the Objectives and Strategies for Activity Centres.

Under Council's exhibited Clause 21.02-4 Municipal Profile – Activity Centres, the policy notes the established network of 30 activity centres across Hobsons Bay comprises:

- 3 Major Activity Centres – Altona Gate Shopping Centre, Williamstown and Altona Beach;

- 8 Neighbourhood Centres; Aviation Road (Laverton), Central Square (Altona Meadows), Borracck Square (Altona North), Harrington Square (Altona), Newport, Spotswood, The Circle (Altona North) and The Range (Williamstown).
- Various small local centres.

Clause 21.06 Activity Centres sets out a Vision Statement, 10 Objectives and Strategies to achieve each Objective.

The Objectives for Activity Centres can be summarised as follows:

- Promoting the retention of existing centres for residents, workers and visitors;
- Enhancing the amenity, liveability and economic viability of existing centres;
- Maintaining and enhancing the role of Williamstown, Altona Beach, Newport, Central Square and Aviation Road Activity centres;
- Enhance economic opportunities and provide planning certainty for activities along Millers Road; and
- To identify smaller and / or marginal centres and determine whether they have a retail future.

The Policy tends to reflect the Activity Centres Strategy and is largely focussed on protection of existing centres, preserving heritage values and enhancing physical amenity, safety and range of services. The Objectives are supported by a range of local Strategies which relate to access, parking, safety, design improvements, heritage protection, residential development, amenity protection, business mix and commercial expansion and many others.

The Policy does not specifically entertain or raise the prospect of the Strategic Development Areas supporting or accommodating new retail or activity centre nodes.

The policy recognises the existence of a number of smaller, marginal activity centres. Our inspections confirm there are several small centres in the Altona North area however most now have high occupancy levels and a vibrant business mix which is reflecting higher property values and the changing demographic profile of the area.

In relation to the Strategic Development Sites, Objective 5 of Built Environment and Heritage is:

- To successfully manage the transition and strategic development of redundant industrial areas identified as Strategic Development Areas through the development of Outline Development Plans (i.e. a master plan) or other appropriate planning controls to achieve net community benefit.

One of 10 Strategies listed under Objective 5 is to:

- Manage change in Strategic Redevelopment Areas carefully; protect the existing and ongoing viable use of existing industries; retain employment generating uses where possible; and subject to appropriate justification, introduce new land uses.

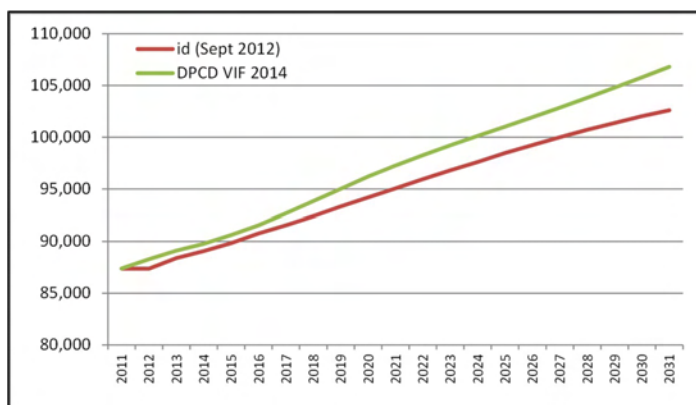
Therefore, while Amendment C63 was a 'policy neutral' redrafting of the Hobsons Bay MSS which did not contemplate additions to the activity centres hierarchy (e.g. a neighbourhood

centre at Precinct 15), the objectives and strategies set out for the ODP process for Strategic Development Sites raises the potential for such uses to be considered on the basis of “appropriate justification”.

### 3.5 Population growth

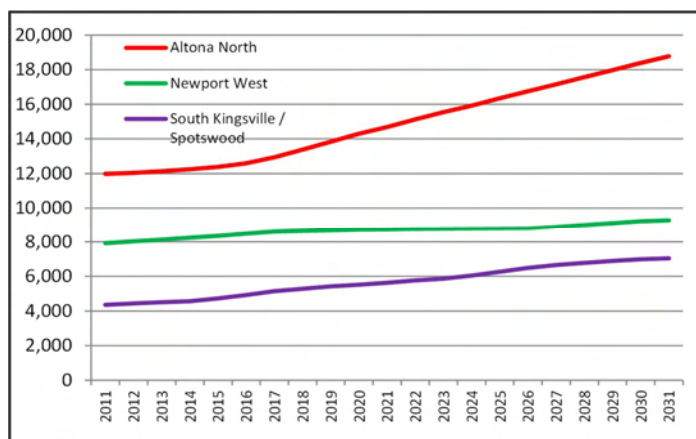
Population forecasts at suburb level have been prepared by the demographic forecasting firm .id for the City of Hobsons Bay, the dated September 2012. The detailed methodology, assumptions and results of their work is available via a link from the City of Hobsons Bay web site.

Figure 5: Hobsons Bay population forecasts



City wide, Hobsons Bay is projected to increase its population from 87,362 in 2012 to 99,231 in 2026 – an increase of approximately 11,900 people over the period. .id’s forecast is slightly lower than DPCD (revised 2014) who forecast an additional 14,500 people (to 101,900) by 2026 (refer Figure 5). The difference between the two is reasonably small in the context of a large municipality but, importantly, both recognise and have built into their analysis significant growth in selected areas. The respective long term average annual population growth rate for the city is 1.03% and 0.85% respectively.

Figure 6: Suburb forecasts (.id)



South Kingsville is a small discreet suburb directly adjoining Precinct 15 while Spotswood lies east of the freight line.

The forecasting methodology has included, amongst other things, detailed assumptions of residential land availability including the timing and rate of development in the Strategic Redevelopment Areas.

The .id forecasts date back to September 2012 and therefore a number of the development sites and assumptions have lapsed and/or are now unlikely to progress. However, the common and relevant assumption is an allowance for a continued high level of infill development and urban renewal in the area.



The major redevelopment sites still likely to proceed include the following:

- Don Smallgoods site (1,550 dwellings 2016-31). .id's assumptions have not accounted for the full development of Precinct 15 as the Precinct could potentially accommodate 3,000 dwellings. The State Government's Urban Development Program (2013) assumed 3,000 dwellings across the site.
- Eastona Park School site (300 dwellings 2015-25)
- Former Caltex site in South Kingsville (302 dwellings 2021-29). The UDP assumes a higher 1,000 dwellings across this site.

The higher development yield at Precinct 15 than assumed by .id will result in either higher levels of new dwellings between 2014 and 2031 or a longer development time frame, or possibly both. At this stage, given the existing land use constraints across the site, it is difficult to predict with any certainty the likely annual rate of dwelling construction.

As indicated in Figure 6, Altona North's population will increase from around 12,000 in 2012 to approximately 18,770 in 2031 – an increase of 57% over the period. South Kingsville – Spotswood is projected to increase its population by 62% and Newport West by 17%. Overall, the three suburbs will grow from 24,254 people in 2011 to 35,109 by 2031 (+10,855).

The increase in Altona North's population between 2011 and 2026 will make up 40% of Hobsons Bay's total population growth. Altona North and its adjoining suburbs will therefore experience significant growth over the next 15 years. Precinct 15 is instrumental in delivering this change and achieving the city wide growth expectations.

This growth should carry expectations of growth and improvement in the activity centre network.

## 4. Precinct 15 Land Use Plan

### 4.1 Residential use and open space

The draft Land Use Plan for Precinct 15 (refer Figure 7) is in conceptual form including indicative street layout, residential building types and densities. For the purpose of the EIA the key issues relate to:

- The density of development and overall residential yield across the Precinct; and
- Layout and location of the neighbourhood centre and connections to the Precinct and surrounding areas.

Precinct 15 has a total site area of 67 hectares and will consist of detached and medium density housing, linear open spaces connections and formal parks, a community centre hub and MUZ. Higher residential densities could be developed around the central Quarry Park and MUZ fronting Blackshaws Road.

The dwelling capacity of Precinct 15 is assumed to be 3,000 at an average minimum yield of 55 dwellings per net developable hectare.

Adopting .id's average household size for new dwellings in Altona North from 2011-2031 of 2.6 persons per dwelling, the population capacity of Precinct 15 could be upwards of 7,800 people however with a lower average size reflecting the higher density of development, the Precinct is more likely to house in the order of 6,500 people at full capacity. On these levels, it is one of the most significant infill-development sites in inner Melbourne.

It is recognised that development of the Precinct presents many challenges including remediation, staging and preservation of buffers around existing uses. The Precinct has many attributes making it attractive for a range of medium density housing options including the potential for a master planned community with strong connections to surrounding areas of residential character, good access to major road networks, public transport and employment opportunities in the west and proximity to the Melbourne CAD and Port Phillip Bay. The area is generally well provided with community infrastructure including passive and active recreation facilities, although the Precinct will need to provide commercial and community facilities for new residents.

The Precinct will be well connected and integrated with the surrounding residential areas and street networks to the south, west and east. The Land Use Plan may include a permeable road network enabling residents of surrounding streets to seamlessly move into and through the Precinct without encouraging 'rat running'. Local bus routes are expected to service the collector road network through the Precinct and safe and efficient measures will be made for bicycles and pedestrians.

Figure 7: Precinct 15 Land Use Plan



## 4.2 Neighbourhood Centre

The potential neighbourhood centre is ideally situated on the Blackshaws Road frontage with a site area of 1.34 hectares for a centre of around 5,550 sqm GLA with associated parking, access roads and landscaping.

The surrounding local street network promotes access to the site by various modes of transport and by pedestrians. Higher residential densities and mixed uses around the centre will contribute to a vibrant node of activity where complementary commercial uses such as restaurants, medical centre, child care and small commercial offices could be encouraged.

A frontage to Blackshaws Road, one of several cross-suburb main roads and a key link between Millers Road and Melbourne Road is a key asset for the NAC. It will offer convenience to passing traffic and for workers in the area to access food and services from their place of work. This is a more preferable location than an embedded site within the precinct where the size and scale of the NAC (and its benefits to the area) would be significantly smaller.

The retail floorspace size of the NAC (5,550 sqm) is based on a full-line supermarket of up to 4,200 sqm and 13 specialty shops (1,350 sqm).

The basis for the NAC is therefore:

- To provide a centre catering to a wide range of daily and weekly shopping needs;
- To secure a supermarket that can provide a competitive range of packaged and fresh food and groceries;
- To provide a critical mass of small retail tenancies that will enable several operators in a range of categories which could include:
  - \$ Fresh food - butcher, bakery
  - \$ Food catering - take-away food, café, restaurant
  - \$ General merchandise - newsagent, pharmacy, florist
  - \$ Retail services - hairdresser, dry cleaning, optometrist
  - \$ Non-retail services - real estate office, bank

### 4.3 Activity centre demand

An assessment of the suitability of Precinct 15's NAC floorspace is made in the context of a broader retail floorspace demand–supply analysis for the future population of Altona North and surrounding areas. The exercise examines the existing level of MAC and NAC floorspace against theoretical demands from future residents based on average metropolitan rates of provision. Recent metropolitan activity centres classification is used for this analysis.

The adopted area, in this case, is the .id defined areas of Altona North, Newport West, Brooklyn and the area of South Kingsville and Spotswood west of Melbourne Rd within the South Kingsville / Spotswood locality. The area is shown outlined in blue in Figure 8.

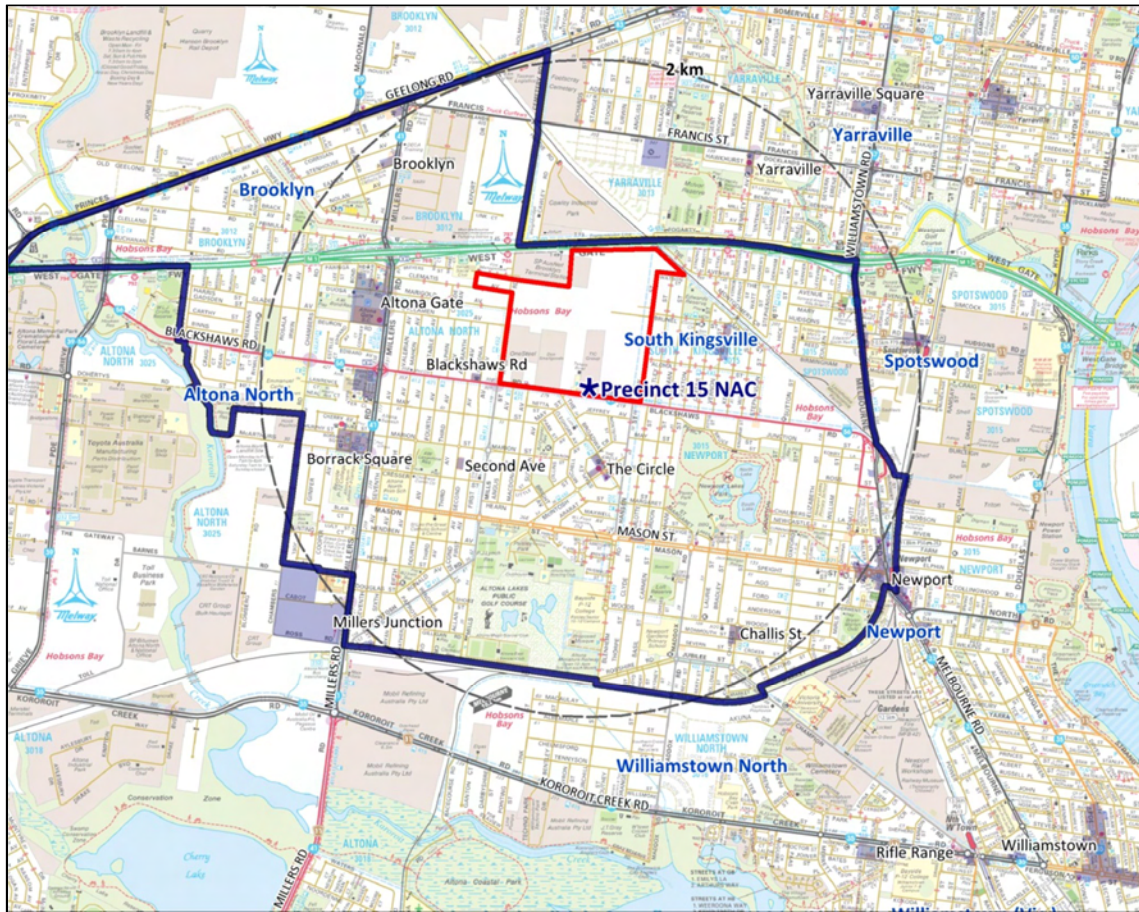
The study area is a discreet and contiguous urban area clearly defined by the freeway, rail line, Melbourne Road and industrial areas and is within 2km of the Precinct 15 NAC site. It contains a range of activity centres including Altona Gate, the western part of the Newport Village Centre and smaller neighbourhood and local centres.

Deep End Services has estimated the current rates of retail floorspace provision in Melbourne within the (former) metropolitan activity centres classification, which was the relevant classification at the time the initial floorspace survey in the area was conducted in 2010. In 2010, the overall rate across Melbourne was the generally accepted industry average of around 2.2 square metres per capita which is broken down into 'conventional' retail centres or planning categories of CAD's, PAC's, MAC's and NAC's, local centres and other miscellaneous areas (1.7 sqm per capita) and a second sub-category of 'bulky goods' (0.5 sqm per capita).

There is evidence of long term growth in rates of retail floorspace provision arising from new retail formats, products and technologies, real growth in average earnings and by retailing taking a greater share of disposable income. Estimates of real annual growth rates vary from 0.5-1.0% per annum. In this local context and given the long term nature of the forecasting exercise, we have applied a conservative annual growth rate of 0.5% per annum - raising the average rate of retail floorspace provision from 2.2 sqm per capita in 2010 to just 2.44 sqm per capita by 2031.



Figure 8: Floorspace demand – supply area



Source: Deep End Services; MapInfo; Ausway

Table 1 applies the forecast rates of retail floorspace provision at five yearly intervals from 2014 to 2031 to future population levels in the area. Population estimates are those published by .id with the part area of South Kingsville/Spotswood estimated from the larger South Kingsville/Spotswood locality from 2014 to 2031 on the basis of its share of population in 2013.

The population of the area is projected to grow from 26,025 in 2014 to 35,829 in 2031 – an increase of approximately 9,804 people or 38%. It should be emphasised that the projections could be conservative if, as is likely, Precinct 15 is developed with a higher dwelling density than .id assumed.

Table 1: Activity centre demand – supply analysis

	2014	2016	2021	2026	2031	Change 2014-2031
<u>Per capita rates of floorspace provision</u>						
CAD's	0.24	0.24	0.25	0.25	0.26	
PAC's	0.38	0.38	0.39	0.40	0.41	
MAC's	0.47	0.48	0.49	0.50	0.52	
NAC's / other	0.64	0.65	0.67	0.68	0.70	
<u>Sub total</u>	<u>1.73</u>	<u>1.75</u>	<u>1.80</u>	<u>1.84</u>	<u>1.89</u>	
Bulky goods	0.51	0.52	0.53	0.54	0.56	
<b>Total</b>	<b>2.24</b>	<b>2.27</b>	<b>2.32</b>	<b>2.38</b>	<b>2.44</b>	
<u>Population</u> <sup>1</sup>	26,025	26,919	29,938	32,835	35,829	9,804
<u>Supportable floorspace (sq.m)</u>						
CAD's	6,212	6,489	7,399	8,320	9,308	3,097
PAC's	9,844	10,284	11,726	13,186	14,751	4,907
MAC's	12,334	12,885	14,692	16,521	18,482	6,149
NAC's / other	16,745	17,494	19,947	22,430	25,093	8,348
<u>Sub total</u>	<u>45,134</u>	<u>47,153</u>	<u>53,765</u>	<u>60,457</u>	<u>67,635</u>	<u>22,500</u>
Bulky goods	13,275	13,868	15,813	17,781	19,893	6,618
<b>Total</b>	<b>58,409</b>	<b>61,021</b>	<b>69,578</b>	<b>78,238</b>	<b>87,527</b>	<b>29,118</b>
<u>Retail floorspace supply (sq.m)</u> <sup>2</sup>						Supply vs Demand - 2031
CAD's						
PAC's						
MAC's	25,070	25,070	25,070	25,070	25,070	6,588
NAC's / other	16,620	16,620	16,620	16,620	16,620	-8,472
<u>Sub total</u>	<u>41,690</u>	<u>41,690</u>	<u>41,690</u>	<u>41,690</u>	<u>41,690</u>	

Source: Deep End Services, id consulting

<sup>1</sup> Small area population forecasts by .id for Altona Gate, Newport West, Brooklyn and South Kingsville apportioned from South Kingsville/Spotswood

<sup>2</sup> Retail floorspace supply includes Altona Gate MAC, Newport (west of Melbourne Rd), Borrac Square, The Circle, Vernon St, Challis St Blackshaws Rd, Brooklyn & Second Ave.

The theoretical level of supportable floorspace by the resident population increases from 58,409 sqm in 2014 to 87,527 sqm in 2031 – an increase of 29,118 sqm. In relation to the activity centre categories:

- There is a close match between the demand and supply of retail floorspace at the neighbourhood and local level with around 16,620 sqm of existing retail space in the area in 2014 compared to theoretical demand levels of 16,745 sqm. By 2031, additional population growth and higher rates of provision will support an additional 8,472 sqm of neighbourhood space over and above 2014 supply levels. The analysis suggests the growing population levels centred on Precinct 15 will generate sufficient demand for a new neighbourhood centre in the area. We emphasise again, these demand levels are considered conservative in view of the higher development densities expected at Precinct 15 than assumed in .id's forecasts.
- The analysis suggests an apparent oversupply of MAC level floorspace when comparing the existing supply (25,070 sqm) with current demands (12,334 sqm) and future demands (18,482 sqm in 2031) however there are two mitigating factors:
  - § Being a higher order centre, Altona Gate trades well beyond the defined area for this analysis – an assertion supported by the Hobsons Bay Activity Centres

Strategy which found that 52% of shoppers at the centre were from outside Hobsons Bay.

- § Some of the floorspace demands allocated to higher order PAC's and CAD's would be effectively absorbed by Altona Gate, being the only higher order centre in the area with a reasonable range of national specialty shops.

In overall terms, the broad supply and demand analysis finds:

- Although there appears to be a reasonable match between the demand and supply of neighbourhood floorspace in the area, the age, the physical condition, business mix and amenity of some centres (refer Section 7) would suggest the effective rate of provision on qualitative measures would be lower.
- On population growth alone, there is sufficient scope for a new neighbourhood centre in the area with existing centres likely to benefit from population growth and rising demand levels.
- Demands for some neighbourhood level retailing (eg food and groceries) will be partly met by Altona Gate which will also be a major beneficiary of rising population levels.

#### 4.4 New supermarket demands

A general measure of the rate of supermarket provision in an area can be made by dividing the resident population in an area into the total supply of supermarket floorspace (sqm). The rate of provision for each local government area in Melbourne (measured as sqm per 1,000 residents) is shown in Figure 9.

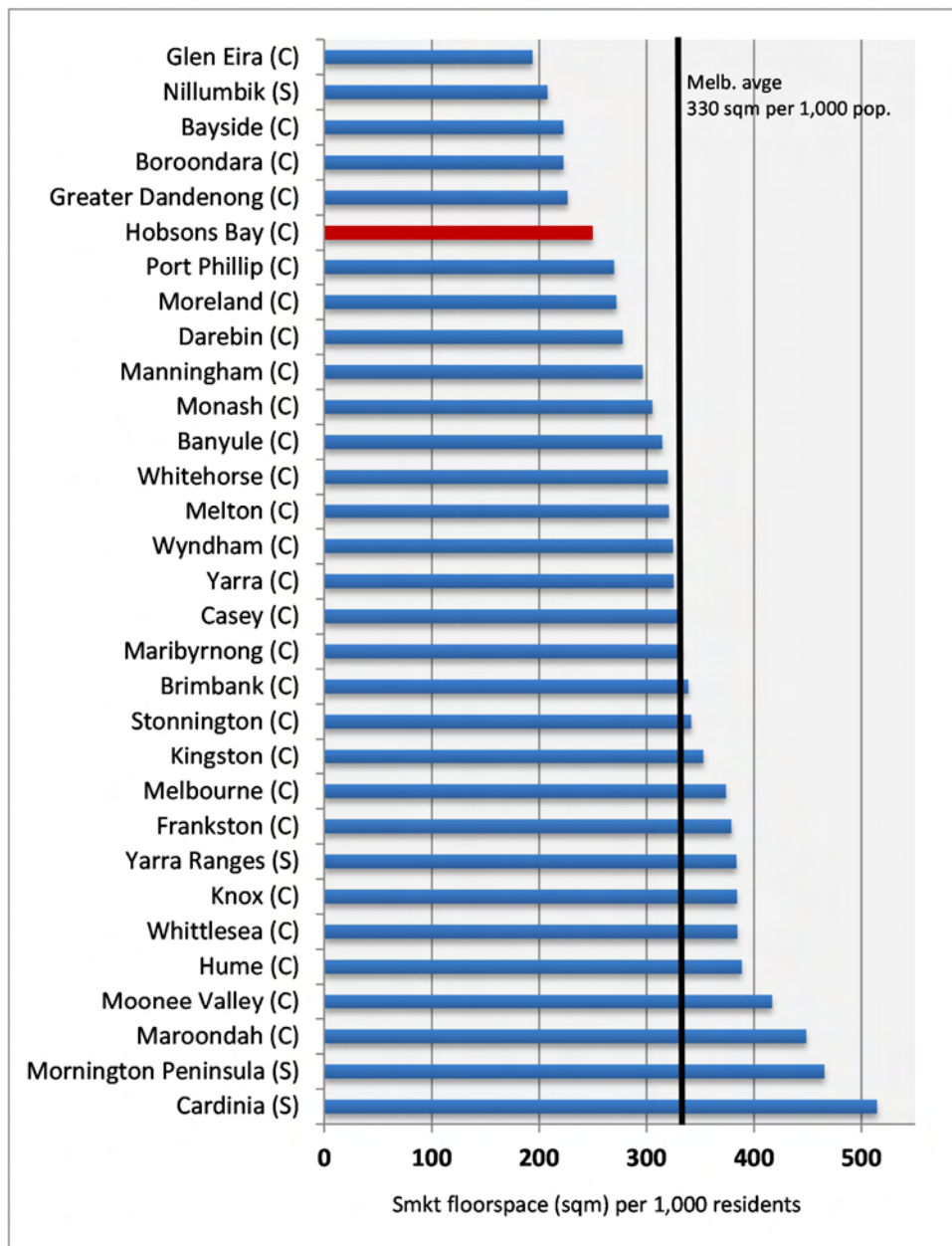
Currently, the City of Hobsons Bay has an estimated supply of 22,234 sqm of supermarket floorspace for its 88,990 residents, yielding a rate of 250 sqm per 1,000 residents. On our analysis, this is the sixth lowest rate of provision of Melbourne's 31 municipalities and about 24% below the metropolitan average of 330 sqm per 1,000 residents.

Hobsons Bay is a generally discrete and well-defined area with the surrounding bay and major road and industrial areas acting to retain a large share of grocery spending within the city's activity centres. Without a high proportion of spending escaping the area, it is a desirable objective that Hobsons Bay has close to the city average to ensure that competition, choice and employment is maximised in this important sector.

Recent changes to Hobsons Bay supermarket floorspace supply include the closure of Woolworths at Altona Gate and the opening of a new ALDI in part of Woolworths' former space. A second ALDI is under construction at the southern end of Millers Road in Altona North.



Figure 9: Supermarket provision by local government area



Source: Deep End Services

If Hobsons Bay raised its existing supermarket rate of provision to just the Melbourne average (330 sqm per 1,000 residents) approximately 7,119 sqm of supermarket floorspace could theoretically be supported in the municipality, on current population levels. With future population growth in the city, the future deficiency will be even greater. The Precinct 15 proposal (4,200 sqm) represents about 59% of the existing deficiency (or 76% once the new ALDI opens).

Residual demand levels can still be taken up by other supermarket proposals, if they eventuate.

## 4.5 Supermarket distribution

Existing supermarkets in the area vary widely in their respective presentation and performance. Section 6 provides a more detailed assessment of the surrounding centres however in relation to the range and quality of supermarkets in Hobsons Bay, the following conclusions are reached:

- **Altona Gate.** The choice is between a reasonably well presented Coles (3,512 sqm) and a ALDI (1,550 sqm). A large fresh-food retailer and new butcher have also opened in part of the former Woolworths tenancy adjacent to ALDI, strengthening the lower level. Coles is the largest supermarket in the area. The centre serves a broader sub-regional role, drawing passing trade travelling to/from the nearby West Gate Freeway.
- **Borrack Square:** The small 1,800 sqm Woolworths, 1 km from Altona Gate was refurbished several years ago. As a former independent supermarket, the tenancy is small by contemporary standards and convenient and accessible though competition for parking is strong from hotel patrons and other Borrack Square retailers.
- **The Circle:** A small 500 sqm licensed IGA serving a localised catchment and walk-up trade operates across several connected small shop tenancies. The store operates with on-street parking and fulfils an important local 'top up' shopping option.
- **Newport Village:** A 700 sqm IGA supermarket with no off-street parking is part of a mixed-use development, offering a small convenience based format.
- **Outside North Altona and Newport,** other supermarkets are at Williamstown (Coles), Rifle Range (Woolworths), Yarraville (Coles) and Altona (Coles).
- **There are only three supermarkets in excess of 3,000 sqm in the City of Hobsons Bay** (Coles at Altona Gate, Williamstown and Altona Meadows).

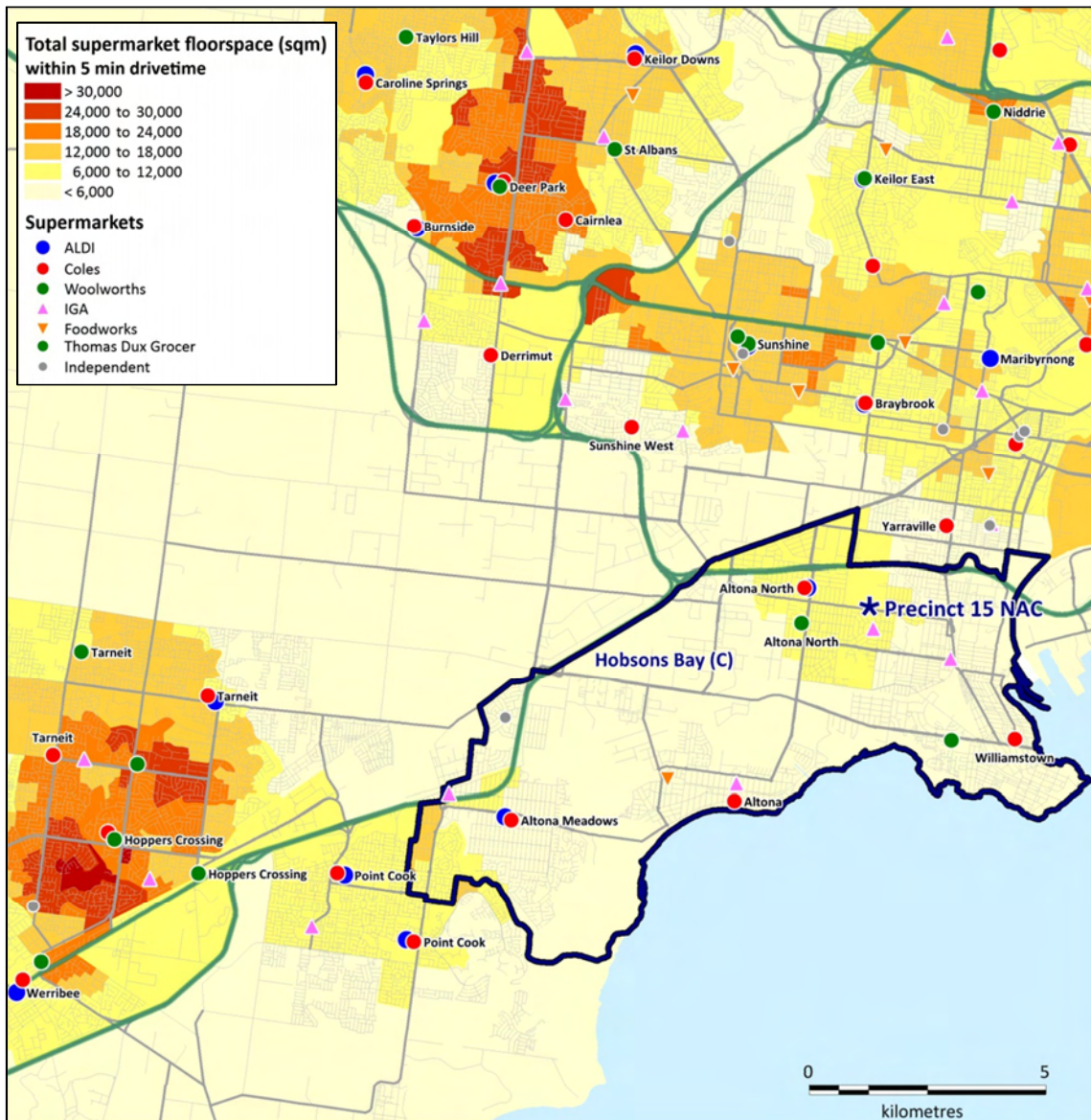
## 4.6 Supermarket accessibility

The deficiency in supermarket floorspace in Hobsons Bay and in parts of Altona North is illustrated by the thematic map (Figure 10) showing the amount of supermarket floorspace (sqm) accessible within a 5 minute drive-time of each small ABS-defined Statistical Area (SA1).

The areas shaded yellow and light yellow have low rates of supermarket accessibility from the place of residence compared to areas with darker orange shading which have either larger or more supermarket options close to home.

There is generally a lower level of supermarket floorspace accessibility across the entire Hobsons Bay area, particularly compared with adjoining council areas such as Wyndham and Brimbank.

Figure 10: Supermarket accessibility



Source: Deep End Services; MapInfo

## 5. Catchment area analysis

This section details the catchment area of the proposed centre and a range of relevant market metrics including demographics, population forecasts and retail spending levels.

### 5.1 Catchment area definition

The catchment area for a proposed centre is generally determined by a range of factors including, composition of the proposed development, location and quality of competing centres, urban geography including the pattern of residential and non-residential areas, road networks, topography and other barriers and the provision of transport and parking facilities.

Influential local considerations in determining the catchment area for the Precinct 15 NAC are:

- The east-west or cross-suburb function of Blackshaws Road linking Melbourne Road and Millers Road.
- A strong rectilinear street pattern affording good access to Precinct 15 via the local streets and main roads.
- The discreet, contained nature of Altona North where connections to and from the area are limited by the Freeway, rail line through Spotswood and industrial uses. These barriers or boundaries can serve to encourage and reinforce local shopping patterns.
- Supermarkets at Altona Gate and Borrac Square along the Millers Road spine provide competition but are not central to most of the population. They are partly constrained by either limited size (in the case of Borrac Square) or have reduced convenience such as multi-levels and decked parking in the case of Altona Gate.

The catchment area defined for the Precinct 15 NAC, illustrated on Figure 11, includes a primary trade sector and four secondary trade sectors.

The primary catchment includes all of Precinct 15, South Kingsville and parts of Altona North and Newport West. It extends with good access along Blackshaws Road and into local street networks, 1-1.5 km from the site. Its northern boundary is marked by the West Gate Freeway and to the west by the presence of Altona Gate and Borrac Square. It is defined by the freight line through Spotswood and Melbourne Road to the east and generally by Mason Street to the south.

The secondary north sector includes the western part of Spotswood between the freight line and Melbourne Road.

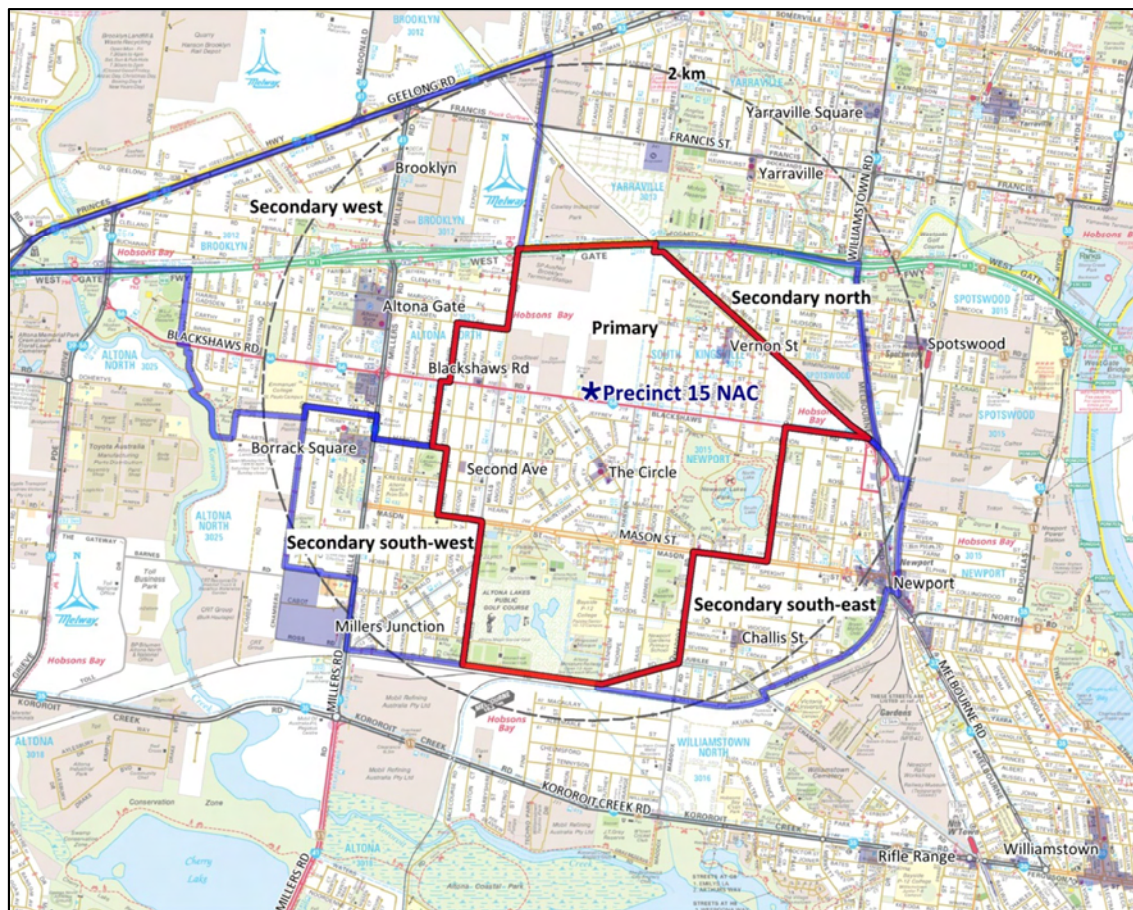
The secondary south-east sector extends up to 3 km from Precinct 15 and is generally bounded by the Werribee railway line, Melbourne Road, Maddox Road and Johnston Street. It includes part of Newport where the Newport NAC is the primary local centre for residents and the Challis Street local centre.

The secondary south-west sector includes the south western part of Altona North generally following the Millers Road alignment and neighbouring residential areas south of Borrac Square to Ross Rd/Kororoit Creek Road.



The secondary west sector includes the north-west part of Altona North and part of Brooklyn, north of the West Gate Freeway.

Figure 11: Precinct 15 catchment area



Source: Deep End Services; MapInfo; Ausway

## 5.2 Population characteristics

The demographic characteristics of residents of the catchment area, as at the 2011 Census, are presented in Table 2. When compared with the benchmark for Melbourne, the distinguishing characteristics are:

- An older age profile;
- High proportion of overseas born residents;
- A lower proportion of younger families, with a smaller average household size;
- Marginally lower than average per capita income levels;
- A lower proportion of households with mortgages; and
- Lower car ownership levels.

Whilst this sets out the overall picture of the catchment area, there are differences between the catchment area sectors as set out below.

- The primary sector has a similar age profile to the Melbourne average however with slightly more 20-34 year olds. The primary exhibits a lower average household size, high share of lone person households and higher share of townhouses/semi-detached dwellings (just 59% of dwellings are separate houses). This reflects gradual infill and redevelopment in the area.
- The secondary north sector has a small average household size and a larger Australian born population compared to the Melbourne average. Average household income levels are 10% above Melbourne's average.
- The secondary south-east sector has the highest Australian born population and household incomes 14.7% above the Melbourne average. This sector has the highest proportion of family households.
- The secondary south-west and west are established older/retiree areas. Both have an old age profile, low workforce participation (47%), low average household income levels and high home ownership levels. The secondary west sector has the oldest age profile with 26% of people aged over 65 years, compared to the Melbourne average of 13% and an average age is 44.2 years (37.8 years for Melbourne). The secondary west also has a high share of lone person households (29%).

The 2011 Census shows some strong characteristics within the catchment and clear differences between catchment sectors however another important view is to analyse the change in demographics over time.

Time series data for suburbs across Melbourne is compiled by DPCD and sourced from Census data between 1981 and 2006. The suburbs of Altona North and South Kingsville are generally representative of the primary sector, with the key findings as follows:

- A long term decline in population from 1981 to 2006, although the decline slowed between 2001 and 2006 (and has since reversed);
- A trend towards an older age structure and declining household size;
- A period of relative decline in average household income before a reversal between 2001 and 2006;
- A shift in the employment mix between 1986 and 2006 from manufacturing to health, education, professional, scientific and accommodation and food services industries;
- A significant increase in the proportion of mortgaged dwellings reflecting an influx of new residents; and
- An increase in the education level of residents, with more people attaining a bachelor degree or higher, since 1986.

**Table 2: Catchment area demographic profile, 2011 Census**

Demographic characteristic - 2011 Census	Primary	Secondary north	Secondary south-east	Secondary south-west	Secondary west	Total catchment	Melbourne
Usually resident population	8,276	1,520	5,147	3,363	5,780	24,086	3,999,618
At same address: <sup>(1)</sup>							
• 1 year ago	83%	86%	86%	89%	87%	85%	85%
• 5 years ago	58%	60%	59%	69%	66%	62%	61%
Total private dwellings <sup>(6)</sup>	3,686	697	2,162	1,270	2,502	10,317	1,636,261
• % unoccupied	8%	8%	9%	8%	8%	8%	9%
Persons per dwelling <sup>(7)</sup>	2.43	2.38	2.62	2.86	2.52	2.54	2.68
Participation rate <sup>(2)</sup>	59%	66%	67%	47%	47%	56%	62%
Unemployment rate <sup>(2)</sup>	5.8%	4.6%	4.1%	8.3%	6.2%	5.6%	5.5%
White collar workers <sup>(2)</sup>	53%	56%	61%	42%	42%	52%	53%
Bachelor degree or higher <sup>(2)(3)</sup>	21%	22%	29%	12%	11%	19%	24%
SEIFA	982	1,034	1,053	914	919	976	1,007
Age group							
0-9	13%	12%	17%	13%	10%	13%	13%
10-19	10%	8%	10%	13%	9%	10%	12%
20-34	26%	26%	21%	21%	22%	23%	23%
35-49	23%	25%	27%	18%	20%	22%	22%
50-64	15%	16%	15%	14%	14%	14%	17%
65+	14%	13%	10%	22%	26%	17%	13%
Average age	37.8	38.7	35.9	40.4	44.2	39.4	37.8
Annual household income <sup>(1)(3)(5)</sup>							
<\$41,700	35%	28%	26%	42%	44%	36%	30%
\$41,700 - \$78,200	24%	20%	21%	29%	26%	24%	26%
\$78,200 - \$156,400	30%	35%	35%	21%	25%	29%	32%
>\$156,400	12%	17%	18%	8%	5%	11%	12%
Average household income	\$79,746	\$93,057	\$96,812	\$64,173	\$63,020	\$78,317	\$84,402
Variation from Melbourne average	-5.5%	10.3%	14.7%	-24.0%	-25.3%	-7.2%	-
Average household loan repayment	\$25,739	\$27,465	\$27,106	\$25,665	\$22,886	\$25,753	\$23,838
% of household income	22%	22%	20%	28%	23%	22%	22%
Average household rent payment	\$15,053	\$17,247	\$16,710	\$15,035	\$13,880	\$15,227	\$16,687
% of household income	20%	21%	19%	20%	21%	20%	23%
Country of birth <sup>(1)</sup>							
Australia	64%	72%	76%	58%	54%	64%	67%
Italy	2%	4%	1%	5%	8%	4%	2%
United Kingdom	3%	4%	5%	2%	3%	3%	4%
Lebanon	3%	1%	2%	6%	2%	3%	0%
Other	27%	20%	16%	29%	33%	26%	27%
Occupied private dwelling tenure <sup>(1)(4)(5)(6)</sup>							
Fully owned	33%	35%	30%	48%	46%	38%	34%
Being purchased	30%	37%	42%	30%	23%	31%	38%
Rented	37%	29%	28%	22%	31%	31%	28%
Dwelling type <sup>(1)(4)(7)</sup>							
Separate house	59%	73%	74%	93%	78%	72%	72%
Townhouse/semi-detached	26%	25%	15%	5%	9%	17%	12%
Apartment	15%	2%	11%	3%	13%	11%	16%
Household composition <sup>(4)(5)</sup>							
Couples with children	29%	30%	37%	34%	26%	31%	35%
Couples without children	25%	28%	22%	27%	28%	26%	26%
One parent family	11%	11%	11%	13%	13%	12%	11%
Lone person	29%	25%	25%	21%	29%	27%	23%
Group	6%	6%	5%	4%	4%	5%	5%
Motor vehicle ownership per dwelling <sup>(1)(5)</sup>							
None	11%	10%	10%	11%	12%	11%	9%
One	44%	40%	41%	39%	43%	42%	36%
Two	33%	37%	38%	36%	31%	35%	38%
Three or more	11%	13%	11%	14%	13%	12%	16%

**Notes:**

<sup>(1)</sup> Excludes not stated

<sup>(2)</sup> 15 years and over and excludes not stated

<sup>(3)</sup> Excludes inadequately described and/or partially stated

<sup>(4)</sup> Excludes other

<sup>(5)</sup> Occupied private dwellings

<sup>(6)</sup> Includes visitor only households

<sup>(7)</sup> Excludes visitor only households

Source: Deep End Services; Australian Bureau of Statistics

### 5.3 Population forecasts

The population forecasts prepared for the catchment area have had regard to the following:

- 2001, 2006 and 2011 population levels (Usual Resident Population (URP) based on actual Census data.
- Forecasts for 2011 through to 2021 based on the official State Government SLA forecasts (2012), adjusted upwards taking into account .id forecasts and Urban Development Program (UDP 2013) assumptions for several significant residential developments on former industrial sites.

Figure 12 provides a spatial representation of dwelling approvals by SA1 in the region between 2011/12-2012/13 and residential unit capacity assumptions for major development sites (UDP) published by DPCD.

It shows a high number of residential building approvals – mostly replacement dwellings or unit developments - across the catchment area. The level and distribution of activity reveals a renewed level of interest in Altona North as a desirable area for new residents to acquire and replace existing dwellings and active unit / townhouse developers.

The DPCD data on major development sites records Precinct 15 with the potential for 3,000 dwellings and the former Caltex site in South Kingsville with 1,000 dwellings.

At June 2011, the catchment area contained 25,060 people (refer Table 3). Between 2006 and 2011, the trade area grew by 1,700 people at the solid rate of 1.4% (or 341 people) per annum. This compares with only moderate growth in the previous five years.

The catchment area population is forecast to increase to 32,048 people (from 26,336 currently), an increase of 5,712 people over the period 2014-2021 (refer Table 3). This represents an increase of 816 people per annum.

The primary sector is forecast to increase by 4,349 people by 2021, accounting for 76% of the catchment's growth, mainly stemming from residential development of Precinct 15 and the former Caltex site as well as infill development.

These forecasts are higher than the .id forecasts largely resulting from the larger capacity of residential development in Precinct 15 (3,000 dwellings) and the Caltex site (1,000 dwellings) than assumed in the .id forecasts.



Figure 12: Dwelling approvals 2011/12 – 2012/13 and land availability

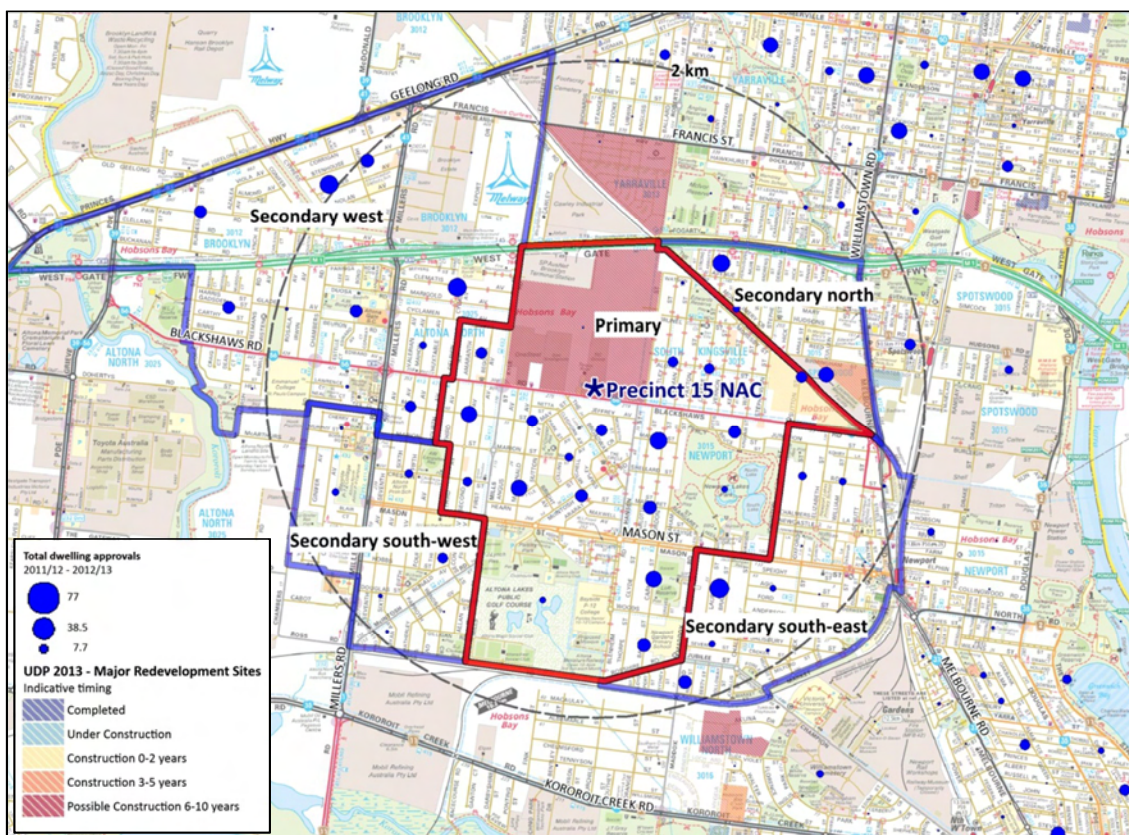


Table 3: Catchment area population forecasts

Catchment area sector	2006	2011	2014	2017	2021
Population (No.)					
Primary	7,675	8,611	9,190	10,032	13,539
Secondary north	1,537	1,582	1,648	1,709	2,101
Secondary south-east	4,987	5,351	5,635	5,832	6,060
Secondary south-west	3,403	3,490	3,642	3,718	3,787
Secondary west	<u>5,753</u>	<u>6,026</u>	<u>6,220</u>	<u>6,352</u>	<u>6,560</u>
Secondary	15,680	16,449	17,146	17,610	18,509
Total	23,355	25,060	26,336	27,642	32,048
Population growth (No. per annum)					
Primary	-	187	193	281	877
Secondary	-	154	232	155	225
Total	-	341	425	435	1,101
Population growth (% per annum)					
Primary	-	2.3%	2.2%	3.0%	7.8%
Secondary	-	1.0%	1.4%	0.9%	1.3%
Total	-	1.4%	1.7%	1.6%	3.8%

Source: Deep End Services; ABS; DTPLI "Victoria in Future 2012"; forecast id

## 5.4 Retail spending

For the purpose of this report, consumer spending on commodities and services sold by shop-based retailers is classified under the following categories:

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

To establish the spending potential of a catchment area, Deep End Services uses small area data supplied by Market Data Systems (MDS). The MDS product, known as *MarketInfo*, estimates spending propensity on retail categories at the small area level using a micro-simulation model and key data sets, including the ABS' *Household Expenditure Survey (HES)*, the Census of Population and Housing and Australian National Accounts.

*MarketInfo* models the effects of demographic variables such as income, ethnicity, age and education level and geographic location on a household's propensity to purchase retail products and services. The results are generally regarded as the best proprietary data base of its type in Australia. *MarketInfo* is updated to current and future spending estimates, using growth rates drawn from the 'Detailed Consumer Spending' series issued by Access Economics.

Retail spending levels vary between catchment area sectors, generally in line with variations in average income levels. Table 4 shows average per capita spending in the catchment in 2013/14 is 4.3% below the metropolitan average. Average rates vary between catchment sectors, ranging from 8.5% above the Melbourne average in the secondary north to 18.7% below in the secondary south-west sector. Whilst food retail spending is only slightly (-0.8%) below the Melbourne average, catering and non-food and services spending are both considerably below average (-5.8% and -7.4% respectively).

Table 4: Catchment area spend per capita rates, 2013/14

Spending category	Primary	Secondary north	Secondary south-east	Secondary south-west	Secondary west	Total	Melb.	VIC
<u>Spend per capita</u>								
FLG & Catering	\$7,682	\$8,230	\$8,124	\$6,692	\$7,231	\$7,568	\$7,723	\$7,700
Non-Food & Retail Services	\$5,573	\$6,565	\$6,594	\$4,398	\$4,665	\$5,477	\$5,913	\$5,799
Total	\$13,255	\$14,795	\$14,718	\$11,091	\$11,896	\$13,044	\$13,636	\$13,499
<u>Comparison to Melbourne average</u>								
FLG & Catering	-0.5%	6.6%	5.2%	-13.3%	-6.4%	-2.0%		
Non-Food & Retail Services	-5.7%	11.0%	11.5%	-25.6%	-21.1%	-7.4%		
Total	-2.8%	8.5%	7.9%	-18.7%	-12.8%	-4.3%		

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

Combining population estimates with per capita spending levels in the catchment area, generates the retail spending market for each of the major product groups for 2013/14 and future years (refer Table 5).

In 2014, the total spending market by residents of the catchment is \$343.5 million, with \$199.3 million in FLG&C and \$144.2 million in non-food and retail services spending.

Strong population growth in the catchment will see the spending market grow by \$85.5 million (+25%), to reach \$429.0 million by 2020/21, representing an average growth rate of 3.2% per annum over the period (refer Table 5). The FLG&C market will account for two-thirds of this growth.

The strong growth in food spending throughout the catchment reflecting the rising local population levels supports an expansion in the local and neighbourhood shopping centre network.

**Table 5: Catchment area retail spending market 2014-2021 (Y/E June)**

Spending category	Spending market (constant 2014 \$m)			Average change (%pa)	
	2014	2017	2021	2014-17	2017-21
<u>FLG &amp; Catering</u>					
Primary	70.6	78.7	109.6	3.7%	8.7%
Secondary	128.7	135.0	147.0	1.6%	2.1%
Total	199.3	213.7	256.6	2.4%	4.7%
<u>Non-Food &amp; Retail Services</u>					
Primary	51.2	54.6	73.8	2.2%	7.8%
Secondary	93.0	93.3	98.7	0.1%	1.4%
Total	144.2	147.9	172.4	0.8%	3.9%
<u>Total</u>					
Primary	121.8	133.3	183.4	3.0%	8.3%
Secondary	221.7	228.4	245.6	1.0%	1.8%
Total	343.5	361.6	429.0	1.7%	4.4%

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

## 6. Activity centres

This section provides an overview of activity centres within and beyond the catchment area.

### 6.1 Existing activity centres

All centres within the catchment area have been inspected as part of this study where land uses have been recorded and floorspace estimates compiled, originally in June 2010 and updated in September 2014. A summary is presented in Table 6 and more detailed estimates of floorspace by tenant type and broad product group is provided in Table 7. The location of each centre and relevant supermarket operators are indicated in Figure 13.

Table 6: Activity centres

Location	Retail premises (No.)	Retail floorspace (sqm) <sup>(1)</sup>	Distance from site (km)	Major tenants
<u>Activity Centres</u>				
Altona Gate	70	22,920	1.7	Kmart, Coles, ALDI
Millers Rd Nth	13	2,150	1.8	-
Altona Gate & Millers Rd Nth	83	25,070	-	Kmart, Coles, ALDI
Williamstown	182	20,800	5.0	Coles
Altona	56	8,330	5.0	Coles, IGA
<u>Neighbourhood &amp; Local Centres</u>				
Newport	64	7,250	2.8	Supa IGA
Borrack Square	27	4,590	1.6	Woolworths
Yarraville Square (Coles)	9	3,460	1.6	Coles
Rifle Range	9	3,020	4.5	Woolworths
The Circle	18	3,060	0.7	IGA
Spotswood	18	2,200	2.7	
Vernon St	15	1,600	1.1	
Yarraville (Francis St)	13	1,340	4.0	
Challis St	6	1,110	2.4	
Second Ave	4	1,030	1.2	
Blackshaws Rd	8	650	0.7	
Blackshaws Rd & Misten Ave	5	510	2.0	
Brooklyn	3	280	2.6	
<u>Other</u>				
Millers Junction Homemaker Centre	5	21,630	2.8	Bunnings, ALDI (u/c)
Millers Rd & Blackshaws Rd	6	1,580	1.3	

<sup>1</sup> Retail floorspace includes all food retail, food catering, non-food retail, retail services (hairdressers, optometrists, key cutting etc)

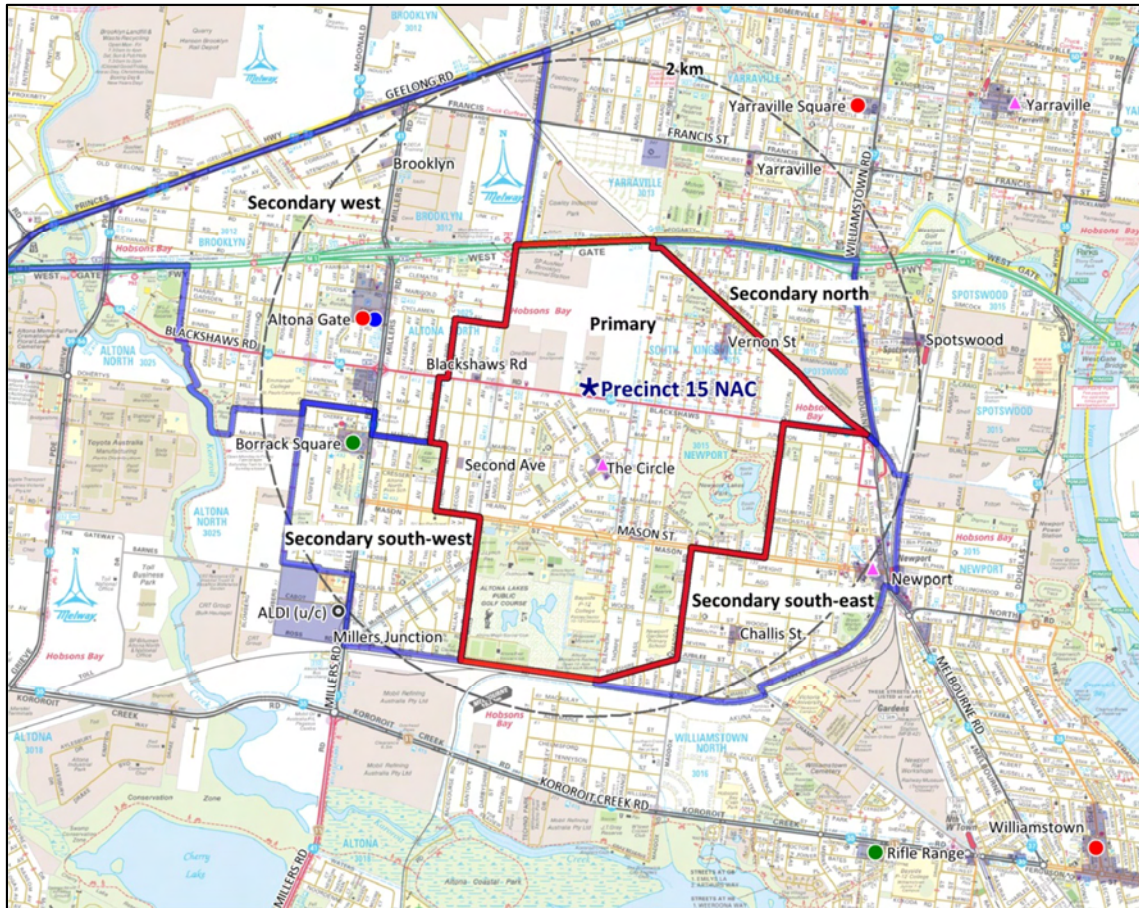
Source: Deep End Services, Hobsons Bay Activity Centres Strategy

Within individual tenancies, the allocation of floorspace to retail product groups (as distinct from tenant groups) is made via visual estimates, discussions with retailers and experience working with major retail formats such as supermarkets and DDSs. The floorspace is summarised into two major commodity groups - (1) food, liquor and catering and (2) non-food and services. (refer Table 7). Expressing the retail floorspace by product group is necessary to align the floorspace data with spending categories and ultimately for assessing trading impacts.



Floorspace data is derived from sources including the Property Council of Australia's *Shopping Centre Directory 2014*, *Shopping Centre News* and Deep End Services' internal databases. Estimates are also made through on-street observations, shop front surveys and on-line imagery.

Figure 13: Competitive supermarkets in the region, 2014



### 6.1.1 Altona North

The two elements of the Altona North activity centre, briefly defined in Section 3, are Altona Gate Shopping Centre and the adjacent Millers Road strip centre.

#### Altona Gate Shopping Centre

Altona Gate Shopping Centre is situated in the secondary west sector of the Precinct 15 NAC catchment. Developed in 1977 during a period of rapid expansion of free-standing centres in suburban Melbourne, Altona Gate is a long established centre, around 1.7 km west of Precinct 15. Acquired by Colonial First State Retail Trust (Novion Property Group) in 1994, the centre has a total GLA of 26,528 sqm with an estimated 22,920 sqm of retail floorspace. There are over 80 specialty shops on three levels, amounting to around 9,000 sqm of retail floorspace.

Altona Gate is a 3-level, mall-based complex anchored by a Kmart DDS and Coles and ALDI supermarkets. While presentable, the centre is fully enclosed with large blank, external facades reflecting shopping centre design themes of the time.

Recent works have improved the lower retail level. Once occupied by Safeway, a new food area has been established anchored by ALDI with fresh food retailers.

The centre is well connected to its surrounding residential area via the main road and local street network and has on grade, basement and external multi-level under cover car parking. The centre is developed over three levels and with a large proportion of its parking in decked structures is not considered highly convenient for daily or weekly grocery shopping.

The centre has averaged 1.9% (MAT) turnover growth in the last seven years which is considered low for a sub-regional centre. The average turnover per square metre across the centre is ranked 89 from a peer group of 98 centres in the 2014 *Shopping Centre News*' Little Guns and 80 in terms of average specialty shop turnover per sqm<sup>1</sup>. Recent improvements on the lower level have, most likely, lifted the centre's MAT.

There is unlikely to be any major changes to the size and structure of the centre in the foreseeable future.

### Millers Road Strip Centre

The Millers Road strip, just north of Altona Gate, forms part of the broader Altona North Activity centre. The centre has 14 tenancies including showroom and service businesses aimed at passing traffic and the industrial markets.

The centre has a limited local shopping function with no pharmacy or newsagency but three take-away food outlets, a restaurant, liquor store and several retail services. Retail floorspace is estimated at 2,150 sqm.

## 6.1.2 Borrack Square

Borrack Square, located 1.6 km south-west of Precinct 15 in the secondary west sector, is a standalone centre with a hotel, small Woolworths supermarket (1,800 sqm) and a 'U' shaped strip centre of over 30 small tenancies around an open, central car park. The



centre has a good range of neighbourhood shops and services with high convenience, low vacancy rates and good parking. Its local popularity and robust tenancy mix is reflected in the presence of fresh food shops, 3 banks, gymnasium, TAB, newsagents and pharmacy.

The Woolworths supermarket was established after the acquisition of a former independent supermarket (Sims) and is small by the company's current standards. The store was recently refurbished and is well presented but there is limited opportunity for further expansion.

<sup>1</sup> Shopping Centre News, Little Guns 2014, Volume 32 Number 5



The centre is at the corner of Millers Road and McArthurs Road and being south of Altona Gate, presents a convenient local option to the larger centre. Four schools within a walkable distance generate activity in the area while the banks, take-away food, hotel and other retailers provide important services for industrial and other employment uses in the area.

### 6.1.3 The Circle, Altona North

The Circle is located less than 1 km south of the proposed Precinct 15 NAC, within the primary sector. It is a small, popular centre within the Burley Griffin Estate developed in the early 1960's. Whilst the strip centre has an internalised neighbourhood location, it is well known by local reputation and for its specialised middle-eastern businesses.



The centre consists of 19 tenancies of approximately 3,060 sqm of retail floorspace with no vacancies recorded during our survey.

A licensed IGA supermarket (500 sqm) is the main attraction along with two large fruit and vegetable / grocers, halal butchers and a bakery. Other tenants are a pharmacy and newsagent. The IGA, as noted earlier, is small and has limited room to expand other than encroaching over additional tenancies. The supermarket has evolved by the joining of two original shops, is tightly configured and offers a basic range of groceries. A large proportion of its floor area is liquor sales and it relies on street parking and essentially

walk-up trade.

The Circle's catchment would be influenced by the presence of nearby Altona Gate and Borrac Square, although the specialist retailers would attract shoppers from beyond the local area and potentially a much wider area. The Hobsons Bay Activity Centre Strategy recommended the rezoning of residential properties on McIntosh Street, opposite the centre for future expansion and diversification of the land use base and business mix.

### 6.1.4 Newport

Newport is a village-style neighbourhood centre, approximately 2.8 km south-east of Precinct 15 within the secondary east sector. The fragmented strip has four separate functional areas with major barriers presented by Melbourne Road, Newport railway station and intersecting local streets. Total retail floorspace is approximately 7,250 sqm comprising 64 tenancies.

The Mason Street section comprises several fresh food stores, a pharmacy, newsagent and cafes. A 700 sqm IGA supermarket is part of a mixed residential-retail development. The area has been characterised as a specialist centre for antiques and homewares but more recently has emerged

with a number of health and beauty practitioners and wider range of personal services. Overall, Newport has a much smaller ethnic business mix, reflecting local demographics, compared to centres in Altona North.

Melbourne Road (north) has a weak retail function with services and offices fronting the main road. A third retail strip on Hall Street around Newport railway station has less exposure and circuitous access via the local street network. The fourth strip, further south on Melbourne Road has better access to Williamstown-bound traffic.

Newport is developing a local café / restaurant culture and 'renovation' supplies and homewares responding to the active regeneration of residential areas.

### 6.1.5 Blackshaws Road, Altona North

The nearest centre to Precinct 15 is a small group of 8 shops, 700 metres west on Blackshaws Road. The small convenience centre for local residents and the workforce has 2 take-away food stores, a butcher, hairdresser, milk bar, laundrette, chemist and bakery. The centre has good exposure and angle parking off Blackshaws Road for passing traffic.



### 6.1.6 Vernon Street, South Kingsville

The Vernon Street local centre is 1.1 km east of the proposed Precinct 15 NAC. Embedded in the small residential cell between the freight line and Blackshaws Road, it has evolved on a local street (Vernon Street) which has little or no through traffic and no nearby schools or employment land. The area is gentrifying and both Precinct 15 and the Sutton Street development area could improve the centre's prospects.

Currently the centre has 20 tenancies with 1 vacancy. A health coop / medical centre, pharmacy, milk bar, liquor shop and several cafes and restaurants are the main attractions. The centre will probably continue to maintain a local retail function and attract cafes, offices and small business ventures. Brunel Street which intersects with Vernon Street, provides a connection across the freight line into Spotswood and to the west will cross New Street directly into the heart of Precinct 15.





### 6.1.7 Second Avenue

The Second Avenue local centre is in the primary sector 1.2 km south of Precinct 15 and 600 metres east of Borrac Square. It has five tenancies including a barber, hairdresser, milk bar, migrant resource centre and a large fresh food / grocery tenancy. Like Vernon Street, it is embedded in the neighbourhood on a local street with no through traffic and limited local workforce. Its location and attributes are such that neither the development of Precinct 15 with its population or a new neighbourhood centre is likely to materially affect the future prospects of this centre.

### 6.1.8 Challis Street

The Challis Street local centre is 2.4 km south-east of Precinct 15, located in a residential cell of Newport between Mason Street and the Werribee rail line. The centre has a small but more affluent and gentrifying population base which supports a different tenancy mix. In addition to the small grocery store, cafes, a pharmacy, hairdresser and post office there is a range of medical, health and beauty businesses including a medical centre, health and wellbeing, day spa and natural therapies.

The evolution of the centre towards cafes, health and a professional services business mix is a pointer to other centres in Altona North with an ageing population but with future regeneration prospects.

Table 7: Catchment area centres - retail floorspace by tenant type (2014)

Shopping centre/strip	Floorspace by TENANT TYPE (sqm)									% of total floorspace
	Food			Non-Food			Total retail	Total floorspace (incl non-retail)	Total vacant	
	Smkts	Other food & drink	Total food & drink	Non-food	Retail Services	Total non-food & services				
Precinct 15										
<u>Activity Centres</u>										
Altona Gate	5,062	2,775	7,837	13,670	1,415	15,085	22,922	25,358	265	1.0%
Millers Rd Nth	-	550	550	810	790	1,600	2,150	2,430	-	0.0%
Altona Gate & Millers Rd Nth	5,062	3,325	8,387	14,480	2,205	16,685	25,072	27,788	265	1.0%
Williamstown	3,131	10,165	13,296	5,380	2,120	7,500	20,796	27,921	630	2.3%
Altona	2,543	2,780	5,323	1,540	1,470	3,010	8,333	13,973	675	4.8%
<u>Neighbourhood &amp; Local Centres</u>										
Newport	1,050	3,280	4,330	1,880	1,040	2,920	7,250	12,445	200	1.6%
Borrack Square	1,800	1,760	3,560	775	250	1,025	4,585	6,055	-	0.0%
Yarraville Square (Coles)	2,423	647	3,070	118	268	385	3,455	3,573	-	0.0%
Rifle Range	2,050	830	2,880	140	-	140	3,020	3,020	-	0.0%
The Circle	500	1,770	2,270	725	60	785	3,055	3,145	-	0.0%
Spotswood	-	1,270	1,270	690	240	930	2,200	2,780	60	2.2%
Vernon St	-	1,160	1,160	305	130	435	1,595	2,115	40	1.9%
Yarraville (Francis St)	-	840	840	210	290	500	1,340	1,680	-	0.0%
Challis St	-	790	790	240	80	320	1,110	1,940	100	5.2%
Second Ave	-	865	865	-	160	160	1,025	1,105	-	0.0%
Blackshaws Rd	-	360	360	150	140	290	650	650	-	0.0%
Blackshaws Rd & Misten Ave	-	258	258	-	248	248	506	594	-	0.0%
Brooklyn	-	210	210	-	70	70	280	920	420	45.7%
<u>Other</u>										
Millers Rd & Blackshaws Rd	-	-	-	622	-	622	622	967	-	0.0%
Millers Junction Homemaker Centre	-	-	-	21,625	-	21,625	21,625	21,625	-	0.0%
Total	18,559	30,310	48,869	48,880	8,771	57,650	106,519	132,296	2,390	1.8%

Source: Deep End Services; Property Council of Australia

## **6.2 Future retail development**

### **6.2.1 Spotswood**

A planning permit was issued by Hobsons Bay City Council in 2010 for a mixed use development on the south-east corner of Melbourne Rd and McLister St, Spotswood. It included 8,240 sqm of retail floorspace comprising a major supermarket of 3,400 sqm, second major tenancy (1,470 sqm), 3,370 sqm of shops and a mini major. Other uses include a 500 sqm medical centre and 87 apartments.

The site is several blocks from the existing Spotswood neighbourhood centre on Hudson Street and is 2.4 km east of Precinct 15. There are major barriers between Spotswood and Precinct 15 formed by the freight line and the Melbourne Road intersection with Blackshaws Road and former industrial sites which collectively restrict east-west access between Altona North and Spotswood.

An economic impact assessment submitted with the application concluded that the projected sales of \$56.7 million in 2012 would have turnover impacts on Hobsons Bay centres ranging from -4.0% to -9.6%.

We understand the approved development is unlikely to proceed in its original form and could be reduced in scale. It is still likely to include a major supermarket.

### **6.2.2 Yarraville**

The former 26 ha Bradmill site on Francis Street, Yarraville, to be known as Yarraville Gardens, has development plan approval for 1,000 new dwellings and a neighbourhood centre including a 3,600 sqm supermarket, second smaller supermarket, small shops and a library. Although only a short distance to the north of Precinct 15, the two areas are functionally and physically separated by the west Gate Freeway with just a small local street connection under the freeway.

The sale of the residential component to overseas interests is believed to have fallen through, so that development may be some time off. The centre is unlikely to be developed until there is considerable progress on the residential land.

Given the distances and cross-suburb access constraints, the Yarraville and Spotswood developments will operate in different catchments to Precinct 15 and will not be deterrents to establishing a neighbourhood centre on Blackshaws Road.

## 7. Economic Impact Assessment

This section assesses the economic impact of the neighbourhood centre at Precinct 15. To establish the effect on surrounding centres, the approach taken is to:

- Assume the proposed centre is open and trading by 2016/17, although it may well be beyond this date.
- Build in growth from expected population and changes to activity centres;
- Project a reasonable but achievable level of trade to the NAC with the broader precinct just beginning to establish a residential profile.
- Assess the trade effects on likely turnover at surrounding centres in 2016/17.
- Acknowledge this represents the worst case scenario, as a much higher population base will be established in the longer term resulting in higher turnover levels at surrounding centres and therefore lower trade effects.

This section presents the findings as a series of sequential steps:

- Projected retail turnover levels for the proposed development;
- Assessment of sales impacts on other centres and retail precincts within or just beyond the catchment area; and
- Assessment of new employment and other positive benefits accruing to the community.

### 7.1 Projected retail turnover

Sales forecasts for the proposed centre are presented in Table 8 by retailer category and by major product group. The sales forecasts assume a tenancy mix as generally set out in Section 4.2, good visibility to passing traffic and satisfactory parking on site and no other significant competing developments in the catchment (apart from the opening of ALDI at Millers Junction).

The projected retail sales for the proposed NAC in 2016/17 are \$38.3 million. For the 5,415 sqm of retail space (excluding an assumed 135 sqm of non-retail uses) the sales translate into a moderate average trading level of \$7,078 per sqm.

The supermarket is expected to achieve \$31.1 million, equating to \$7,400 per sqm – a level that reflects the centre's convenient location to a local population base and passing trade.

The retail specialty shops of 1,215 sqm are expected to generate around \$7.2 million in sales, at an average turnover of \$5,965 per sqm. We have assumed one specialty shop tenancy is occupied by a non-retail use (eg bank, real estate) which falls outside the measurable criteria for assessing retail trade impacts.



Table 8: Precinct 15 NAC forecast sales (2016/17)

Level / Tenancy	Floorspace (sqm)	Sales 2016/17	
		@\$2014 (\$m)	Trading level (\$/sqm)
Summary by Tenant Group			
Supermarket	4,200	31.1	\$7,400
<u>Specialty shops</u>			
• food	259	2.1	\$8,000
• catering	223	1.1	\$5,000
• non-food	508	3.0	\$6,000
• retail services	<u>225</u>	<u>1.0</u>	<u>\$4,500</u>
Sub-total specialty shops	1,215	7.2	\$5,965
Total Retail	5,415	38.3	\$7,078
Non retail	135	-	
Total Centre	5,550	-	
Summary by Product Group			
Food, Liquor, Groceries, Catering	4,010	29.3	\$7,305
Non-food & services	1,405	9.0	\$6,429
Total Retail	5,415	38.3	\$7,078

Source: Deep End Services

The allocation of tenants' retail turnover into broad product groups is based on an approximate distribution of floorspace by product category for the assumed tenant mix. For example, a proportion of the supermarket's sales are allocated to the non-food and services product categories to reflect the broad range of products offered in full-line supermarkets (e.g. magazines, mobile phones, DVD's, flowers, kitchenware, utensils, hosiery, stationary etc).

In allocating the centre's retail area and turnover to the broad product groups, around 76% of sales (\$29.3 million) is in 'food, liquor, groceries and catering' (FLG & catering) and 24% (\$9.0 million) is in 'non-food and services'.

Table 9 estimates market shares and the distribution of sales by catchment area sector for 2016/17 for each of the product categories. To achieve its sales, the centre is projected to generate a 14.7% market share of FLG & catering spending in the primary sector and an average share of 6.0% across the secondary sectors. The average market share across the catchment is a moderate 9.7%.

Non-food and services turnover which is a relatively small volume of the total centre, requires shares of only 6.7% of non-food and services spending in the primary sector and 2.7% across the secondary sectors. The sales projections in Table 9 assume an average of 15.2% of sales will be generated by passing traffic, residents from outside the trade area or from non-household sectors such as business or community groups.

Table 9: Precinct 15 NAC proposed market share and sales distribution (2016/17)

Catchment area sector	Spending (\$m 2013/14)			Market share (%)			Turnover (\$m)		
	FLG & Catering	Non-food & Serv.	Total Retail	FLG & Catering	Non-food & Serv.	Total Retail	FLG & Catering	Non-food & Serv.	Total Retail
Primary	109.6	73.8	183.4	14.7%	6.7%	11.5%	16.1	5.0	21.1
Secondary									
Secondary north	18.2	13.5	31.7	8.1%	3.0%	5.9%	1.5	0.4	1.9
Secondary south-east	51.8	38.9	90.7	9.1%	3.6%	6.7%	4.7	1.4	6.1
Secondary south-west	26.8	16.3	43.1	4.9%	2.5%	4.0%	1.3	0.4	1.7
Secondary west	<u>50.2</u>	<u>30.0</u>	<u>80.1</u>	<u>2.6%</u>	<u>1.4%</u>	<u>2.2%</u>	<u>1.3</u>	<u>0.4</u>	<u>1.7</u>
Total Secondary	147.0	98.7	245.6	6.0%	2.7%	4.6%	8.8	2.6	11.4
Total catchment area	256.6	172.4	429.0	9.7%	4.4%	7.6%	24.9	7.6	32.5
Beyond trade area (% sales)				15.0%	16.0%	15.2%	4.4	1.4	5.8
Total							29.3	9.0	38.3

Source: Deep End Services

## 7.2 Sales impacts on competing centres

### 7.2.1 Description of impacts

The approach evaluates the likely turnover of all competing centres in 2016/17 on the assumption that all known or approved developments have occurred. This represents the base case. For the purposes of this exercise we have assumed that the only development is the opening of ALDI at Millers Junction in 2015.

The projected sales of \$38.3 million at the Precinct 15 NAC in 2016/17 are impacts in the form of re-allocated sales from the base case turnover levels at existing centres. Therefore, the first part of the economic impact assessment evaluates the likely reduction in retail trade that would otherwise have occurred in the absence of the proposed activity centre. The sales impacts are expressed in future \$2016/17 terms and as a percentage of the base case sales for each centre.

The impacts represent a one-off annual re-distribution of sales at each centre. In most cases and particularly after relatively small impacts, we anticipate most centres would experience sales growth generally in line with market growth in their catchments (a function of population and per capita spending growth in relevant commodities) although this may vary depending on the age and condition of the centre and the competitive response, if any, from competing retailers.

Where first year impacts are more significant, future turnover growth can depend on the response and reaction of individual retailers and/or centre owners and local authorities. Typical measures in response to more competitive floorspace emerging in the catchment could be:

- Expansion and/or refurbishment of centres and individual retail premises;
- Increased or more effective marketing and promotional activity;
- Changes to the centre mix and composition;
- Physical changes such as urban design and landscaping works to improve the ambience and aesthetics of retail areas; and

- Other physical and operational improvements such as access, traffic and parking.

### 7.2.2 Allocation principles

The allocation of sales from existing centres and retail precincts is modelled on a catchment area sector basis for each of the two product groups. The key considerations in the assessment are:

- An appreciation of the proposed floorspace and its market appeal. In this case, the proposed supermarket would be a full-line supermarket with a full range of grocery, fresh fruit & vegetables, deli, dairy and chilled, frozen foods, bakery, liquor and various lines of general merchandise. The proposed supermarket would appeal to families and individuals for their larger weekly grocery needs and smaller convenience based purchases. In this context, the supermarket is likely to attract sales from a range of small and large supermarkets in the area although the effects will mainly be felt on larger supermarkets nearby (i.e. Coles and ALDI at Altona Gate, Woolworths Borrac Square and new ALDI at Millers Junction) and to a much lesser extent Coles in Williamstown, Altona and Yarraville and Safeway at Rifle Range. Smaller independent supermarkets at The Circle and Newport would be affected by the diversion of smaller daily and convenience based purchases.
- The range of neighbourhood shops and services supporting the supermarket will be similar to the basic range available at most neighbourhood centres in the area and redirected sales would be evenly distributed according to their current volumes, prominence and distance from the site.
- The positioning and attraction of competing retail centres and formats is a strong determining factor. Altona Gate is the major centre which draws sales from across a broad area. The Circle, while close to Precinct 15 has a strong, if not unique and highly specialised, middle-eastern business and tenant mix. The orientation of the stores and products will not appeal to all new residents at Precinct 15 and conversely, regular dedicated shoppers at The Circle are unlikely to switch their allegiance to Precinct 15 if their particular needs are being met locally. The Circle, despite its internalised location has, unlike other local centres such as Vernon Street and Second Avenue, thrived because of its specialised positioning and grouping of like businesses. In our view, it is better placed than others to withstand increased competition.
- Road systems relative to surrounding competition. Precinct 15 is accessible to much of the Altona North, Newport West and South Kingsville area through the well laid out main road and local street grids. The site is equally accessible from different directions and should present an alternative option for many people originating from home or travelling through the area for a range of purposes. The relatively congestion-free roads and generally low levels of through traffic mean accessibility factors will not fall disproportionately on any one centre.
- The extent of comparable tenancy and product lines in surrounding centres. The detailed floorspace inventory undertaken as part of this study is used to evaluate comparable tenancies in competing centres. For example, there is a high level of duplicating retailers in Altona Gate and Borrac Square but much fewer in the smaller local centres.

### 7.2.3 Impacts on specific centres

Table 10 provides the base case position for all centres within the catchment area for 2016/17. Centres and precincts excluded from the analysis are those located well beyond the catchment area, small convenience based centres and bulky goods precincts where we expect sales transfers to be relatively minor.

Table 10: Precinct 15 NAC – retail sales impacts (2016/17)

Centre	Retail floorspace (sqm)		Retail sales (\$m)			Precinct 15 NAC impacts	
	2014	2017	2014	2017 Base Case <sup>1</sup>	2017 Post Precinct 15 NAC	(\$m)	(%)
Precinct 15 NAC	-	5,415	-	-	38.3	n/a	n/a
<u>Activity Centres</u>							
Altona Gate & Millers Rd Nth	25,072	25,072	148.1	150.9	141.5	-9.4	-6.2%
Williamstown	20,796	20,796	163.5	171.3	167.4	-3.8	-2.2%
Altona	8,333	8,333	67.1	70.7	69.8	-1.0	-1.4%
<u>Neighbourhood &amp; Local Centres</u>							
Newport	7,250	7,250	44.8	46.5	43.0	-3.5	-7.5%
Borrack Square	4,585	4,585	48.9	50.4	44.9	-5.5	-10.9%
Yarraville Square (Coles)	3,455	3,455	66.7	71.0	69.1	-1.9	-2.7%
Rifle Range	3,020	3,020	44.0	45.8	42.2	-3.6	-7.9%
The Circle	3,055	3,055	20.2	22.1	20.4	-1.7	-7.9%
Spotswood	2,200	2,200	11.5	12.1	11.6	-0.5	-4.0%
Vernon St	1,595	1,595	8.0	8.9	8.4	-0.4	-5.0%
Yarraville (Francis St)	1,340	1,340	6.6	7.0	6.6	-0.4	-5.5%
Challis St	1,110	1,110	6.1	6.7	6.5	-0.2	-2.7%
Second Ave	1,025	1,025	4.7	5.2	5.0	-0.2	-4.2%
Blackshaws Rd	650	650	4.3	4.7	4.5	-0.2	-4.5%
Total Centres	83,486	83,486	644.3	673.2	640.9	-32.4	-4.8%
Other centres / unallocated	-	-	-	-	-	-6.0	-
						16%	
Total Precinct 15 NAC Activity Centre						-38.3	

Source: Deep End Services

The estimated sales for all other centres and precincts are provided for the total retail market (i.e. food and non-food categories). The impact is expressed as a dollar value in 2016/17 and as a percentage of sales that would otherwise have been achieved in that year. The key findings are as follows:

- Approximately 84% (or \$32.4 million) of Precinct 15's sales (\$38.3 million) are identified and allocated to specific centres in the area - the balance (16%) reflects sales that would otherwise have taken place outside the area, at small stand alone or main road locations or at other retail formats (e.g. bulky goods). The new ALDI at Millers Junction would also absorb a small share of this balance.
- Altona Gate and Millers Rd Nth has the largest catchment overlap with Precinct 15 and absorbs the highest dollar and percentage impact from the proposal. The centre is projected to incur an impact of -6.2% of sales (or -\$9.4 million) – equivalent to 24% of total sales at the Precinct 15 NAC. The impact of Precinct 15 will fall disproportionately on



the two supermarkets in Altona Gate who currently have 63% of supermarket floorspace in the region. Outside of the supermarkets, impacts on much of Altona Gate which has a large number of specialty chains and a Kmart DDS will be largely unnoticed.

- Borrac Square which has a smaller supermarket and specialty mix, but further away, is projected to incur an average impact of 10.9%. Again Woolworths is likely to incur the major share of the sales reallocation.
- The Circle is projected to lose around \$1.7 million in sales to Precinct 15 or around 7.9% of 2017 turnover levels. This is not a significant impact in the context of its high occupancy rate and strong business mix. The centre has proven to be more resilient than other internal, neighbourhood locations and will undoubtedly benefit from its proximity to Precinct 15's population growth for many years prior to the NAC's more realistic establishment date.
- The Newport Village Centre is likely to have a similar share of sales diverted (7.5%), representing a larger volume of \$3.5 million. The centre offers a contrasting village ambience and range of stores moving more towards cafes, dining and personal services including a range of health and wellbeing practitioners.
- The small local centre on Blackshaws Road, just west of Precinct 15, will incur an impact of around -4.5% on the assumption of some competing tenancies. This centre however has a small but strong tenant mix, good parking and visibility and will more than offset the projected impacts with increased business as Precinct 15 develops over the next 20 years.
- An impact of -5.0% is also projected for Vernon Street although the list of duplicating tenants is small. Vernon Street has already transitioned to a lower retail function with demographic and industrial / employment changes in the area over the last 20 years. As indicated earlier, the centre's future is more aligned to cafes, personal services and small business / professional suites. Precinct 15 is unlikely to accelerate or significantly change this direction although the centre could benefit, like other centres, from increasing population levels over time.
- Beyond the catchment, the retail areas which will absorb the highest impacts are those which also include a Coles or Woolworths supermarket – Rifle Range, Williamstown and Yarraville Square. In each centre, the majority of the impact will fall on the supermarket, with the remainder of the retailing in these areas largely unaffected.

#### 7.2.4 Summary

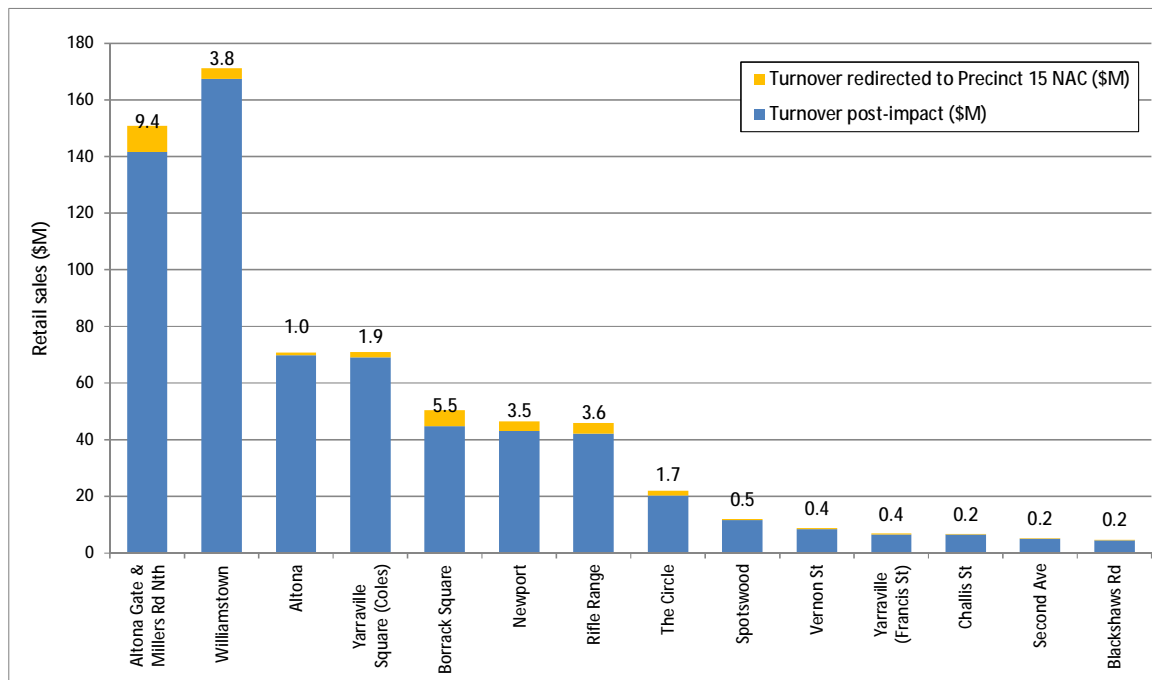
Overall, the range of impacts assessed from the proposed development in all cases are small and proportional to the level of floorspace proposed – i.e. a supermarket based centre with limited retail specialty shop space.

The reallocation of sales at all centres is within the bounds of a normal competitive environment where turnover levels naturally fluctuate with changes in economic and market conditions. The impacts outlined in Table 10 are also summarised in Figure 14 (below) and indicate that the key impacts in volume terms are on Altona Gate with the remainder spread evenly among a range of smaller centres locally or more distant centres such as Williamstown, Rifle Range, Yarraville, Altona and Spotswood.

In overall terms, the only centre for which the theoretical impact exceeds 10% is Borrack Square, where the sales impact will fall heavily on the Woolworths supermarket – a small store understood to be trading at relatively strong levels. The well-located and stronger centres in the area have high occupancy rates which should not be unduly affected by the projected impacts. Several local centres with internalised residential locations are already transitioning with reduced retail functions and a shifting tenancy mix. The development of the NAC is unlikely to accelerate or arrest these structural changes underway for some time.

As indicated, the NAC may not be developed until after 2017. While 2016/17 is adopted for the purpose of assessing ‘worst case’ impacts (beyond which, the time horizon for assessing impacts is more difficult) in all likelihood, centres in the area will benefit from the increasing population base and will be in a much stronger turnover position than has been estimated in this analysis for 2017. With a growing local market, activity centres will have a higher turnover base and therefore lower impacts in percentage terms. In some cases they will have a stronger tenancy mix to combat any future NAC development, when it emerges.

Figure 14: Summary of sales impacts



## 7.3 Benefits

There are benefits that will accrue to the local community as a result of the proposed development which are discussed below.

### 7.3.1 Employment creation - permanent

At this early stage and without the benefit of detailed plans and building costs it is not possible to estimate the construction benefits of the development – from which construction jobs are estimated.

The NAC will create new direct employment and support indirect employment for other workers in the local economy. This is an important consideration as the gradual loss of industry from this Strategic Development Area, and others in Hobsons Bay, will be difficult to replace in a new residential setting.

In terms of the ongoing operation of the centre, based on industry rates of employment, the floorspace of the proposed NAC will generate an estimated 132 direct full-time equivalent (FTE) jobs on-site and 83 jobs indirectly through multiplier effects in the economy. The total ongoing employment effect is therefore 215 positions per annum, as summarised in Table 11.

**Table 11: Precinct 15 NAC employment creation**

Tenancy type	NAC floorspace (sqm)	Job Rate - all paid emp. (no/100sqm)	Full time equivalent jobs		
			Direct jobs (no.)	Indirect jobs (no.)	Total (no.)
Supermarket	4,200	4.4	92	57	150
Specialty retail	1,215	6.1	37	23	60
<i>Sub-total</i>	<i>5,415</i>		<i>129</i>	<i>80</i>	<i>210</i>
Specialty non-retail	135	4.3	3	3	6
<b>Total retail &amp; specialties</b>	<b>5,550</b>		<b>132</b>	<b>83</b>	<b>215</b>

Note: Excludes any upper level commercial uses

Source: Deep End Services

### 7.3.2 Other benefits

ABS Journey to Work data indicates Precinct 15 and areas just south of Blackshaws Road had a 2011 workforce of 829 people, mainly employed as labourers (256), technicians and trade workers (118), machine operators and drivers (110) and clerical and administration workers (103).

The closure and / or relocation of industrial activities across the Precinct is unlikely to be replaced in the immediate area - most likely outside the municipality. The development of a NAC and any adjoining community or commercial facilities will be the principal employment and commercial activity node in the 67 hectare area and replace some employment opportunities on site.

The supermarket and specialty shops will create job opportunities for youth, semi-retired, students and others looking to enter or re-enter the workforce in part-time or casual positions. Many of these jobs may be taken by local residents who would otherwise not work in the absence of the nearby opportunity. Retail employment positions are generally reliable, stable and provided in a safe and professional work place where training is offered and new skills are developed which can lead to further career opportunities in the retail industry.

The increase in local employment will increase wages and salaries in the area which should be spent in part, with local retailers.

### **7.3.3 Market benefits**

The introduction of a new full-line supermarket will provide greater choice, enhance competition in the area and may trigger improvements and refurbishment works at existing supermarkets, raising the overall standard for consumers in the catchment.

There has been little or no change in supermarket provisioning in the area over many years, other than Woolworths at Borrack Square and ALDI replacing Woolworths at Altona Gate in a smaller tenancy. A large full-line supermarket at Precinct 15 will provide a supermarket opportunity not currently available in the area, with a wider range and choice of fresh food and grocery products.

The site is well positioned in relation to the catchment and will be accessible by short drive time for most residents in Altona North, Newport and South Kingsville. The centre is also well positioned to a walk-up market, largely supported by the new population establishing in Precinct 15, who's daily and weekly shopping needs will be re-aligned to the new centre.

The 1,215 sqm of specialty shops (say 13 tenancies) will offer a small but complementary range of food, general goods and services to the supermarket while other needs will continue to be met at higher order centres in the area.

### **7.3.4 Precinct benefits**

The NAC will form the basis of a commercial and community hub directly linked to the needs of the Precinct. It will meet a range of consumer needs within a walkable distance for over 7,000 new residents in the Precinct and by its location and layout, should interact well with existing residential areas. Its location in and around a large medium-density residential development housing new residents to the area, will reinforce the overall living, working, shopping and social benefits of the Precinct.

The centre is well located with main road exposure and good local street connections to the proposed Precinct 15 road and pedestrian / bicycle networks. Its mid-point location along Blackshaws Road provides the opportunity for a strong visual statement and gateway function to the new development area.