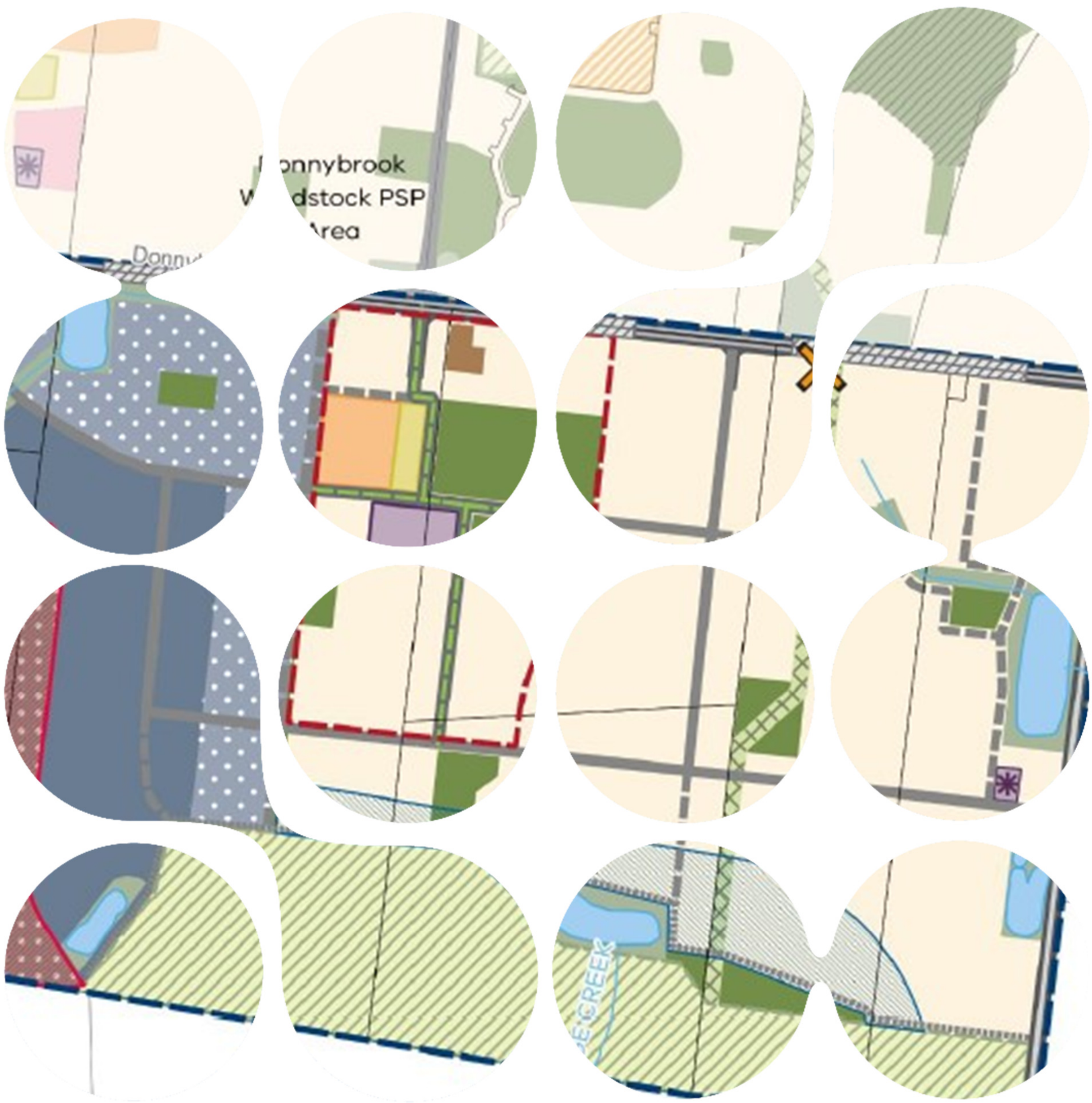
Economic expert witness statement

Whittlesea Planning Scheme Amendment C241
Shenstone Park Precinct Structure Plan

Prepared for 1150 Donnybrook Road Pty Ltd
29 October 2020



Deep End Services
Deep End Services is an economic research and property consulting firm based in Melbourne. It provides a range of services to local and international retailers, property owners and developers including due diligence and market scoping studies, store benchmarking and network planning, site analysis and sales forecasting, market assessments for a variety of land uses, and highest and best use studies.

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1150 Donnybrook Rd - Whittlesea Am C241 expert statement - M Lee - 29 Oct 20.docx
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Introduction

1.1 Background

01 I have been instructed in this matter by Best Hooper, acting on behalf of 1150 Donnybrook Road Pty Ltd.

02 The matter relates to Amendment C241 to the Whittlesea Planning Scheme (Am C241) which has been prepared by the Victorian Planning Authority (VPA) to implement the Shenstone Park Precinct Structure Plan (PSP).

03 Am C241 facilitates the use and development of the PSP area, consisting of approximately 628 hectares of land within Melbourne's Northern Growth Corridor by:

- Rezoning the majority of the land to the Urban Growth Zone (UGZ)
- Inserting Schedule 7 to the Urban Growth Zone (UGZ7)
- Adding the Shenstone Park PSP as an incorporated document, and
- Making other changes to the planning scheme to implement the PSP.

04 The PSP provides for future development of the land for a combination of residential, commercial, industrial, extractive industry and conservation, along with other supporting activities including community facilities, activity centres and open space.

05 Residential uses and associated supporting activities are situated in the eastern part of the PSP, while land surrounding the Woody Hill Quarry in the western part of the PSP is designated for 'industry', 'light industry' and 'business'.

06 The amendment was exhibited in October 2019 and included a PSP document dated September 2019.

07 A revised copy of the PSP was issued by VPA on 12 October ('Revised PSP') in response to item 5(b) of Panel Directions of 4 September 2020.

08 The proposed centres hierarchy consists of a Local Town Centre (LTC) supported by two local convenience centres (LCCs) within the eastern and western parts of the PSP.

09 I have been requested to provide evidence in relation to activity centre planning, and in particular with respect to LCC East which is designated on land owned by 1150 Donnybrook Road.

1.2 Instructions

10 My instructions were provided by Best Hooper by letter on 10 June 2020 as follows:

> *"On behalf of our client, we seek to engage to you to review the Amendment and provide evidence in relation to retail economic matters at the hearing should you support our client's position set out in its submission.*
>
> *Specifically, we ask that you please review as part of your evidence:*
>
> 1. *The commercial viability of the centre in the location shown on the proposed PSP;*
> 2. *If there are alternate locations within the immediately surrounding area (within PSP boundaries) which would be more viable for a local convenience centre;*
> 3. *Whether the local convenience centre is needed at all from a catchment/serving perspective based on the size/role identified for the centre in Table 4 of the PSP*".

11 I have responded to these instructions by:

a. Examining the Exhibited PSP and Revised PSP
b. Reviewing relevant background documents including the *Economic Assessment of Retail and Employment Needs*, prepared by Ethos Urban in September 2019
c. Preparing my own analysis of retail development opportunity for the LCC East site
d. Providing my opinion as to whether the proposed LCC East is appropriate given the activity centre context and my examination of demand and supply conditions
e. If the LCC is appropriate, whether the location specified in the Revised PSP is the most appropriate location.

12 In addition, I have reviewed the alternative proposed FUSP that was circulated by a party to the proceeding on 27 October 2020 and provide commentary on the effect this might have on my analysis.

1.3 Expert witness details

13 The following expert witness details are provided as required in Planning Panels Victoria's *Guide to Expert Evidence.*

Name and address of expert

Matthew Lee
Principal
Deep End Services Pty Ltd
Suite 304 / 9-11 Claremont Street
South Yarra VIC 3141

Expert's qualifications and experience

- Bachelor Degree in Commerce from the University of Melbourne.
- Principal of Deep End Services since April 2012.
- Consultant with Essential Economics from 1997 to 2012.
- Practising urban economist since 1995.

A full CV is included at *Appendix A.*

Expert's area of expertise

- Urban and regional economics including preparation of retail and activity centre strategies and contribution to land use planning studies.
- Market demand analysis for property development including retail, commercial, industrial and residential.
- Input to strategic planning studies including Urban Design Frameworks, Structure Plans and Master Plans.
- Activity centre network planning.

Expert's expertise to make report

- Experienced in urban and regional economic analysis and assessment of the local and regional impacts of property development.
- Thorough understanding of retail land use and development patterns.
- Experienced in preparing and reviewing strategic planning policy as it relates to economic matters.
- Presented evidence to the Donnybrook-Woodstock PSP (Whittlesea and Mitchell Am GC28 Panel Hearing).

Instructions that defined the scope of the report

My instructions were received from Best Hooper as detailed in section 1.2 of this statement.

Facts, matters and assumptions upon which the report proceeds

Stated in relevant sections of this statement.

Documents, materials and literature used in preparing this report

Stated in relevant sections of this statement.

Identity of the person who carried out any tests or experiments relevant to this report

This statement was prepared by me.

Summary of the opinions of the expert

1. Establishing successful activity centres within the Shenstone Park PSP will be challenging due to a relatively small population base and an 'internalised' position due to the presence of the railway line to the west, non-residential land to the south and the Urban Growth Boundary to the east.
2. These challenges are not given due regard in the Economic Assessment report accompanying the amendment, which does not consider the effect of buffers and is overly optimistic about the ability to retain local spending.
3. My analysis shows that the establishment of a full-line supermarket within the LTC is a marginal proposition given the relatively small catchment population and amount of available retail spending likely to be retained at the centre.
4. In these circumstances the emphasis for activity centre planning should be on supporting the establishment of a successful LTC in order to maximise local employment opportunities and services for the residential population, particularly given the potential competition from shops within the business precinct to the west where the Commercial 2 Zone provisions will apply.
5. The retail opportunity at the LTC would be maximised by removing the potential competition associated with the introduction of 1,000 sqm of retail floorspace at LCC East.
6. The proposed LCC East is unlikely to be viable in any case, given limited passing traffic, a constrained residential catchment due to the presence of the UGB to the east, and lack of co-location with other uses such as education and community facilities.
7. A location close to the intersection of Koukoura Drive and Donnybrook Road, or on Koukoura Drive at the intersection of the east-west connector, would have more likelihood of attracting viable uses such as service station with convenience store, fast food and similar uses. However, other relevant factors include the proximity to Hayes Hill LCC, the expectation of these types of uses within the 'business' land in the western part of the PSP, and the wish to ensure good design at the key gateway entries.
8. The alternative proposed FUSP has some benefits associated with an increased population to support the LTC, and better access to supermarket services, but does not alter my opinion with respect to the need for LCC East.
9. My recommendation is that the PSP should be modified to remove reference to the LCC East within the property at 1150 Donnybrook Road.

Provisional opinions not fully researched

None.

Questions outside the expert's expertise

None.

Report incompleteness or inaccuracies

None.

2

Shenstone Park PSP

2.1 Overview

14 Am C241 relates to approximately 628 hectares of land situated on the eastern edge of the City of Whittlesea, bounded by Donnybrook Road to the north, the Urban Growth Boundary (UGB) and future Koukoura Drive to the east, the future Northern Quarries PSP to the south, and the Sydney-Melbourne railway line to the west (Figure 1).

15 The amendment facilitates urban development within the precinct in accordance with the Shenstone Park PSP which is proposed to be incorporated at Clause 72.04 of the Whittlesea Planning Scheme ('Scheme') and is referenced in UGZ7 which is to be inserted as a new Cl 37.07 in the Scheme.

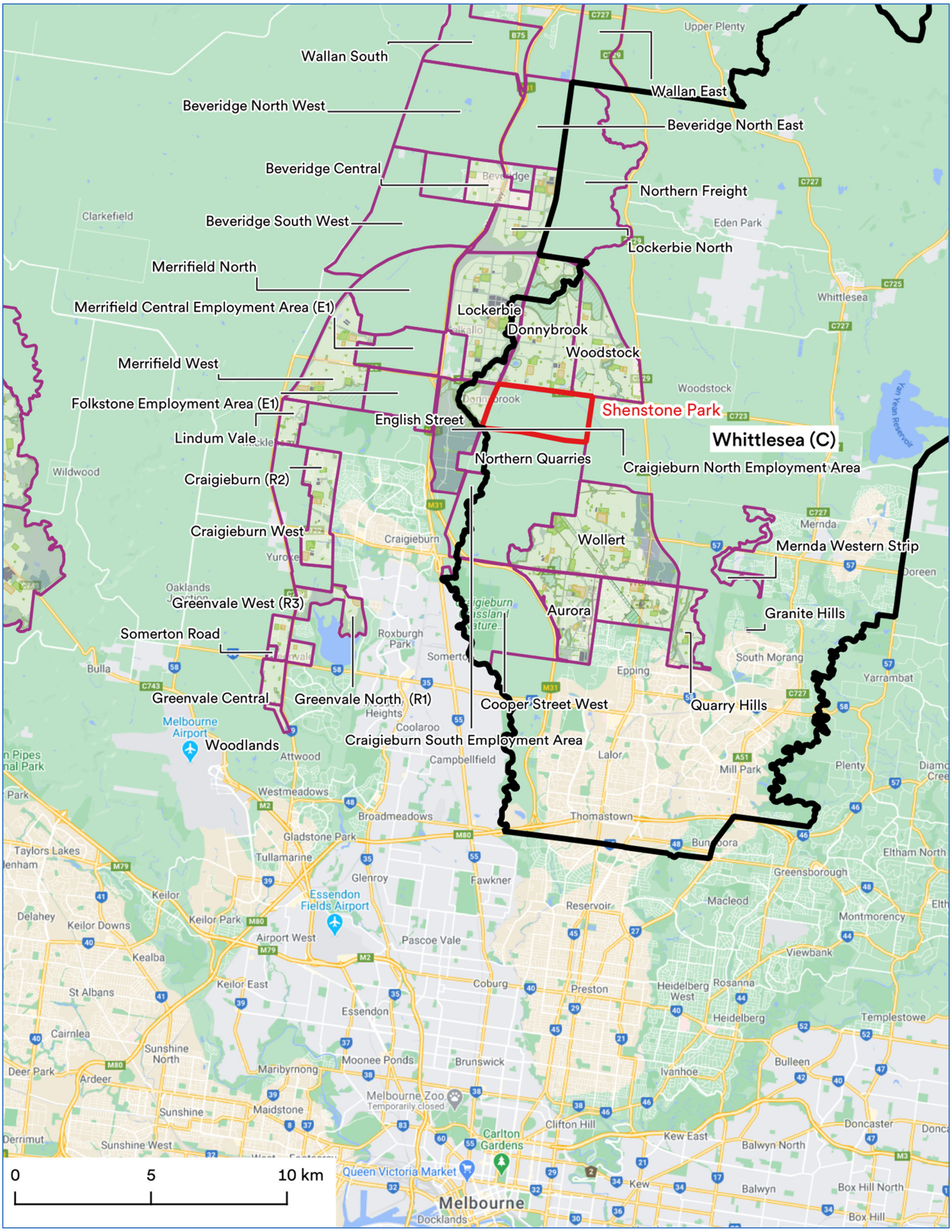
16 The land was included within the UGB in August 2010 in response to *Delivering Melbourne's newest sustainable communities* which identified the need to designate new land for development to accommodate population growth.

17 Surrounding planned communities include the Donnybrook-Woodstock PSP to the north (gazetted in 2017) which is anticipated to have a residential yield of around 17,000 dwellings and is supported by a network of town centres and convenience centres, and the English Street PSP to the west of the railway line (gazetted in 2015) which is a residential community of 1,200 dwellings with a busines precinct in the north-east including a potential LCC with supermarket.

18 Land to the south of the Shenstone Park PSP is within the Northern Quarries PSP area which is expected to accommodate future resource extraction, utilities infrastructure and biodiversity conservation areas.

19 Further to the south is the Wollert PSP (gazetted 2017) which is a residential community of around 15,000 dwellings which will be linked via the future Koukoura Drive extension.

Figure 1—Shenstone Park PSP context



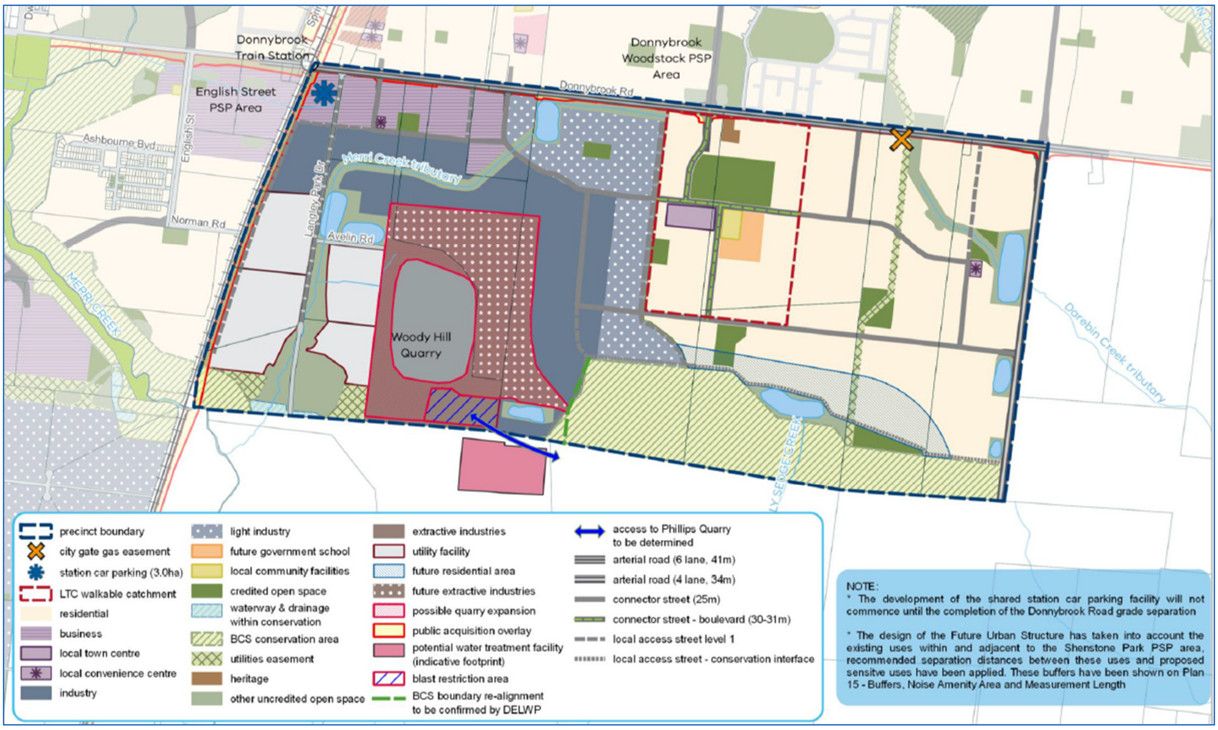
Prepared by Deep End Services with QGIS; Google Maps; VPA Open Data

2.2 Exhibited PSP

20 The exhibited Shenstone Park PSP was prepared in September 2019 and planned for an estimated yield of 3,659 dwellings delivered from a net developable area - residential (NDAR) of 193.62 hectares.

21 The Future Urban Structure (FUS) Plan 3 from the exhibited PSP is shown in Figure 2, and depicts a residential community within the eastern part of the PSP area, with employment uses and extraction industry occurring in the western part of the PSP.

Figure 2—Future Urban Structure – exhibited PSP



Source: VPA, Shenstone Park PSP – exhibited version (September 2019)

2.3 Revised PSP

22 A Revised PSP was prepared by the VPA and issued on 12 October 2020 and forms the basis for my analysis in this statement.

23 In terms of the FUS, the Revised PSP makes several relevant changes:

a. The south-eastern boundary of land designated for light industry has been adjusted due to the removal of buffers associated with a potential wastewater treatment facility to the south of the PSP, slightly expanding the NDAR

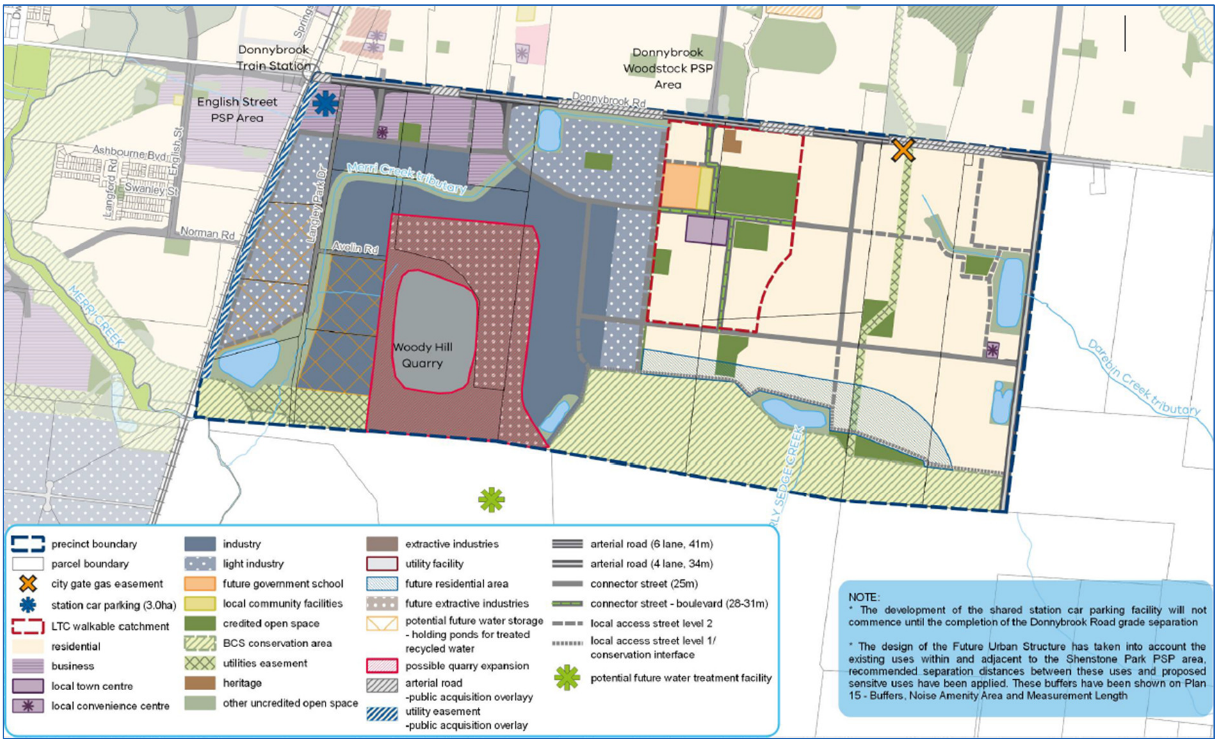
b. The location of the local activity centre (LTC) and nearby education and community uses have been modified

c. The location of the LCC East has been moved to a location adjacent to the proposed east-west collector road.

24 Other changes relate to the designation of land to the west of the Woody Hill Quarry, among other matters, but these are not relevant to my evidence.

25 I note that the Revised PSP does not make any adjustments to Table 3 on p20 which still anticipates a total yield of 3,659 dwellings and a population of between 10,244 and 11,342 persons. I provide my own updated calculations later in this statement.

Figure 3—Future Urban Structure – Revised PSP



Source: VPA, Shenstone Park PSP – revised version (12 Oct 20)

26 The Outcomes chapter of the Revised PSP describes the Vision for urban development within the PSP at Section 2.1, with the following extracts of relevance:

> *Shenstone Park will be a model for a self-sufficient precinct that will deliver a wide range of housing types and uses. In turn, it will foster a diverse local community in an attractive setting. The neighbourhood will be an urban extension to the Donnybrook-Woodstock and English Street areas and will integrate cohesively with these urban neighbourhoods and employment areas to the west to continue the development of the North Growth Corridor.*
>
> *The Local Town Centre (LTC), will act as the anchor and heart of the precinct, and serve a variety of roles and functions to promote self-sufficiency for residents in meeting daily retail and convenience shopping needs, community uses and recreation opportunities.*
>
> *…*
>
> *Shenstone Park will contribute to an employment hub for the north, conveniently served by a train station along a nationally significant railway line, as well as major arterial roads and freeways. Light Industrial and Bulky Goods type employment uses will thrive in this well-connected network and will offer specialised services to the Shenstone Park PSP and complement the other parts of the state significant employment area to the south-west of the PSP area.*
>
> *Development will also respond to the many natural and constructed features that characterise the area. This includes the nationally significant conservation areas to the south-east and south-west, which provide habitat for nationally listed Grassy Eucalypt Woodland and Natural Temperate Grassland communities, and Growling Grass Frog. These areas will be retained, and habitat reinstated, while being incorporated into the design and layout of the precinct.*
>
> *Furthermore, these features where appropriate will be used to help protect and separate key existing economic and employment generators, including the Woody Hill Quarry, and Phillips Quarry and Wollert Wastewater Recycling Treatment Plant immediately south of the precinct, from urban development. The Woody Hill and Phillips Quarries have been identified as being of strategic importance to the development of the northern growth corridor to 2050 and their operation and expansion are protected through this PSP.*

27 I draw attention to the emphasis on “self-sufficiency” which I have highlighted by underlining parts of the text above. This is relevant in the context of evidence that I present later in this statement with regard to the Retail and Employment Needs Economic Assessment by Ethos Urban and the activity centre planning already undertaken for the Donnybrook Woodstock PSP.

28 I also note the references to the imposition of constraints on residential development within the southern part of the PSP area. These include conversation areas and buffers which have been applied to protect the operation of the Woody Hill and Phillips quarries which are regarded as strategic resources for extractive materials.

29 According to information provided by Barro Group in the Quarry Statement that was provided to the Panel in response to Panel Directions 13-15 of 4 September 2020, the operational life of the relevant work authorities are as follows:

- existing Woody Hill Quarry (WA 492): more than 30 years
- Woody Hill Quarry extension area (WA 6437): more than 25 years
- Phillips Quarry (WA 6852): more than 50 years.

30 My later analysis of the retail opportunity within the LTC and LCC East has regard to these constraints in assessing the effect on the expected residential dwelling yield and subsequent supportable retail development during the interim period.

2.4 Activity centre context

31 The Shenstone Park PSP plans for a network of activity centres consisting of one LTC and two LCCs.

32 These centres are planned to cater to "*the daily needs of surrounding residents, along with creating local employment opportunities and help create a sense of place, identity and local character*" (Revised PSP, Objective O6).

33 The role and function of the activity centres is set out in Table 4 of the Revised PSP. I note that the sentence prior to Table 4 includes a minor error as it refers to the "components of the Local Town Centres for the precinct". This sentence should be amended to refer simply to "centres" as it includes information on local convenience centres as well as the LTC.

Local town centre

34 An area of 2.4 ha is set aside for the LTC which is envisaged to comprise around 6,000 sqm of retail floorspace accompanied by another 2,500 sqm of commercial floorspace.

35 Table 4 specifies the following role and function for the LTC:

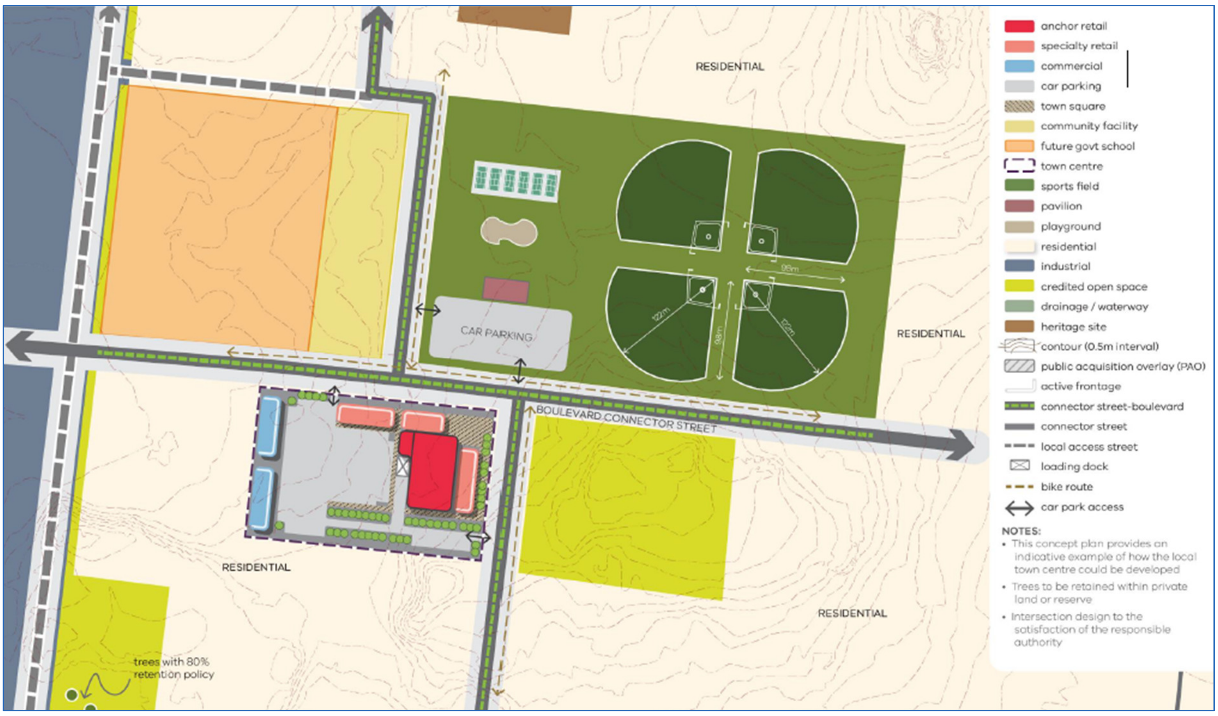
> *Located centrally within the precinct. The purpose of the Shenstone Park LTC is to service all residents within the precinct and meet their day to day retail and community needs. The Shenstone Park LTC will provide for a full-line supermarket with speciality retail and commercial floor space. Co-located with a state primary school, neighbourhood house and community centre, and sporting reserve. Higher density residential and mixed-use development is envisaged as part of the overall centre concept.*

36 Although the LTC is located in a central position with respect to the whole of the PSP area, I note that it is situated within the western part of the residential component of the PSP, approximately 150m to the east of land designated for light industry. A position closer to the centre of the residential component of the PSP is not possible because of the presence of a transmission gas pipeline further to the east.

37 Other planned uses near the LTC include a future government school, a local community facility, sports reserve, and a local park.

38 Development of land within the LTC is required to be generally in accordance with the Town Centre Concept Plan shown at Plan 6 within the PSP, as presented below in Figure 4.

Figure 4—Shenstone Park LTC and Community Hub Concept Plan



Source: VPA, Shenstone Park PSP – revised version (12 Oct 20) – Plan 6

Local convenience centres

39 Table 4 also provides information on the two planned LCCs.

40 With respect to the "Potential Shenstone Park LCC – East", Table 4 provides for 0.4 ha of land to accommodate 1,000 sqm of retail floorspace and another 200 sqm of commercial floorspace.

41 The role and function of the LCC East is described as follows:

> *To locate adjacent to public open space in the north-east of the precinct to service the convenience needs of the local residents and people visiting the open space. Cafés and small offices encouraged.*

42 With respect to this description, it is relevant that the Revised PSP has moved the location of LCC East so that it is not situated adjacent to public open space, and is therefore unlikely to have any role in serving people visiting the open space.

43 I also note that, as described in Table 4, there is little distinction provided between the role of the LTC in meeting "day to day retail and community needs" and the LCC East servicing the "convenience needs of the local residents".

44 Nevertheless, I accept that the intended inclusion of a full-line supermarket within the LTC would provide significant distinction between the roles of each centre, with the supermarket attracting weekly grocery trips, while the LCC – if developed – would have a more limited role for some day-to-day and ad hoc purchases.

45 Indeed, as I expand on later in this statement, the ability to attract a supermarket operator will be a key factor in creating a successful LTC that meets the vision for a largely self-sufficient precinct.

46 Development of LCCs is also expected to be in accordance with design guidelines provided in Appendix 4.3 of the PSP. The only guidelines that are of relevance to my evidence are set out under Principle 03, as follows:

- The Local Convenience Centre should promote the localisation of services which will contribute to a reduction of travel distance to access local services and less dependence on the car.
- Where appropriate, locate Local Convenience Centres in attractive settings and incorporate natural or cultural landscape features such as creeks and waterways, linear open space, pedestrian and cycle links and areas of high aesthetic value.

47 With respect to the first of the items above, my evidence provided later in this statement shows that in this instance it is appropriate to promote visitation to the LTC rather than encourage the use of localised services, notwithstanding the fact that residents may have to travel further to access the LTC.

48 With respect to the second point, the LCC East is not in close proximity to any particular attractive settings, landscape features or areas of high aesthetic value. Nevertheless, in my opinion these factors are relatively unimportant compared to co-location with other activity generators such as community facilities, schools, etc.

49 Table 4 provides for a “Potential Shenstone Park PSP LCC West” on a land parcel of 0.2 ha, which is expected to accommodate 500 sqm of retail floorspace and 200 sqm of commercial floorspace.

50 The role and function of the LCC West is described as follows:

> *To locate on the east-west connector road, to service the convenience needs of workers in the employment areas.*

51 I note that LCC West is located within land designated as ‘Business’ within the FUS (refer Figure 3, p8), and in accordance with the proposed UGZ7 at Cl 37.07 would have the Commercial 2 Zone (C2Z) provisions applied.

52 The application of the C2Z provisions means that development of a supermarket of up to 1,800 sqm, along with another 500 sqm of other shop uses (if developed on the same land or adjacent to the supermarket) would be as-of-right.

53 The potential development of a supermarket within the business land on Donnybrook Road should be mentioned within the PSP and considered in establishing the opportunity for town centre development to serve local residents. I return to this point later in my statement.

3

Matters for consideration

3.1 Introduction

54 This section of my statement presents analysis and discussion of various matters in response to my instructions. These include:

a. A review of the Retail and Employment Needs Economic Assessment report that was exhibited with the PSP;
b. My own analysis of the opportunity to establish an LCC in the eastern part of the PSP; and
c. An assessment of preferred locations for an LCC if it is to be retained within the PSP.

3.2 Retail and Employment Needs Report

55 I have undertaken a detailed review of the Retail and Employment Needs Economic Assessment which was prepared by Ethos Urban on behalf of VPA in September 2019 and was exhibited with Am C241. My commentary and analysis is provided in the following paragraphs.

Report preparation

56 Usually, economic analysis such as this is undertaken prior to completion of the PSP to assist in establishing an FUS which incorporates appropriate allowance for activity centres, and which provides advice on preferred centre locations. In this instance, however, I note the following statement at p1 of the Economic Assessment:

> *The analysis in this report has been undertaken on the basis of a FUS for Shenstone Park PSP as provided by the Victorian Planning Authority, and which identifies a preferred location for a planned local town centre, local convenience centres, road network, residential areas, employment areas, education and community uses, open space, and buffer areas from nearby sensitive uses.*

Retail context

57 Section 1.5 of the Economic Assessment includes a review of relevant PSPs in the surrounding area, including locations of designated centres.

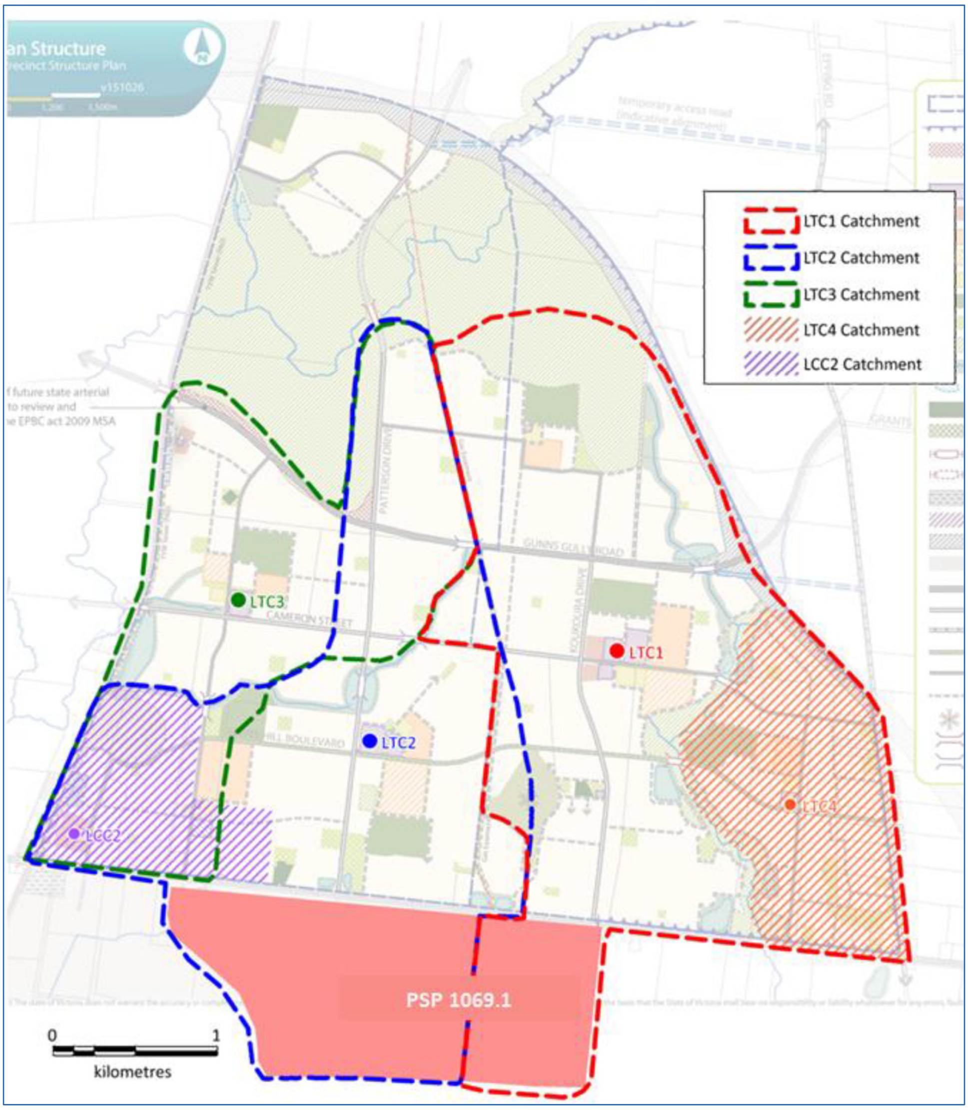
58 Regarding the Donnybrook-Woodstock PSP, the following statement is provided on p8:

> *LTC1 (Koukoura Drive) and LTC2 (Patterson Drive) are the two main centres which will influence the catchment for a LTC in Shenstone Park, given their intended size and role, and their relative accessibility to future residents in Shenstone Park.*

59 The expected influence of existing planned centres within the Donnybrook-Woodstock PSP was highlighted in economic evidence presented to the Panel hearing for Am GC28 by Nick Brisbane on behalf of the (former) MPA, which included the following depiction of the catchments served by centres within that PSP.

Figure 5— Supermarket catchments – centres in Donnybrook Woodstock PSPs

Source: Expert Witness Statement, Nick Brisbane, Am GC28



60 The gazetted Donnybrook-Woodstock PSP includes allowance for the following retail outcomes which are relevant for the Shenstone Park PSP:

- LTC-1:
  21,500 sqm retail floorspace including 2 full-line supermarkets
- LTC-2:
  10,000 sqm retail floorspace including 1 full-line supermarket and a smaller supermarket
- LTC-4:
  2,000 sqm retail floorspace including a supermarket
- LTC-5 (note – this is referred to as LCC-2 in Figure 5 above):
  2,500 sqm retail floorspace including a supermarket.

61 Section 1.5 of the Economic Assessment also refers to the English Street PSP, which includes a Commercial Area concept plan that anticipates delivery of a mid-sized supermarket as part of a local convenience centre within that PSP.

62 As well as these centres in the surrounding area which are anticipated to accommodate supermarkets of various sizes/formats, the Economic Assessment also makes the following acknowledgement in Section 4.3 in relation to the types of uses likely to develop within the 'Business' land along Donnybrook Road:

> *The C2Z allows for a supermarket up to 1,800m2 plus up to 500m2 of shop floorspace. A supermarket in this location would serve a much broader region than the Shenstone Park PSP and would be less accessible to Shenstone Park PSP residents than the planned LTC. The extent to which the development of a small format supermarket on this land would impact the viability of planned centres in the region would depend on its location and comparative accessibility to other centres.*

63 In summary, the context I have provided above shows that residents living within Shenstone Park will have a variety of alternative supermarket destinations located generally within around 1-2km travel for most residents within the PSP.

64 This competitive context is an important factor given the vision for Shenstone Park PSP to achieve a high level of self-sufficiency in relation to town centre service provision.

Shenstone Park PSP overview

65 Section 2 of the Economic Assessment reviews the main elements of the FUS presented in the exhibited PSP and presents analysis of the likely dwelling yield and population outcomes as the basis for subsequent analysis.

66 With respect to the broad urban structure, I note that the description provided in Section 2.1 fails to give due regard to the constraints imposed by buffers associated with quarries and the proposed water treatment plant (noting that the buffer for the water treatment plant has been removed in the Revised PSP).

67 The quarry buffers impose significant constraints to urban development in the southern part of the PSP in at least the short to medium term during the initial stages of quarrying (according to a staging plan provided to the Panel by Barro Group), and

this is reflected in the designation of land within the buffer areas for 'future residential' which will only become available for urban development when activity at the Phillips Quarry moves southwards so that the buffer can be removed.

68 Information provided by Barro does not confirm the timeframes when this may occur, but it might be that the constraint remains over a large part of the life of the PSP.

69 Based on this, my opinion is that dwelling and population outcomes should incorporate analysis of the interim situation while urban development on affected land does not proceed. This is important to provide more realistic analysis of demand for retail provision when the LTC is being established.

70 Under Section 2.3, the Economic Assessment estimates that the PSP would generate a total yield of 3,630 dwellings, calculated from an NDAR of 192 ha. The population outcome is forecast to be between 10,160 persons and 11,250 persons based on an average population size of 2.8 to 3.1 persons per dwelling.

71 I have reviewed these figures by:

- Obtaining a property-specific land use budget applicable to the Revised PSP
- Estimating the area of residential land within the buffer areas (as designated 'future residential' in the Revised PSP) and removing this from the total NDAR
- Applying the same average dwelling densities as shown in the PSP to calculate interim dwelling yields.

72 The effect of the adjustments described above is to remove 20.57 ha of land from the available NDAR. This land is spread across the properties 12-R, 14, 15 and 17 as referenced in Appendix 4.1 of the PSP.

73 According to my calculations, the resulting yield would be approximately 3,365 dwellings, with a population outcome ranging from 9,400 persons (at 2.8 persons per dwelling) to 10,500 persons at 3.1 persons per dwelling.

74 In my opinion it is appropriate to apply an average household size of at least 3.1 persons per dwelling, and I therefore proceed on the basis that the total PSP population would be in the order of 10,500 persons when all unencumbered land is developed.

75 When the Phillips Quarry buffer is removed from the southern part of the PSP, the total population would be approximately 11,500 persons, as shown by my calculations in Table 1.

Table 1—Revised PSP dwelling and population outcomes

Source: Revised PSP; Deep End Services

	Average yield (dwells/ha)	Full development		Interim development	
		NDAR (ha)	Dwellings	NDAR (ha)	Dwellings
Within LTC	17	2.4	41	2.4	41
Within walkable catchment	25	45.9	1,148	45.9	1,148
Within LCC	17	0.4	7	0.4	7
Remainder	17	148.1	2,518	127.6	2,169
Total		**196.8**	**3,714**	**176.3**	**3,365**
Population - 2.8 pers/dwell			10,400		9,400
Population - 3.1 pers/dwell			11,500		10,500

76 Under Section 2.3 the Economic Assessment states that:

> *"In general terms, catchments in the order of 10,000 residents are typically sufficient to support a LTC anchored by a full-line supermarket of 3,000m2 or more. However, the ability to support a full-line supermarket or LTC is also influenced by the location of competing centres and the size of catchment populations*." (p24)

77 Although I accept that, on average, a population of 10,000 people might generate demand for a full-line supermarket (consistent with an average demand for around 0.35 sqm of supermarket floorspace per capita), it is important to appreciate that this is an average that applies across the metropolitan area. Each individual store actually serves a much larger catchment population, which can be around 20,000 persons or more (other than in particular locations where supermarkets can serve 'captive markets').

78 The key point, however, is that supermarket catchments almost always overlap significantly with those of nearby stores.

79 If the average provision rate is used to apply to an individual catchment, the implication is that the supermarket within that catchment would capture 100% of the supermarket development opportunity generated by that population base. This of course never happens in practise as people tend to direct their supermarket spending quite widely, as I note below when reviewing the analysis of supportable supermarket floorspace presented in the Economic Assessment.

Town Centre assessment

Competitive context

80 Section 3 of the Economic Assessment reviews the hierarchy of existing and planned centres that will serve future residents of Shenstone Park PSP and presents an assessment of the extent of retail and non-retail commercial floorspace supportable at the proposed centre location.

81 I note that there is a strong focus on assessing the potential size and components of the LTC, with little or no analysis of the prospects for either of the LCCs. I provide further comment on this point later in this section.

82 With respect to the surrounding hierarchy, the Economic Assessment identifies the role of centres in the surrounding region, and properly draws attention to the fact that Patterson Drive LTC and the Koukoura Drive LTC to the north would be key competing centres likely to attract some share of spending by residents within the Shenstone Park PSP.

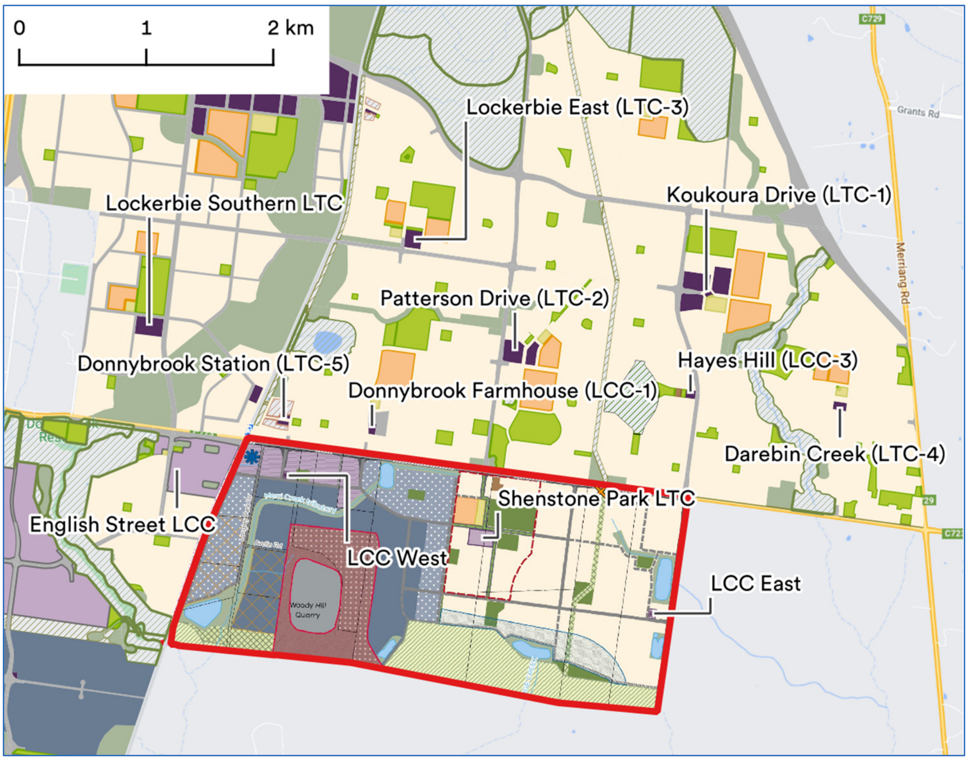
83 The Economic Assessment also identifies the Donnybrook Farmhouse LCC and Hayes Hill LCC as potentially having some competitive relevance.

84 The locations of these and other centres in the immediate area are shown in Figure 6, highlighting the fact that some of these centres are within 1 km of the northern boundary of the Shenstone Park PSP. As I have noted in section 2.4 of this statement, the presence of these supermarket-based centres has implications for

the extent to which centres within Shenstone Park PSP can operate in a self-sufficient manner.

Figure 6—Local centres context

Source: Deep End Services; Google Maps; VPA



Catchment

85 The Economic Assessment adopts the Shenstone Park PSP as an appropriate catchment on which to analyse supportable retail development, having regard to the competing centres to the north and lack of residential land in other directions. I agree with this.

Approach to retail economic analysis

86 Subsequent analysis of retail opportunity has been calculated by using the following approach:

a. The population capacity at full development is estimated based on dwelling yield
b. Expenditure potential from catchment residents at full development is calculated by estimating current average per capita spending levels and projecting forwards with the inclusion of real growth in average spending
c. Supportable supermarket turnover is calculated by estimating the size of the spending market available for supermarkets, estimating the share that could be retained locally, and including sales derived from other sources including incoming spending from beyond the PSP and sales of non-food merchandise
d. Supportable floorspace is then analysed by considering the trading levels that a full-line store of 3,200 sqm would achieve.

87 I generally have concerns about using an expenditure approach as it requires various assumptions to be made about future real growth in spending over long time periods, and often fails to properly consider matters such as growth in average sales required to support a supermarket, and other relevant inputs. Nevertheless, I provide comment on the Ethos Urban approach in the paragraphs below, while also presenting a simplified analysis based on typical average per capita provision rates as a check to these calculations.

Development timeframes

88 The analysis is undertaken on the assumption that full development would occur by 2034.

89 In my opinion this may be optimistic given that the first homes may not be constructed until around 2023 given timeframes associated with completion of the PSP, subdivision applications, and sales and construction periods. For example, this would mean that the average development rate throughout the period 2023 to 2034 would be more than 300 dwellings per year. While this is possible, it is relevant to note that major residential projects within Donnybrook-Woodstock would still be active at the time, while further competition would be from residential releases in Lockerbie to the west and Wollert to the south.

Retail spending estimates

90 Forecasts of retail spending presented in the Economic Assessment are based on the MarketInfo spending propensity model, with application of real growth to forecast spending in 2034.

91 I note that the real growth applied to Food, liquor and groceries (FLG) spending appears to be approximately 0.3% per year. This is likely to underestimate future spending capacity given historic trends, noting that at Deep End Services we subscribe to Deloitte Access Economics which projects real per capita growth of around 1% pa nationally for supermarket retail, specialty food and liquor retail, over the period 2023 to 2030.

92 Based on applying real growth in average spending of 1% per annum to the population outcomes set out in Table 1, I estimate that the total spending capacity on FLG would be approximately $65.8m in the interim development outcome (ie with population of 10,500 persons), increasing to $72.1m if all of the PSP is available for development by that time.

93 These figures are higher than the estimates in the Economic Assessment which range from $55.0m to $60.9m as shown in Table 3.2 on p31 of that report.

Supportable supermarket floorspace

94 The importance of establishing a supermarket presence in order to drive visitation to the centre to support other uses is acknowledged in section 3.4 of the Economic Assessment.

95 This section then presents analysis of likely turnover achieved by a supermarket at Shenstone Park, and concludes that "*a full-line supermarket in the order of 3,200 sqm could be supported within the centre*" (p31).

96 This conclusion is based on an assessment of the share of FLG spending by catchment residents that might be captured by a supermarket at the Shenstone Park LTC, with allowance then added to reflect incoming spending from people living beyond the PSP, and sales associated with non-FLG merchandise.

97 The total achievable supermarket turnover is then compared against an indicative full-line supermarket of 3,200 sqm to derive an average per sqm trading level.

98 Unfortunately, several aspects of this analysis do not reflect the realities of supermarket trading patterns and turnover requirements.

99 For example, the Economic Assessment considers that a supermarket at Shenstone Park would capture 65% of all spending by catchment residents directed to supermarkets.

100 This figure is rarely if ever achieved by single supermarkets, particularly in the metropolitan context where people have a variety of supermarkets at which they might direct their spending, and often undertake shopping trips while on their way to and from work or for other purposes.

101 In the case of Shenstone Park, where I have identified many planned supermarkets in the surrounding area and where there is an opportunity to establish a supermarket of up to 1,800 sqm on land to which the C2Z is applied, a market share of 65% would simply not be attainable. In my experience a market share of 50% would likely be the maximum possible that could be achieved in this location. Even this figure would rely on creating a very successful local shopping and community precinct.

102 The application of lower market shares would obviously have a negative effect on resulting sales levels. However, I also note that the Economic Assessment assumes that 10% of sales would be generated from people not living within the catchment. In my experience this is likely to be an underestimate, for similar reasons as described above – that is, people tend to spread their supermarket shopping quite widely depending on various factors including place of work, location of schools, use of community facilities, and so on. In my experience a higher figure of around 20% would be more appropriate.

103 Finally, the conclusion is made that total sales of between $31.7m and $35.1m, as shown in Table 3.3 of the Economic Assessment, would be sufficient to support a supermarket of 3,200 sqm. The associated average trading level would be $9,910 to $10,970 per sqm.

104 The conclusion is made that "*this is considered to be an acceptable level of trading and would support the development of a LTC in this location*" (p32).

105 In my experience these trading levels are simply too low to generate interest from a full-line supermarket operator; they are significantly below the trading expectations sought by the major operators Coles and Woolworths.

106 For example, according to shopping centre benchmarks published by Macroplan for October 2019 (ie ignoring more recent data that is affected by Covid trading patterns), supermarkets within single supermarket centres achieve average turnover of $14,225/sqm, representing an average turnover per store of $47.5m. This is consistent with my experience that Coles and Woolworths would rarely open a store without an expectation of achieving at least $40m in sales.

107 Given that Coles and Woolworths typically seek like-for-like sales growth of at least 2-3% per year, the average trading level for major stores is likely to grow to approximately $16,500/sqm by 2034 (adjusted for inflation).

108 In this context, it is most unlikely that an operator would seek to establish a new store where the forecast sales performance is less than $10,000/sqm, as this would indicate a store underperforming by around 35-40% compared to the average.

109 I have undertaken my own assessment of likely supportable supermarket floorspace at the Shenstone Park LTC using the same approach as presented in the Economic Assessment but adopting more realistic figures for market share performance, the proportion of sales from beyond the catchment and average turnover performance.

110 My analysis also incorporates the population outcomes set out in Table 1, and applies real growth in FLG spending of 1% per year.

111 According to the calculations shown in the table, a supermarket at Shenstone Park LTC is likely to achieve sales of approximately $32.8m to $36.0m. With the application of an average supermarket trading level of $13,000/sqm in 2034 (representing a 20% discount compared to industry-wide averages at the time), my opinion is that the supermarket opportunity is for a store of approximately 2,500sqm to 2,800 sqm.

112 This analysis shows that it will be difficult to secure a full-line supermarket at the Shenstone Park LTC. This has important implications for maximising development opportunity and employment outcomes, and for planning for retail elsewhere within the PSP, as I expand on in subsequent sections of this statement.

Table 2—Analysis of supportable supermarket floorspace

	Interim development	Full development
Catchment population 2034	10,500	11,500
Average FLG spend per capita 2034	$6,270	$6,270
Total catchment FLG spend 2034	$65.8m	$72.1m
FLG supermarket spend (@ 75%)	$49.4m	$54.1m
FLG supermarket spend captured by LTC supermarket	50%	50%
FLG sales from catchment	$24.7m	$27.0m
% FLG from beyond from beyond	20%	20%
FLG sales from beyond	$6.2m	$6.8m
Total FLG sales	$30.9m	$33.8m
Total turnover including non-FLG merchandise (@ 6%)	$32.8m	$36.0m
Average trading level (≈ 20% discount to average)	$13,000	$13,000
Supportable supermarket floorspace	2,500 sqm	2,800 sqm

113 As a check on the above analysis I have also prepared broad calculations of retail floorspace demand by PSP residents, based on simple average floorspace provision rates.

114 To undertake this analysis, I have applied the following generally agreed average retail floorspace provision rates:

- Total retail provision per capita: 2.3 sqm/cap
- Average supermarket floorspace per capita: 0.35 sqm/cap.

115 Applying these benchmarks to the catchment population shows that the total retail floorspace demand generated by PSP residents would be in the order of 24,000 sqm in the interim development situation, and around 26,500 sqm at full development.

116 Of course, not all of this demand can be met locally. For example, it is usually agreed that retail floorspace at the neighbourhood level (ie equivalent to a LTC) normally accounts for around 20-30% of total floorspace, depending on the characteristics of the surrounding area (including, for example, the ability to attract people into the centre).

117 With a proposed centre of 6,000 sqm, this implies that the LTC would retain around 25% of total retail floorspace demand. In my opinion this is likely to be on the high side, but nevertheless, a centre of around 5,000-6,000 sqm appears appropriate.

118 In terms of supermarket floorspace demand, applying the typical provision rate of 0.35 sqm/cap would generate total demand for around 3,600 sqm of supermarket floorspace in the interim development situation, increasing to around 4,000 sqm at full development.

119 These figures help to substantiate my concern that it will be difficult for a full-line supermarket (of, say, 3,200 sqm) at Shenstone Park to retain such a large share (around 80-90%) of the total supermarket demand generated by residents. This is especially the case given the influence of other larger centres to the north and the possibility that a mid-sized supermarket would be developed within the business precinct where the C2Z is applied.

Accessibility

120 Under section 3.7 the Economic Assessment provides a review against the PSP Guidelines which seek to ensure that 80-90% of residents are within 1km of a supermarket. The results shown in Table 3.5 (p34) indicate that only 57% of households meet this benchmark.

121 I have reviewed this analysis, based on the FUS contained within the Revised PSP, by identifying residential land outside relevant 1km buffers and calculating likely residential yield based on the average of 17 lots per NDAR.

122 According to my assessment shown in Table 3 (and with Figure 7 providing the basis for my analysis), I calculate that around 70% of households would be within 1km of a supermarket.

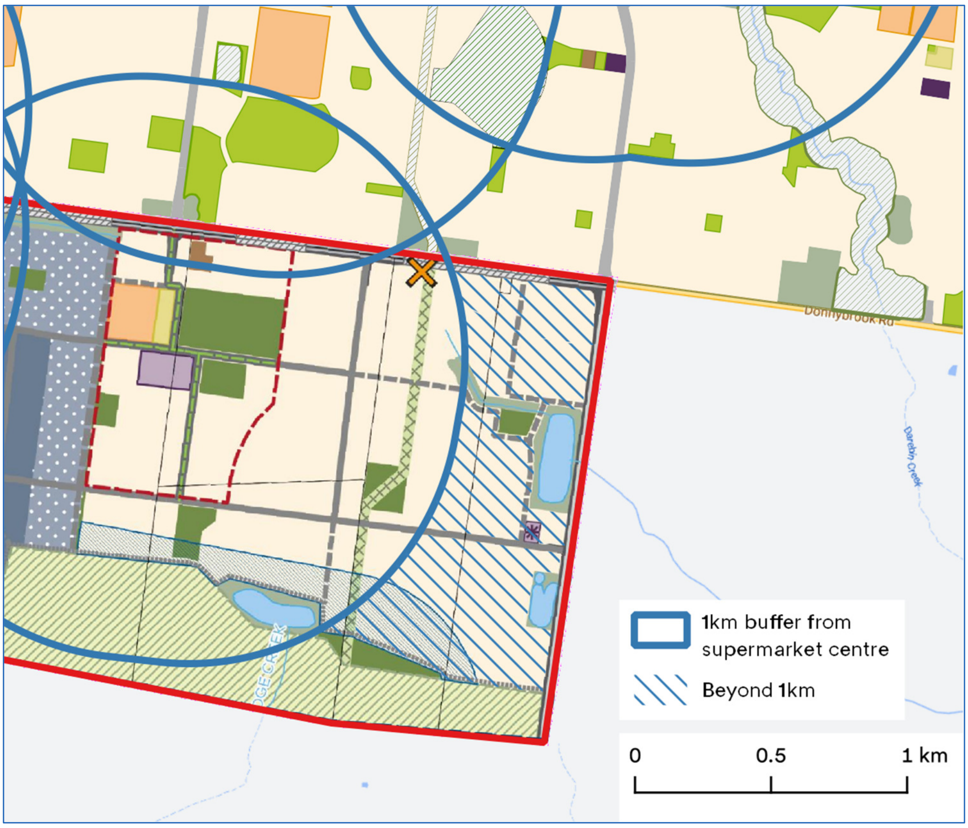
Table 3— Accessibility to supermarket

Source: Deep End Services; refer Figure 7

	Interim	Final
Total households in PSP	3,365	3,714
Within 1km of supermarket	2,400	2,597
Proportion within 1km	**71%**	**70%**

123 I note that the analysis presented in Table 3 assumes that a small supermarket would not be established at the Hayes Hill LCC. If a small supermarket is provided within that centre, the proportion within 1km of a supermarket would increase to 75% as the north-eastern part of the Shenstone Park PSP is within 1km of the Hayes Hill LCC.

Figure 7— Accessibility to supermarket



Potential for a Local Convenience Centre

124 Section 3.8 of the Economic Assessment deals with the potential for LCCs to "*provide day-to-day convenience retailing*" (p34), noting that such centres are "*often planned in locations where accessibility to LTCs is limited*" (p34).

125 This section of the Economic Assessment provides little in the way of independent assessment of the need for a LCC in the eastern part of the PSP. Indeed, the only commentary provided with respect to the LCC East is the following:

> "*The FUS identifies a potential LCCs [sic] in the eastern part of the PSP area, which is considered appropriate as this area does not benefit from the same level of accessibility to LTCs as other parts of the PSP. A LCC containing in the order 1,200m2 of retail/commercial floorspace may be supported in this location*." (p34)

126 It appears that Ethos Urban has simply 'rubber stamped' the inclusion of a LCC by VPA without assessing whether this centre would be justified at this location from an economic perspective, or how it would relate to the role and function of the LTC and contribute to the vision for the PSP as a whole.

127 Table 3.6 (p35) indicates that the LCC East would have 1,000 sqm of speciality retail, but no analysis or commentary is provided to suggest what types of retail businesses might locate within the LCC, or whether a location with the LTC would be more suitable for these uses.

128 With respect to LCC West, the Economic Assessment provides the following:

> "*In addition, the employment area in the western portion of the PSP has the potential to accommodate significant employment when fully developed (refer Chapter 4). Potential may also exist for a small LCC (say, 700m2 of retail/commercial floorspace) to serve these future workers. Based on existing planning in the area, future workers would need to cross Donnybrook Road and visit the Donnybrook Station LTC or the Donnybrook Farmhouse LCC, or visit the Shenstone Park LTC to access basic convenience retailing including food catering*." (p34)

129 According to Table 3.6, the proposed LCC West would contain 500 sqm of retail floorspace. However, there is no discussion about how this centre might co-exist with other retail premises that would be able to be developed within the C2Z that is applied to the Donnybrook Road frontage. There also isn't any reference to the ability under the planning provisions to accommodate a supermarket of up to 1,800 sqm, which is only mentioned later in the report at p41 under the heading 'Small format supermarket'.

Conclusions

130 Based on this review of the Economic Assessment my opinions are as follows:

a. It will be difficult to secure a full-line supermarket at the Shenstone Park LTC given the size of the catchment and the competition from other supermarkets in the area.
b. It appears that the proposed inclusion of LCC East has been to 'fill a gap' in the spatial distribution of shopping facilities, given the lack of analysis to justify its inclusion.
c. Under the Revised PSP, 70% of households would be within 1km of a supermarket, and possibly more if a supermarket were established at Hayes Hill. This is not significantly below the 80-90% benchmark sought by the PSP Guidelines.
d. The Economic Assessment provides no analysis of the viability of the LCC East in its planned location, nor does it consider whether alternative locations are appropriate.

131 Overall, in circumstances where it will be a challenge to secure a full-line supermarket for the Shenstone Park LTC, the establishment of an LCC of 1,000 sqm in the east of the PSP area has potential to adversely affect the ability to create a successful local centre, by drawing away retail business that should be encouraged to be directed to the LTC.

132 More detailed analysis of the opportunity and likely viability of LCC East is provided below.

3.3 Analysis of LCC opportunity

133 Based on my review of the location of the LCC East in the context of the proposed FUS, there is little likelihood that a viable centre of 1,000 sqm of retail floorspace could be established.

134 I come to this conclusion having regard to the following.

The site does not enjoy features common to successful local centres

135 It is often difficult to plan for the successful establishment of LCCs, as they are not anchored by major activity generators and so rely more heavily on appropriate siting in well-frequented locations, or co-location with other activity generators.

136 I have reviewed a range of local centres that have been established in Melbourne's growth areas. Examples of these centres are shown in Figures 8 to 10 over the page.

137 Common features of these centres include:

- Inclusion of a small supermarket (usually IGA branded) as an anchor tenant
- Well-located on major local through roads
- Surrounded by residential development, with catchment extending in all directions
- Close to schools, which generate frequent and regular visitation
- Co-located with a range of other non-retail uses such as medical centre, childcare facilities, community services, churches, etc.

Figure 8—City Vista, Fraser Rise

Notes: under construction; includes IGA; close to secondary school and City Vista sports precinct; on major connector road intersection

Figure 9—Saltwater Pt Cook

Notes: includes IGA; close to major through route; schools, community facilities and church in close proximity

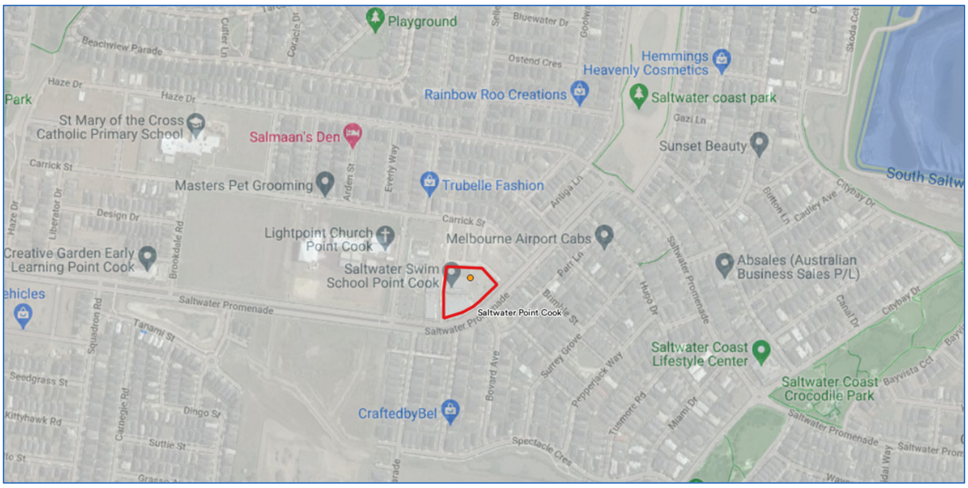


Figure 10—Clarinda Village, Cranbourne West

Notes: close to school, church, community centre, playground & sports fields

138 The proposed LCC East does not share these locational characteristics, as there is no provision for other non-retail uses to be established in the surrounding area. I note that the Exhibited PSP planned for the LCC to be situated close to a small local

open space reserve and drainage reserve. However, passive open space area such as this simply does not generate sufficient visitation to support retail shops.

139 Under the Revised PSP the LCC East has been moved away from the open space reserve, reducing further the potential pedestrian activity that may occur close to the centre.

The catchment is insufficient

140 LCC East is situated at the eastern edge of a PSP that has the UGB as its eastern boundary.

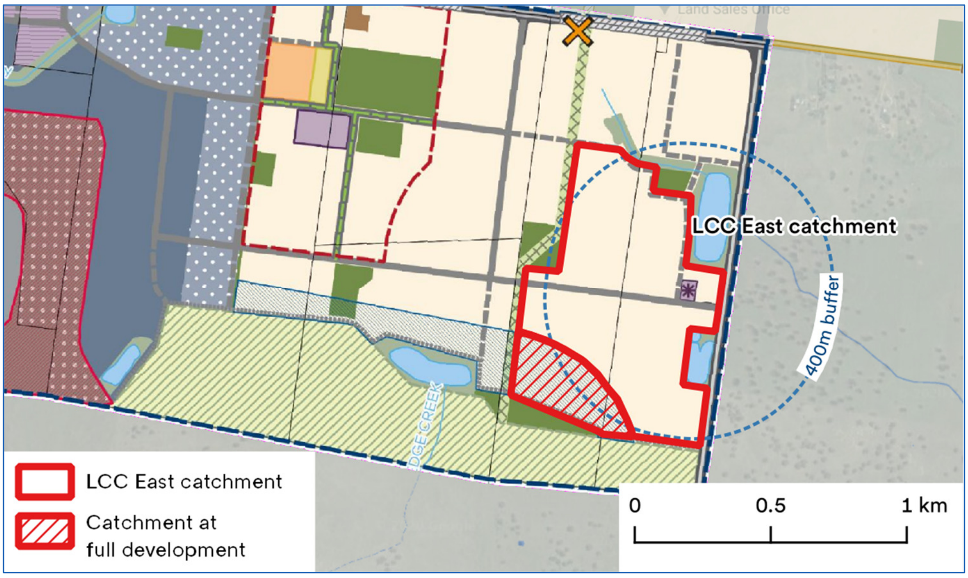
141 The catchment area likely to be served by LCC East is shown in Figure 11, which has been drawn to reflect local barriers such as open space, drainage reserves and the gas easement, and extends around 400m from the site to reflect a walkable catchment area.

142 As highlighted in the figure, the presence of the UGB to the east means that the catchment area is essential one-sided.

143 My analysis of the NDAR within the catchment indicates a total dwelling yield of around 815 within the interim development area, and around 970 at full development.

144 The population outcome within the catchment is likely to be around 2,500 at interim development, increasing to 3,000 at full development.

Figure 11—LCC East catchment



145 In my opinion this catchment population is simply too small to represent an attractive proposition for a retail business.

146 This can be shown, for example, by estimating the total retail demand generated by this population base, and the share likely to be retained at a local centre such as that proposed.

147 Based on average retail floorspace provision of 2.3 sqm/cap, the interim catchment will generate total demand for around 5,800 sqm of retail floorspace.

148 Local convenience centres capture a small fraction of retail demand, usually accounting for around 5% of the total associated with small day-to-day purchases. At this level, the amount of retail floorspace likely to be supported at LCC East is less than 300 sqm in the interim development scenario, and approximately 350 sqm at full development.

149 With such low levels of retail demand, it is difficult to see what types of businesses would be attracted to the centre.

150 The PSP suggests that the centre could be a location for a range of cafés. However, based on the average spending data presented in the Economic Assessment, the prospects for accommodating food dining businesses at LCC East is low.

151 This is illustrated in the analysis in Table 4, which applies average per capita spending data from the Economic Assessment, and estimates supportable floorspace for food dining businesses based on an expectation that they capture 15% of all spending at cafés, restaurants and takeaway food businesses (which is an optimistically high share) then applies an average trading level of $5,000/sqm.

152 The analysis shows that the opportunity for cafés and similar food catering businesses is likely to be no more than around 120-150 sqm, equivalent to just one or possibly two businesses.

Table 4—Food catering floorspace opportunity

Source: Deep End Services; Ethos Urban

	Interim	Full development
Population	2,500	3,000
Average food catering spending 2034 - $/cap	$1,630	$1,630
Total food catering spending	$4.1m	$4.9m
Share captured locally	15%	15%
Sales from catchment	$0.6m	$0.7m
Average trading $/sqm	$5,000	$5,000
Supportable floorspace	120 sqm	145 sqm

Retail development at LCC East would detract from the LTC

153 As I have established in Section 3.2 of this statement, the prospects for securing a full-line supermarket at the LTC are relatively poor.

154 In these circumstances, attention should be focussed on supporting the development of the LTC as a successful local centre that can provide local services and jobs for residents.

155 If retail businesses such as cafés or takeaway food stores, or even a convenience store, were able to be attracted to the LCC East site, this would represent a lost opportunity to secure these businesses for the LTC, thereby helping to generate pedestrian activity and interest within that centre.

156 The prospects to secure viable businesses within the LCC East may be enhanced if some non-retail uses, such as a medical centre or childcare centre, were able to

establish as part of the centre. However, these are exactly the types of businesses that should also be encouraged to locate within the LTC so that a critical mass of activity can be established at that centre.

157 In summary, my opinion is that the prospect of establishing a viable centre of 1,000 sqm at the LCC East site is poor.

158 To the extent that there is interest in establishing uses such as local cafés or a convenience store, these uses should be encouraged to located within the LTC to help establish an active local town centre that delivers jobs and services to residents within the PSP.

3.4 LCC location options

159 I have been instructed to consider whether there are alternative locations at which the LCC East might be more viable.

160 Given that most LCCs rely on a strong local catchment, co-location with other uses, and/or a position close to major through routes, the only locations that are worth considering are as follows.

Koukoura Drive/Donnybrook Road

161 A position close to the intersection of Koukoura Drive and Donnybrook Road would have strong exposure to passing traffic along both of these arterial roads, although I note that a site close to the intersection of two arterial roads would have design challenges in terms of providing easy access for traffic from multiple directions.

162 According to strategic transport modelling by GHD, released on 15 October 2020, two-way daily traffic volumes close to this intersection are forecast to be:

- 15,630 vehicles per day (vpd) along Donnybrook Road
- 16,350 vpd along Koukoura Drive.

163 These relatively strong traffic volumes create potential for a range of business types that seek to serve passing motorists, including service stations with attached convenience store, car wash, convenience food restaurants, and other similar uses.

164 Consequently, my view is that the establishment of a local centre node at this intersection, subject to design challenges, would generate interest from a range of businesses.

165 However, I note that this location would be only approximately 800m to the south of the Hayes Hill LCC within Peppercorn Hill estate. Moreover, the types of uses that would be attracted to this site are similar to those that have been identified as possible uses to be accommodated within the designated ‘business’ land in the western part of Shenstone Hill.

166 I therefore do not support relocating the LCC to this site.

East-west connector/Koukoura Drive

167 A second alternative is to move LCC East further to the east to the intersection with Koukoura Drive

168 According to traffic modelling this road segment has two-way traffic volumes of:

- 8,290 vpd along the east-west connector
- 21,450 vpd along Koukoura Drive.

169 These traffic volumes are relatively strong, and may support this location for establishing a service station and convenience store with pad sites for fast food restaurants.

170 However, this very much depends on the construction of the southern link towards Wollert and Epping. In the interim where only local traffic volumes are relevant, the site would not be an attractive position for a local centre serving a passing trade role.

171 In terms of the actual location of the centre, my preference would be on the south-west corner, as this would by most convenient for people travelling north (homeward-bound) and accessing the centre prior to turning left into Shenstone Park.

172 I understand, however, that this would become a key entry point into the PSP, and the use of this corner for commercial uses such as service station may conflict with preferred design outcomes for this 'gateway' to the community.

173 In summary, there are better locations at which local convenience services can be established, although these depend on securing a position with frontage to road traffic along the arterial roads on the edge of the PSP. The types of uses likely to be attracted to these locations would be more car-dependent, comprising service stations with convenience retail, car wash, fast food and other uses of the type often seen along major arterial roads.

4

Alternative proposed FUSP

174 An alternative proposed FUSP was circulated by a party to the proceeding on 27 October 2020 and forms part of their evidence to be table to the Panel.

175 The alternative FUSP is shown in Figure 12, with the key relevant changes comprising:

- Reduction in buffer distances to the Woody Hill Quarry, with the effect of releasing more land for residential development
- Reduction in buffer distance to Phillips Quarry, with more land available for development during the interim period
- Relocation of the LTC approximately 300m to the south, adjacent to the east-west road which runs past LCC east
- Relocation of the government school, community hub and sports reserve to remain adjacent to the LTC.

176 I note that information circulated as part of the alternative proposed FUSP indicates approximately an additional 28ha of conventional density land, plus an additional 5ha of land within the walkable catchment.

177 The following effects of these changes are relevant to my evidence on activity centre planning:

a. The increase in land area for residential development would lead to a higher population outcome, generating greater spending and providing additional much-needed support for the LTC.
b. My broad analysis of the figures distributed with the proposed FUSP indicates that an additional 600 residential lots could be developed, accommodating an additional 1,800 or so residents.

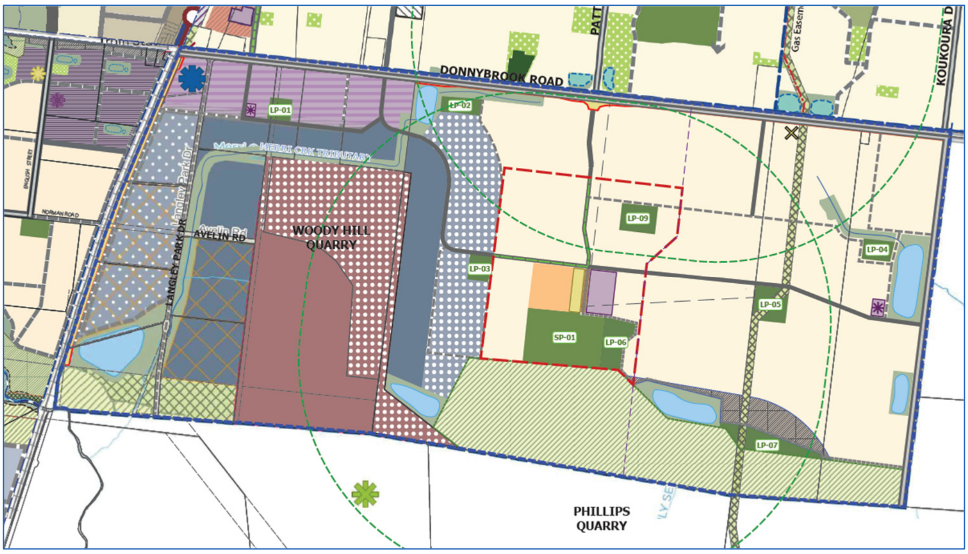
c. The relocation of the LTC to the south and slightly to the east would increase access to supermarkets for PSP residents, with the share within 1km of the LTC increasing from 70% to an estimated 78%, which is close to the PSP Guidelines benchmark. This further reduces the supposed need for LCC East to ensure convenient access to shopping services.

d. The relocated LTC would be adjacent to the east-west road on which LCC East is proposed to be located. The close proximity of these centres would further emphasise potential competitive effects.

178 In summary, if the alternative proposed FUSP were to be adopted, it would strengthen my opinion that LCC East is not required, would be unlikely to be viable and would detract from achieving successful development of the LTC.

Figure 12— Alternative proposed FUSP

Note: circulated to Panel on 27/10/2020



5

Conclusions

179 My opinions on this matter can be summarised as follows:

1. Establishing successful activity centres within the Shenstone Park PSP will be challenging due to a relatively small population base and an 'internalised' position due to the presence of the railway line to the west, non-residential land to the south and the Urban Growth Boundary to the east.
2. These challenges are not given due regard in the Economic Assessment report accompanying the amendment, which does not consider the effect of buffers and is overly optimistic about the ability to retain local spending.
3. My analysis shows that the establishment of a full-line supermarket within the LTC is a marginal proposition given the relatively small catchment population and amount of available retail spending likely to be retained at the centre.
4. In these circumstances the emphasis for activity centre planning should be on supporting the establishment of a successful LTC in order to maximise local employment opportunities and services for the residential population, particularly given the potential competition from shops within the business precinct to the west where the Commercial 2 Zone provisions will apply.
5. The retail opportunity at the LTC would be maximised by removing the potential competition associated with the introduction of 1,000 sqm of retail floorspace at LCC East.
6. The proposed LCC East is unlikely to be viable in any case, given limited passing traffic, a constrained residential catchment due to the presence of the UGB to the east, and lack of co-location with other uses such as education and community facilities.
7. A site near the intersection of Koukoura Drive and Donnybrook Road, or on Koukoura Drive at the intersection of the east-west connector, would have more likelihood of attracting viable uses such as service station with convenience

store, fast food and similar uses. However, other relevant factors include the difficulty in designing a centre near the intersection of two arterial roads, the proximity to Hayes Hill LCC, the expectation of these types of uses within the 'business' land in the western part of the PSP, and the wish to ensure good design at the key gateway entries.

8. The alternative proposed FUSP has some benefits associated with an increased population to support the LTC, and better access to supermarket services, but does not alter my opinion with respect to the need for LCC East.
9. My recommendation is that the PSP should be modified to remove reference to the LCC East within the property at 1150 Donnybrook Road.

180 In arriving at my conclusion, I have made all the inquiries that I believe are desirable and appropriate and no matters of significance which I regard as relevant have, to my knowledge, been withheld from the Panel.

Matthew Lee
Principal, Deep End Services

29 October 2020

Appendix A Curriculum vitae for Matthew Lee

Current Position:	Principal, Deep End Services Pty Ltd April 2012 - current
Previous Positions:	Director, Essential Economics Pty Ltd March 2011 - March 2012 Senior Associate, Essential Economics Pty Ltd January 2004 - March 2011 Senior Economist, Essential Economics Pty Ltd September 1997 - January 2004 Economist, Henshall Hansen Associates May 1995 - September 1997
Academic Qualifications:	Bachelor of Commerce (Economics) University of Melbourne (1994)

Skills / Attributes:

Extensive experience in urban and regional economic assessment, industry sector analysis and property market evaluation throughout Australia. Range of experience includes:

- Market assessments for retail, commercial, industrial and residential property development
- Demand assessments for a wide range of allied uses including childcare centres and retirement villages
- Economic impact assessments to accompany planning applications
- Expert witness representation
- Retail studies and demand evaluation
- Economic input to master plans, structure plans
- Economic analysis for growth area planning and structure plan preparation
- Local and regional economic effects for environmental impact assessments
- Economic assessments for major infrastructure projects.

Professional Experience

Principal, Deep End Services (April 2012 - current)

Matthew joined Deep End Services in April 2012 to assist clients with a common requirement - the need to quantify the effects of the location of their business or property on sales, profitability, growth and income. “DEEP” represents three core service areas:

- Demand Evaluation
- Economics
- Planning

Within each of these three areas, Deep End Services provides consulting advice to retailers, property owners, property developers and others such as financial institutions, infrastructure providers and industry associations. The products offered include:

- Store network planning and sales forecasting
- Acquisition due diligence
- Feasibility analysis
- Economic impact assessment

Deep End’s property clients include:

- Amcor, AMP, Australand, Brookfield Multiplex, Cbus Property, Charter Hall Retail REIT, Federation Centres, Harvey Norman, Home Consortium, ISPT, Lend Lease, MAB Corporation, Macquarie Bank, Mirvac, Orica, Ouson Group, Pellicano, Places Victoria, Stockland, Walker Corporation and Westfield

Deep End’s retail clients include:

- ALDI, About Life, Anaconda, Baby Bunting, Beacon Lighting, City Farmers, Clark Rubber, Coles, Costco, Harris Scarfe, Masters, Noni B Group, Pacific Brands, Pet Barn, Quick Service Restaurant Holdings, Spotlight, The Good Guys, Trade Secret, Urban Purveyor and Woolworths

Deep End’s other clients include:

- ANZ, Crescendo Partners, InterContinental Hotels Group, KPMG, Large Format Retail Association, Medibank Private, Melbourne Racing Club, Newcastle Permanent Building Society and Reading Entertainment

Essential Economics (September 1997 - March 2012)

Matt was employed with Essential Economics from its formation in 1997 until March 2012, where he held senior management roles. During that time, he undertook a wide range of projects across all property types, but with a strong focus on the retail sector.

Matt's project experience includes:

- site feasibility analysis and development evaluation
- market demand analysis
- economic impact studies
- market research
- highest and best use analysis
- input to masterplans and other planning-related studies
- economic impact assessments for major infrastructure projects and environmental impact assessments
- policy advice for state and local governments.

Private sector clients have included property developers and owners such as MAB, Mirvac, Stockland and AMP; and retailers such as Costco, Bunnings and ALDI.

Matt's policy work has been undertaken for a wide range of clients in local government and state government agencies and government authorities. Examples include the Department of Planning and Community Development (VIC), Department of Business and Innovation (VIC), Growth Areas Authority (VIC), Department of Planning and Local Government (SA), VicRoads and Places Victoria. Project experience has included:

- activity centre strategies
- input to growth area structure plans
- input to urban framework plans, masterplans, etc
- economic development strategies
- tourism studies
- economic profiles.