FORMER LILYDALE QUARRY PLANNING SCHEME AMENDMENT

Summary of Retail and Commercial Analysis

Prepared for
HBI LILYDALE PTY LTD
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URBIS

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INTRODUCTION

The 163 hectares former Lilydale Quarry (**the land**) is located to the south of Lilydale, in the Shire of Yarra Ranges (see Figure 1). The southern portion of the land, known as Stage 1, underwent a prior planning approval process for which approval has been issued to facilitate development. The balance of the land (Stage 2 – 143.8 hectares of land) is the subject of a proposed Planning Scheme Amendment (PSA).

The land was purchased from the previous quarry operator (Sibelco) in mid-2017 by HBI Lilydale Pty Ltd, a Joint Venture between Intrapac Property, Brencorp Properties, and Bayport. The Joint Venture is herein referred to as the **Proponent**.

In line with State and local strategic planning policy, it is proposed to amend the Yarra Ranges Planning Scheme to facilitate significant urban renewal of the Stage 2 land. In the coming decades, the combined Stage 1 and 2 land will be home to approximately 8,000 residents in 3,200 homes, community facilities, open space, and a local town centre. This thriving and sustainable neighbourhood will be imbued with walkability and transit-oriented development principles.

In 2016, the Proponent instructed SGS Economics and Planning Pty Ltd (SGS Economics) to undertake a retail and commercial analysis in order to understand the area's potential future retail catchment and determine how much retail and commercial floorspace could be delivered on the land, without detrimentally impacting upon nearby activity centres. The study aimed to test the feasibility and network impact for a range of retail development scenarios. The final report (issued in November 2016) can be found in Appendix A and its findings are summarised in Section 1.

As part of its assessment of initial PSA material, Yarra Ranges Shire Council (Council) instructed Essential Economics Pty Ltd (Essential Economics) to review the SGS Economics assessment and undertake its own retail and commercial assessment. Council sought specific advice on:

- The extent of retail and commercial floorspace that could be accommodated on the land without prejudicing the role the nearby Lilydale and Mooroolbark activity centres perform in the Yarra Ranges Activity Centre Network.
- The preferred location of retail and commercial floorspace on the land, including advice on whether any retail/commercial development on the northern part of the land would constitute an expansion of the Lilydale Activity Centre.

The final report (see Appendix B) was issued to Council in August 2018 and provided to the Proponent in December 2018. A summary of the report findings is provided in Section 2.

Between 2018 and 2020, the Proponent and its consultant team undertook extensive consultation with Council, the Victorian Planning Authority (VPA) and various other Victorian Government agencies in an effort to prepare a high level framework plan and set of planning controls that will guide the development of this long-term urban renewal project. Numerous workshops and meetings have been held, covering topics such as preferred land use arrangements, urban design outcomes, traffic and transport matters, and what infrastructure is necessary to support the future community.

This work has led to the preparation of the proposed Schedule to the Comprehensive Development Zone (CDZ) and Comprehensive Development Plan (CDP), as well as other Yarra Ranges Planning Scheme Ordinance changes and various supporting documents. The proposed approach to retail and commercial floorspace provision (see Section 3) has been informed by the aforementioned retail assessments, as well as the outcomes of consultation undertaken over recent years.

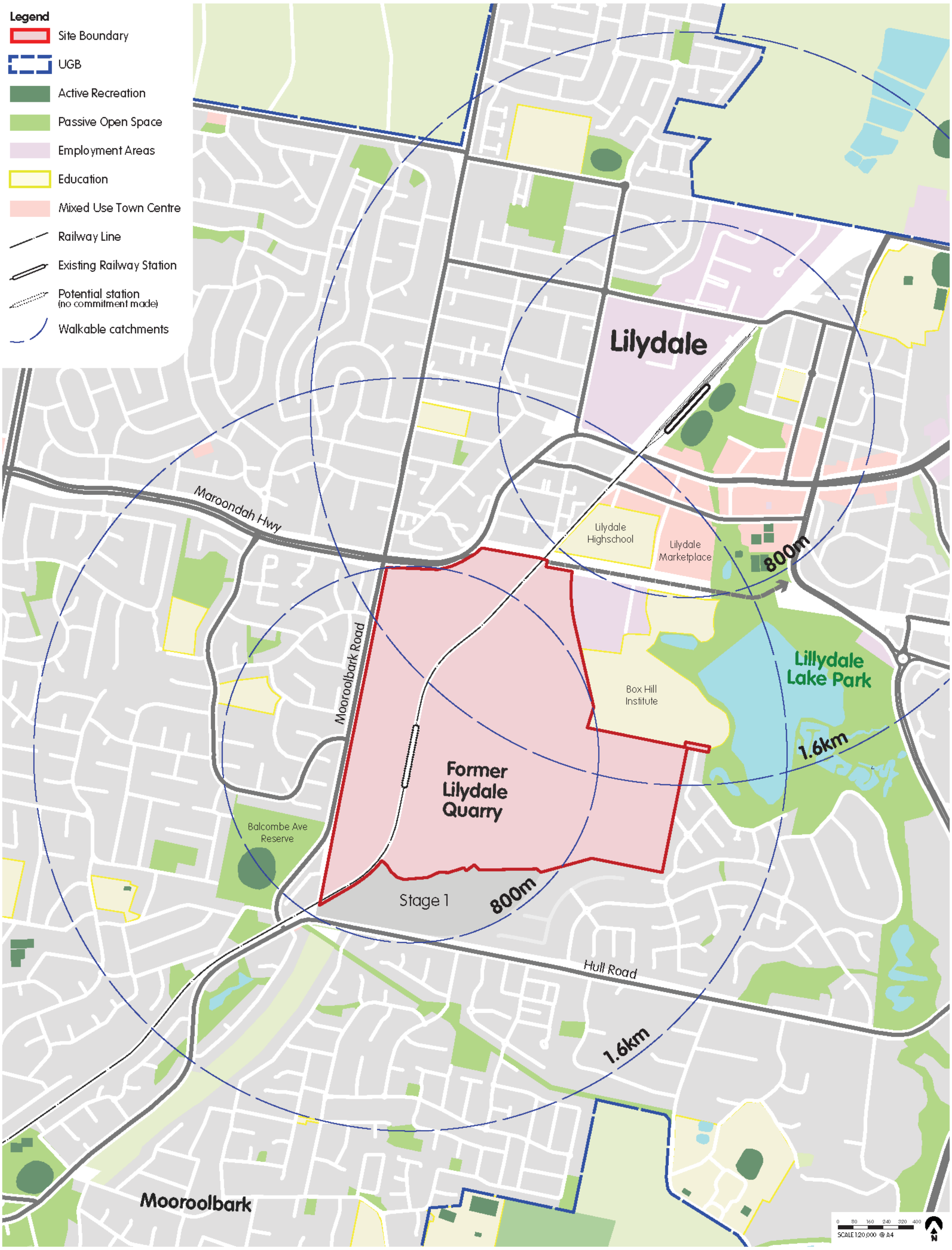

Figure 1: Site location plan

1. SUMMARY OF SGS ECONOMICS ANALYSIS

1.1. PURPOSE

A retail and commercial analysis was undertaken to assess the area's potential future retail catchment and determine how much retail and commercial floorspace could be delivered on the Lilydale Quarry land, without detrimentally impacting upon nearby activity centres.

The assessment aimed to test the feasibility and retail network impact for a range of retail development scenarios delivered on the land:

1. No retail development
2. Small Neighbourhood Activity Centre (NAC) – 2,000 sqm Total Retail Floorspace (TRF)
3. Small NAC with supermarket – 5,000 sqm TRF
4. Medium NAC with two supermarkets – 10,000 sqm TRF.

1.2. METHOD

The method used by SGS Economics to assess the viability of a commercial and retail development on the land followed the structure outlined below:

- Generate current and projected estimates of expenditure by place of origin
- Define centre catchments that are informed by the existing road and activity centre network
- Assess how much floorspace can be supported at the site based only on the aggregate level of expenditure growth and defined catchment
- Assess the impact of a retail development on surrounding centres.

1.3. DATA SOURCES

SGS Economics drew on a variety of data sources to prepare its assessment:

- Victoria in Future (VIF), 2016
- MarketInfo, 2016
- Australian Bureau of Statistics (ABS) Retail Trade series for Victoria, 2016
- Property Council of Australia (PCA) Shopping Centre Database, 2015
- Urbis Retail Averages, 2010
- Various SGS Economics internal datasets.

1.4. CONCLUSIONS

SGS Economics' assessment found that there is scope for the development of a town centre on the land consisting of up to 8,500 sqm supermarket, 12,200 sqm specialty store and 6,600 sqm of hospitality floorspace by the year 2031, while still allowing for additional growth in existing, competing, centres (e.g. Lilydale Town Centre, Lilydale Marketplace).

Based on its studies of comparable development contexts, SGS Economics notes that small and medium NACs typically offer complementary commercial floorspace (e.g. accountants, doctors, dentists, financial services) equivalent to 15-20% of total retail floorspace. This means that the Lilydale Quarry development could support between 4,000 and 5,500 sqm of ancillary office space at 2031.

SGS Economics advised that were the Proponent to pursue a strategy of maximising retail development in line with this supportable floorspace potential, it might consider staging this investment to avoid (modest and temporary) adverse impacts on surrounding centres in the short to medium-term.

With respect to the development scenarios noted in Section 1.1, SGS Economics found that it would be feasible to develop a small NAC with one supermarket initially (in 2021), and then expand to a medium or large NAC in later years, were this to be the preferred vision for the land.

Importantly, SGS Economics caveated its findings, noting that while the relatively high level of floorspace identified is supportable, the optimal provision from a network perspective will require further analysis, considering both travel impacts (based on the introduced road network) and consultation with Council.

SGS Economics' final report is provided at Appendix A.

2. SUMMARY OF ESSENTIAL ECONOMICS ASSESSMENT

2.1. PURPOSE

Essential Economics was engaged by Council to review the SGS Economics analysis and undertake its own assessment. The report considers the context of the land and surrounding area, the activity centre hierarchy, and provides a retail and commercial assessment of the land.

As part of its instructions, Council sought specific advice on:

- The extent of retail and commercial floorspace that could be accommodated on the land without prejudicing the role the nearby Lilydale and Mooroolbark activity centres perform in the Yarra Ranges Activity Centre Network.
- The preferred location of retail and commercial floorspace on the land, including advice on whether any retail/commercial development on the northern part of the land would constitute an expansion of the Lilydale activity centre.

2.2. METHOD

Essential Economics prepared its Retail and Commercial Assessment by applying the following approach:

- Identify the Retail Trade Area (RTA) – primary and secondary trade areas (PTA and STAs)
- Estimate population capacity for the Main Trade Area (MTA) (a combination of the PTA and STAs)
- Estimate retail spending in the trade area
- Undertake a supermarket assessment to determine potential for a full-line supermarket on the land
- Undertake an assessment of speciality retail opportunities that may be available on the land
- Consider commercial floorspace opportunities on the land
- Consider the implications of the development of the land on other centres
- Undertake a review of potential locations for retail activity on the land.

Due to the uncertainty surrounding the eventual development outcomes on the land (*note: this assessment took place in 2018*), Essential Economics' assessment is based on the following population scenarios:

- Low Scenario: 6,500 persons
- Medium Scenario: 7,300 persons
- High Scenario: 9,500 persons.

2.3. DATA SOURCES

Essential Economics drew on a variety of data sources to prepare its assessment:

- MarketInfo, 2018
- ABS, Estimated Resident Population at SA1, 2016
- PCA Shopping Centre Database (date not provided)
- Yarra Ranges Shire Council internal data
- Various Essential Economics internal datasets.

2.4. CONCLUSIONS

Essential Economics found that based on the strategic planning policy context, only the delivery of local or neighbourhood level activity centres should be considered for the land.

It was found that future residents at Lilydale Quarry will have a relatively high level of choice for weekly grocery shopping, including three supermarkets in Lilydale, one in Mooroolbark and three in Chirnside Park. Nevertheless, a neighbourhood centre on the Lilydale Quarry land has the potential to serve a significant population of 14,400 to 17,400 persons, depending on the eventual population outcomes at Lilydale Quarry.

Having regard for the trade area population and spending, and taking into consideration competing centres, potential exits for a full-line supermarket under each of the Section 2.2 population scenarios examined by Essential Economics (low, medium and high population scenario).

Essential Economics found that by attracting a full-line supermarket, a NAC comprising a mix of speciality retail shops and non-retail businesses can be supported. Planning for a neighbourhood centre comprising 5,000 sqm of retail floorspace and up to 1,000 sqm of commercial floorspace is considered a reasonable outcome.

Essential Economics advised Council that attracting a full-line supermarket operator would be essential in order to support the development of a NAC. It noted that the following actions would help to maximise the future NAC's viability:

- Encourage higher-density residential development across the Lilydale Quarry land
- Obtain a level of certainty regarding the future timing of the train station
- Maximise accessibility to the centre by:
  - Locating the centre on the main North-South Connector road that is proposed to run through the land
  - Maximising accessibility across the railway line
  - Maximising accessibility across Mooroolbark Road and Hull Road.

Essential Economics concludes that the development of a neighbourhood centre on the land is not anticipated to have significant adverse impacts on the overall viability of the Yarra Ranges activity centre hierarchy, and this likely positive outcome is reflected in the anticipated overall growth in retail spending in the area that would be available to all centres.

Essential Economics' final report is provided at Appendix B.

3. PROPOSED RETAIL & COMMERCIAL PROVISION

Since the preparation of the SGS Economics and Essential Economics assessments, the Proponent and its consultant team have continued to work with Council, the VPA and various other Victorian Government agencies to refine the overarching development vision for the land and associated PSA documentation (e.g. a new Schedule to the CDZ, CDP and minor Yarra Ranges Planning Scheme ordinance changes).

The vision and associated planning controls for Lilydale Quarry have been drafted to favour a higher density, mixed use environment based around high quality public transport and amenity. A summary of the urban renewal vision for Lilydale Quarry and its precincts is provided in Appendix C. A plan of the Lilydale Quarry precincts is shown in Figure 2.

As outlined below, the proposed approach to retail and commercial floorspace provision has been informed by the aforementioned retail assessments, as well as the outcomes of consultation undertaken over recent years.

3.1. RETAIL FLOORSPACE

- Retail floorspace will be delivered to service the needs of the Lilydale Quarry community and will not detrimentally impact the established Yarra Ranges activity centre hierarchy.
- It is noted that while the SGS Economics analysis indicated the potential for over 20,000 sqm of retail floorspace by 2031, the Proponent has pursued a more conservative approach (akin to the Essential Economics assessment).
- The indicative Lilydale Quarry Stage 2 land budget, which has been prepared to support various infrastructure assessments (e.g. traffic and transport, community facilities, stormwater, etc.), nominates 6,000 sqm of retail floorspace across the development (5,000 sqm in Urban Core and 1,000 sqm in Heritage Village). This corresponds with the advice that Essential Economics provided to Council regarding the desired quantum of floorspace and its most appropriate location.
- Retail use is largely ‘as of right’ in the Urban Core Precinct and the Heritage Village Precinct, meaning that a planning permit is not required to undertake this use. However, the Schedule to the CDZ is drafted with appropriate conditions:
  - Food and drink premises is a ‘permit not required’ use, provided it is located in the Heritage Village or Urban Core precincts and does not include a drive-thru facility. Proposals for food and drink premises that do not meet these conditions will require a planning permit.
  - The Table of Uses includes the following requirements regarding the use of land for a Shop:
    - Must be located within Precincts 2 or 4.
    - The leasable floor area of a shop must not exceed 1,500 square metres.
    - The combined leasable floor area of all shops in Precinct 2 must not exceed 1,000 square metres.
    - The combined leasable floor area of all shops in Precinct 4 must not exceed 5,000 square metres.
  - If these requirements are not met, this use will move to ‘Section 2 – Permit required’, with each proposal to be assessed on its merits. The following clauses support this assessment:
    - Clause 2 of the Schedule (Use of land) requires that an application to use land for a Shop where the combined leasable floor area of all shops exceeds the figure shown in the Table of Uses must be accompanied by a retail economic impact assessment prepared by a suitably qualified professional.
    - Before deciding on an application to use land for Shop floorspace where the combined leasable floor area of all shops exceeds the figure shown in the Table of Uses, the responsible authority must consider, as appropriate:
      - The local catchment and CDP catchment demand for the additional floor area; and
      - The effect on the Lilydale Activity Centre.

  - A restricted retail premise is a permit required use and must be located in the Western Neighbourhood or Urban Core precincts.
  - An adult sex product shop is a prohibited use across all precincts.
- The CDP has also been drafted to include requirements and guidelines associated with retail activity and its appropriate location.

3.2. COMMERCIAL / OFFICE FLOORSPACE

- Office use is a permit not required use in the Urban Core Precinct and the Heritage Village Precinct.
- There is an ambition to provide population serving jobs in the first instance, with destination jobs to follow (depending on the future employment market and attractiveness of the transit oriented development offer provided by the potential future train station).
- It will be important to create a critical mass of activity in the Urban Core and surrounding areas to support a thriving commercial centre in the coming decades.
- A commercial site is proposed at the corner of Maroondah Highway and Mooroolbark Road.
  - Office and shop (including restricted retail premises) are permit required uses in this area to ensure Council continues to have oversight over the proposed use of this area.
  - Design guidelines for development on the commercial site have been included within the CDP to ensure appropriate development outcomes are delivered. These site-specific design guidelines address the following matters:
    - The interface and presentation to Maroondah Highway and Mooroolbark Road
    - Built form aspects and landscaping
    - Pedestrian and vehicular traffic movements, and site access points
    - Techniques to avoid or minimise adverse amenity impacts on nearby residents.
  - This area represents a longer-term development proposition, which will be heavily influenced by the potential future construction of the Lilydale Bypass.

3.3. IMPACT OF THE POTENTIAL LILYDALE BYPASS

- The Lilydale Bypass is a proposed highway standard section of road that will link into Maroondah Highway and act to divert traffic around the Lilydale Activity Centre. The project is in the very early stages of planning.
- The bypass is proposed to run in an east-west alignment, to the immediate north of the Lilydale Quarry land. A portion of land on the northern edge of the Western Neighbourhood is designated for acquisition to facilitate the road’s eventual delivery (in addition to a strip of land abutting Mooroolbark Road to the north-west).
- Although the likelihood and timing of this project is unknown, if this proposal were to eventuate it will create a significant barrier between the Lilydale Quarry land and the Lilydale Activity Centre.
- The Essential Economics assessment noted that the construction of the potential bypass may also influence the retail trade area of the proposed Lilydale Quarry Neighbourhood Activity Centre.
- Therefore, it will be necessary for the Proponent and Council to reassess the role, scale and location of retail and commercial activity on the Lilydale Quarry land if the construction of the bypass is confirmed by the Victorian Government.

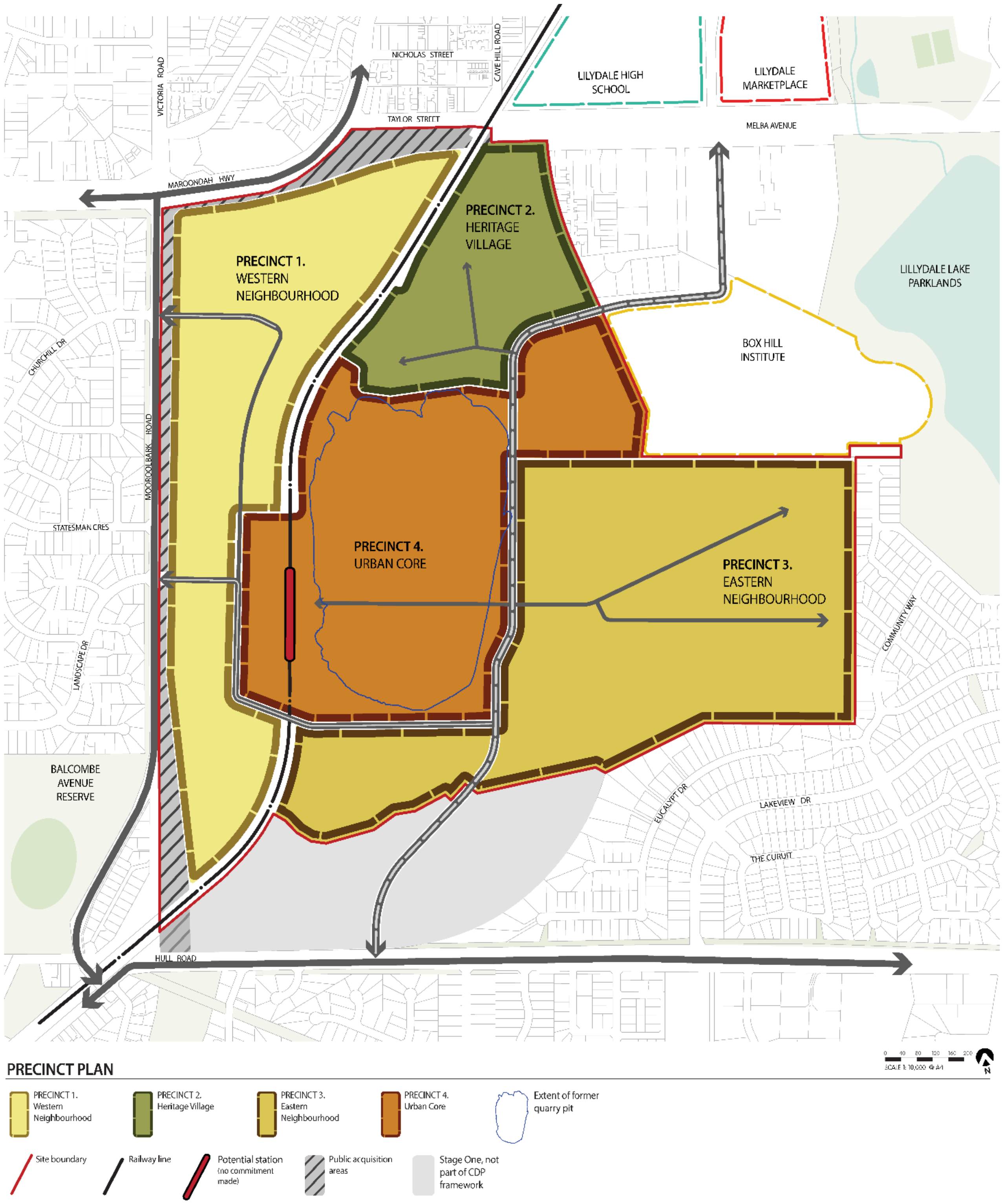

Figure 2: Lilydale Quarry Precinct Plan

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APPENDIX A LILYDALE QUARRY RETAIL AND COMMERCIAL ANALYSIS (SGS ECONOMICS & PLANNING)

Lilydale Quarry Retail and Commercial Analysis

Final Report

Intrapac

November 2016

1991–2016 25 years of Independent insight.

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1 INTRODUCTION

1.1 Purpose

The Lilydale Quarry, located approximately a kilometre South West of Lilydale Town Centre, is now at the end of its operational phase.

In 2013, Sibelco, the owner of the quarry, commissioned Places Victoria to undertake a planning and commercial due diligence process on its behalf. This resulted in a 'preferred' vision for the site based on a mixed use development featuring significant medium density housing.

Intrapac has since acquired the development rights to the site and is performing its own scoping and planning studies to determine an optimal land use and built form mix.

Being surrounded by existing residential development, the site merits an investigation of its suitability to host a retail centre. This study aims to test the feasibility and network impact for a range of retail development scenarios. The scenarios under consideration are presented in Table 1.

TABLE 1. DEVELOPMENT SCENARIOS

Scenario	Supermarket Floorspace (sqm)	Specialty Store Floorspace (sqm)	Hospitality Floorspace (sqm)	Total Retail Floorspace (sqm)
No Retail Development	0	0	0	0
Small NAC	0	1,400	600	2,000
Small NAC with supermarket	2,500	1,750	750	5,000
Medium NAC with two supermarkets	5,000	3,500	1,500	10,000

Source: SGS Economics and Planning, 2016

1.2 Method

The method used to assess the viability of a commercial and retail development at the Lilydale Quarry site follows the structure outlined below.

- Generate current and projected estimates of expenditure by place of origin
- Define centre catchments which are informed by the existing road and activity centre network
- Assess how much floorspace can be supported at the site based only on the aggregate level of expenditure growth and defined catchment
- Assess the impact of a retail development on surrounding centres. This is significant because the new centre will, in reality, capture existing demand as well as growth in some areas.

2 DEMAND ANALYSIS

2.1 Population Forecast

State Government forecasts (VIF 2016) predict a population growth of 19,000 in Yarra Ranges to 2031. Assuming a development of 2500 dwellings at Lilydale Quarry, which primarily attracts residents from growth areas across Melbourne, a population of 7,000 is forecast at the site.

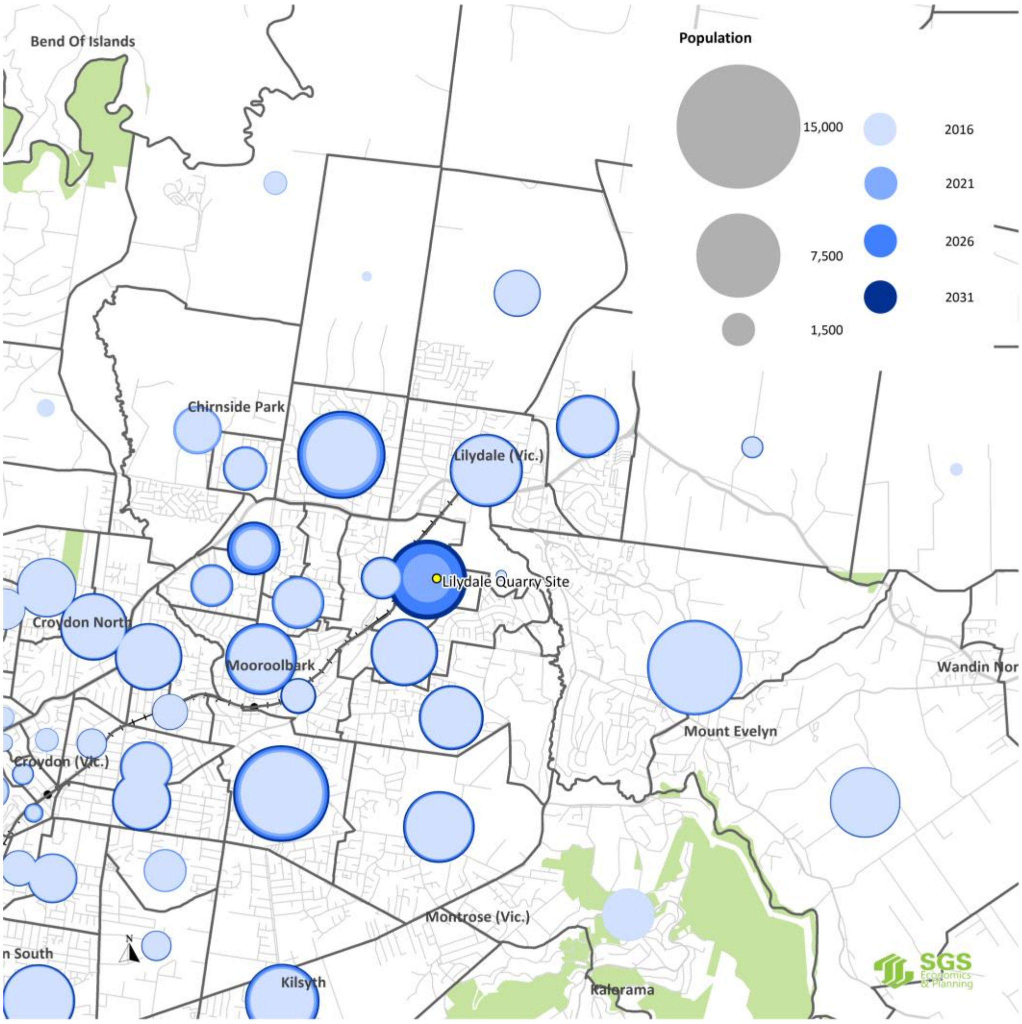
Table 2 summarises this information, while Figure 1 presents the distribution of population growth across the region.

TABLE 2. ESTIMATED RESIDENT POPULATION

	2016	2021	2026	2031
Yarra Ranges (Final)	150,300	158,800	169,700	177,000
Lilydale Quarry	-	2,800	5,600	7,000

Source: SGS Economics and Planning and VIF2016, 2016

FIGURE 1. POPULATION GROWTH



Source: SGS Economics and Planning and VIF2016, 2016

2.2 Retail Expenditure

Total retail expenditure is forecast using estimates of the profile of household spending. The primary source of this is the MarketInfo estimates of spend per person on different commodity types across different geographic areas. This information is derived by MarketInfo from the ABS Household Expenditure Survey, which provides information on the market activities of households, and is based on demographic characteristics.

The profiles prepared by MarketInfo are provided in a per capita format, by nine commodity categories (e.g. food and groceries, bottleshop, clothing and shoes etc.). The commodity types are then grouped into five broad store types based on standard SGS distributions. For example, the 'food and groceries' category is split into 'supermarkets' and 'specialty stores' at a 3:1 ratio to enable estimates of different floorspace types. An adjustment for online expenditure is also applied.

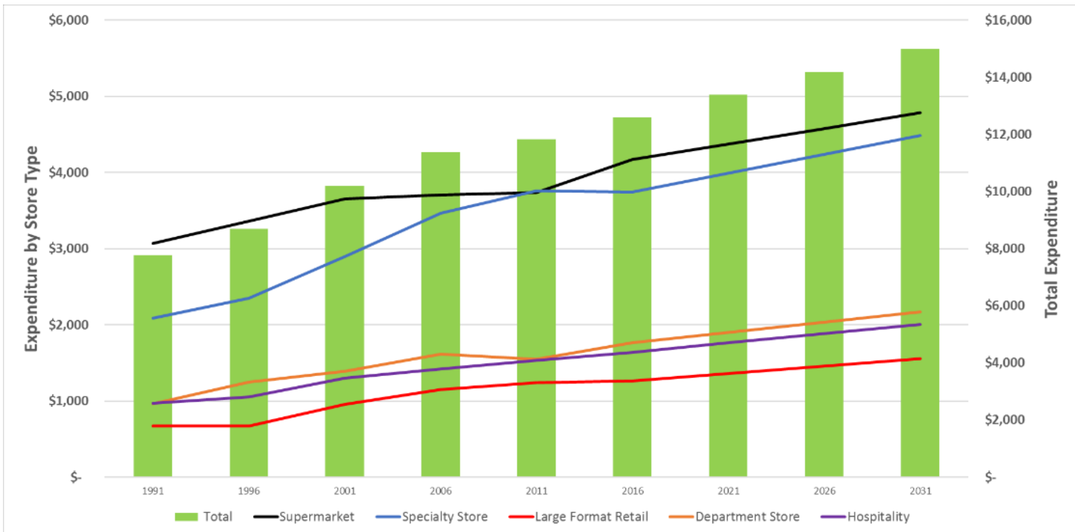
MarketInfo is regarded as an industry standard. It is reported at the Statistical Area 1 (SA1) level to enable fine-grained estimates for retail expenditure forecasting.

These small area expenditure estimates are projected forward to 2036 using data from the ABS Retail Trade series for Victoria. The Retail Trade series provides data on historical growth of real consumption by commodity category. These rates of growth are used to forecast change in real expenditure (i.e. excluding inflation).

Figure 2 illustrates the projected growth in per capita expenditure to 2031. It shows that expenditure at specialty stores is expected to increase at a greater rate than other store types. The rate of increase of spending on bulky goods ('restricted retail') is conversely expected to slow.

These per capita forecasts are then used to calculate forecasts of total resident expenditure using the small area population forecasts shown in Figure 1.

FIGURE 2. PROJECTED GROWTH IN PER CAPITA EXPENDITURE, 1991-2036



Source: SGS Economics and Planning analysis drawing on several datasets

3 RETAIL SUPPLY

3.1 Existing Supply and Centre Catchments

While a comprehensive floorspace audit was not undertaken, Table 3 summarises the existing supermarket network in study area. Floorspace estimates were sourced from the PCA Shopping Centre Database where possible, while GIS analysis of building footprints was used for the remainder.

TABLE 3. SUPERMARKET NETOWORK

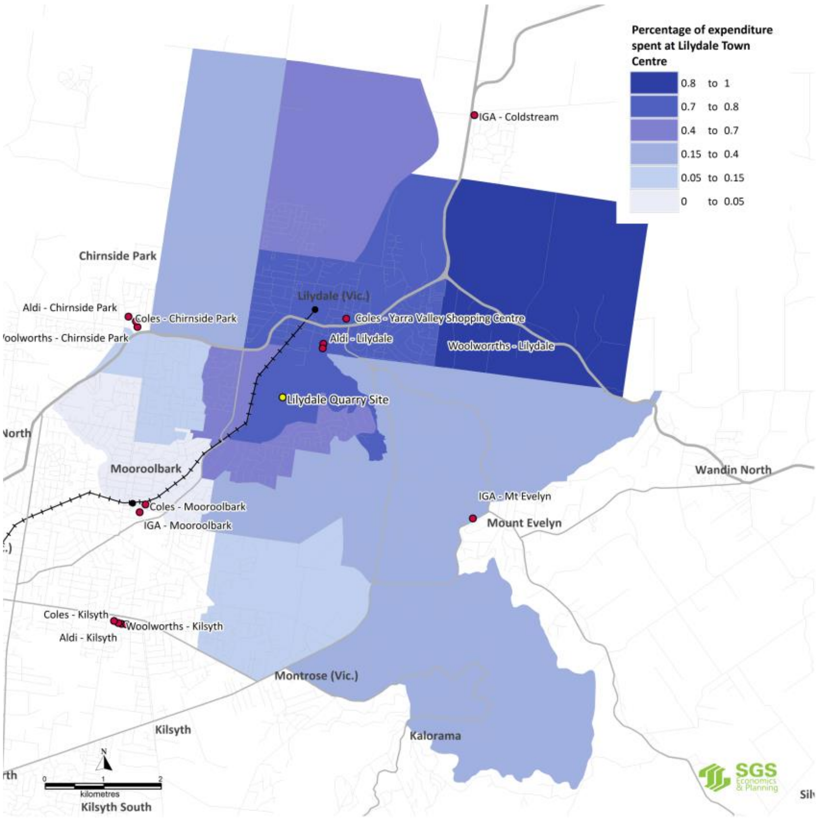
Supermarket	Centre	Floorspace Estimate (m^2)	Source
Woolworths - Lilydale	Lilydale Town Centre	3,442	PCA
Aldi - Lilydale	Lilydale Town Centre	1,675	SGS
IGA - Coldstream	Coldstream	1,543	SGS
Coles - Yarra Valley Shopping Centre	Lilydale Town Centre	1,983	SGS
Woolworths - Chirnside Park	Chirnside Park	4,180	PCA
Coles - Chirnside Park	Chirnside Park	3,290	PCA
Aldi - Chirnside Park	Chirnside Park	1,370	PCA
Coles - Mooroolbark	Mooroolbark	3,024	SGS
IGA - Mooroolbark	Mooroolbark	2,421	PCA
IGA - Mt Evelyn	Mt. Evelyn	1,585	SGS
Woolworths - Kilsyth	Kilsyth	1,818	SGS
Aldi - Kilsyth	Kilsyth	859	SGS
Coles - Kilsyth	Kilsyth	2,027	SGS
NQR - Kilsyth	Kilsyth	562	SGS

Source: PCA Shopping Centre Database and SGS Economics and Planning, 2016

The ability of a centre to attract expenditure will be a function of several variables which include, but are not limited to, size, scale of retail offerings and diversity of non-retail services. Considering these, the figures below present the estimated catchments for the three largest centres; Lilydale Town Centre (Figure 3), Chirnside Park (Figure 4) and Mooroolbark Shopping Centre (Figure 5).

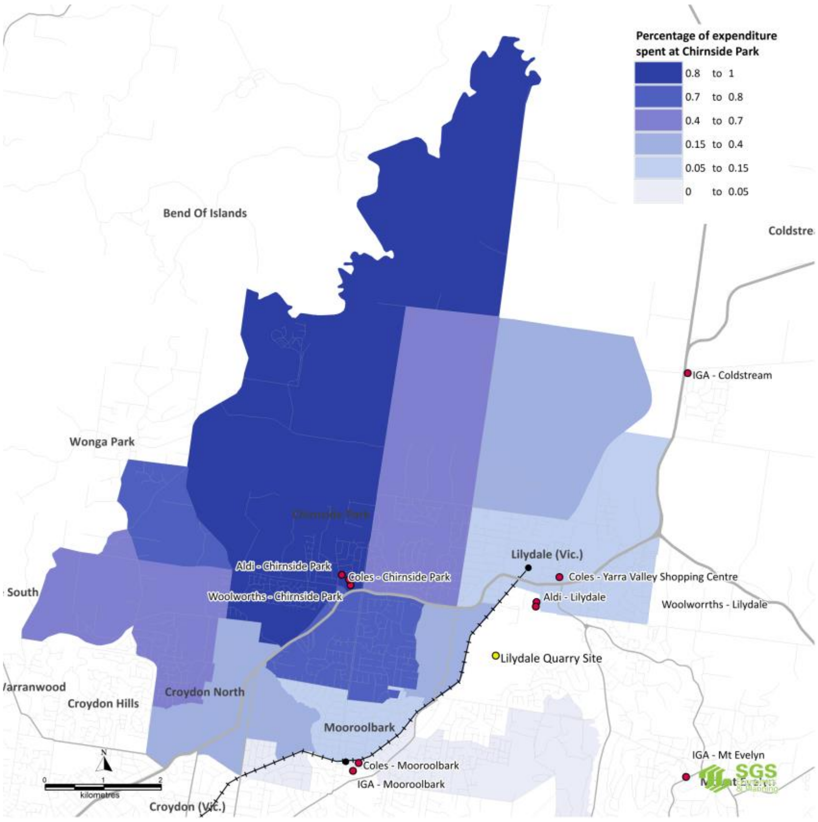
The catchment of the proposed development will also depend upon the size and diversity of retail offering. Figure 6 and Figure 7 show the likely catchments of ether a small or a large neighbourhood centre located at Lilydale Quarry. These will be particularly relevant when assessing the impact of a centre upon the existing network.

FIGURE 3. LILYDALE TOWN CENTRE CATCHMENT



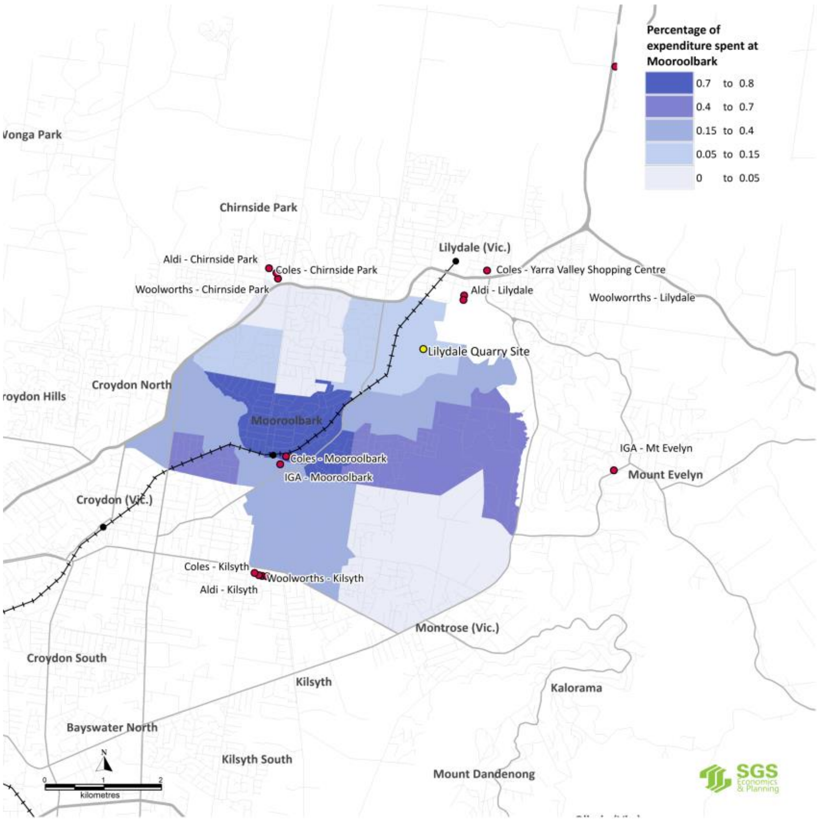
Source: SGS Economics and Planning, 2016

FIGURE 4. CHIRNSIDE PARK CENTRE CATCHMENT



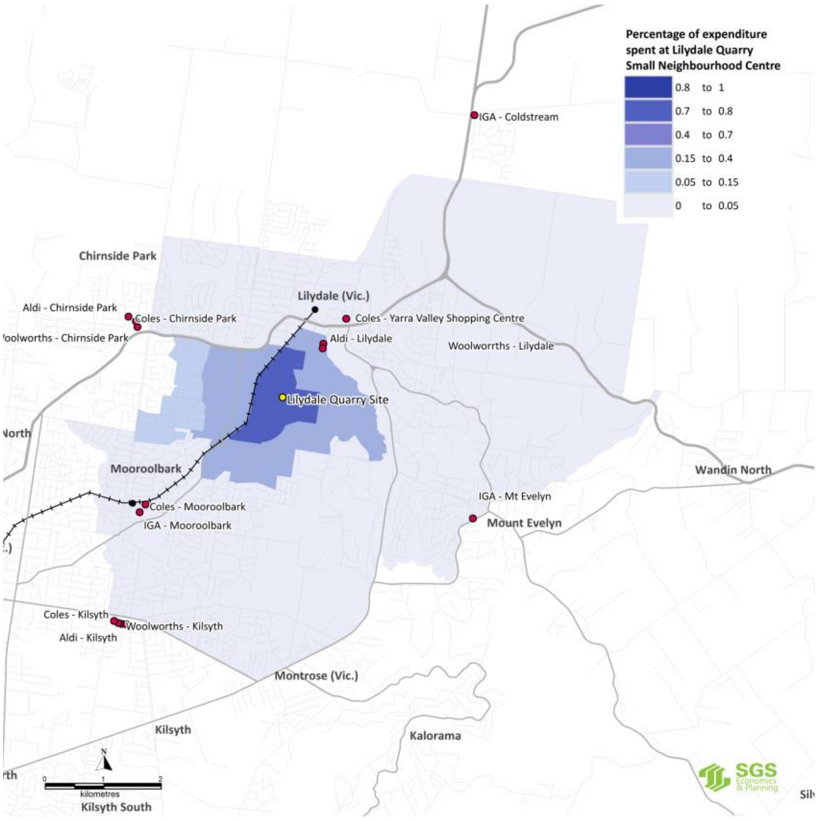
Source: SGS Economics and Planning, 2016

FIGURE 5. MOOROOLBARK CENTRE CATCHMENT



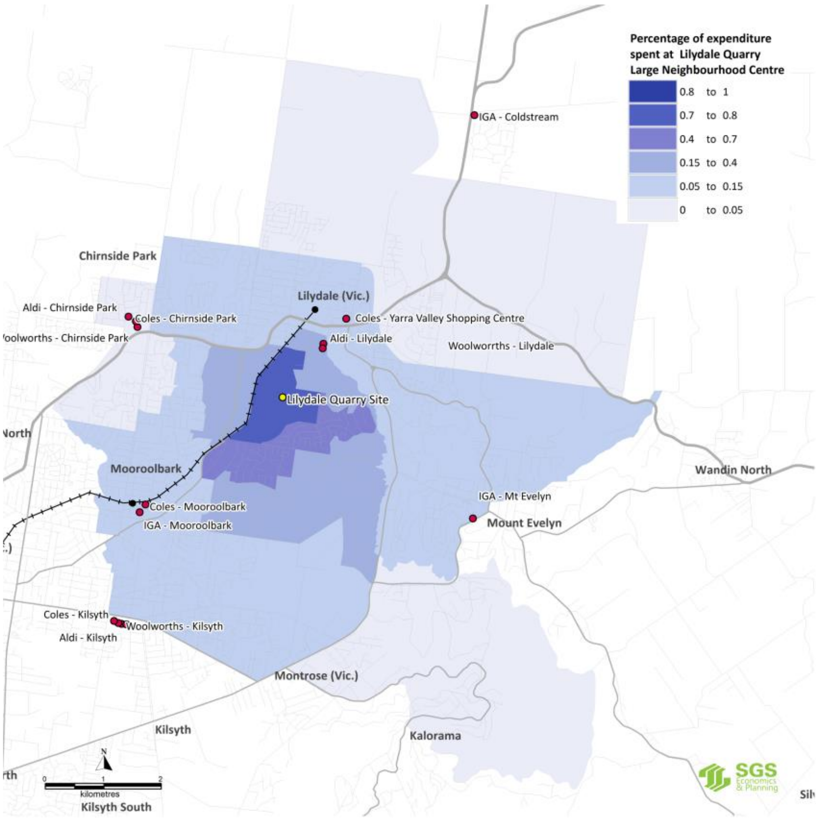
Source: SGS Economics and Planning, 2016

FIGURE 6. LILYDALE QUARRY CATCHMENT – SMALL NEIGHBOURHOOD CENTRE



Source: SGS Economics and Planning, 2016

FIGURE 7. LILYDALE QUARRY CATCHMENT – LARGE NEIGHBOURHOOD CENTRE



Source: SGS Economics and Planning, 2016

3.2 Centre Performance

Retail Turnover Density (RTD) is a commonly used index in retail economics. It represents the total turnover of the shop divided by the floorspace area of the shop. The index enables a consistent comparison of a shop/centres 'performance', similar to a housing density measure.

However, RTDs do (and should) vary significantly for a range of reasons by location and store type. This is due largely to varying levels of competition, cost inputs and local market preferences. The following chart presents some RTD averages to provide guidance as to how they vary for different segments of the market and spatially. As can be seen, Supermarkets typically perform around $9-12,000 per square metre. Overall Centre RTDs can vary significantly based on the store mix.

FIGURE 8. RETAIL TURNOVER DENSITY AVERAGES FOR DIFFERENCE CENTRE TYPES

Source: Retail Averages - Urbis (2010)

In the absence of detailed floorspace and turnover data, the RTDs relevant to this study were informed by the overall performance of the major centres. Table 4 presents the performance, as measured by RTD, for several centres across Melbourne. This shows that the two primary centres in the region, Chirnside Park and Stockland Lilydale, perform relatively well, with higher turnover densities than large centres such as Westfield Fountain Gate.

TABLE 4. CENTRE RTD RANGES

Centre	Measurement Date	Floorspace (m^2)	Turnover ($)	Centre RTD
Westfield Fountain Gate	2015	148,566	$918,200,000	$6,180
Westfield Doncaster	2015	112,000	$887,900,000	$7,928
Eastland Shopping Centre	2015	63,685	$407,000,000	$6,391
Chirnside Park Shopping Centre	2015	33,464	$254,700,000	$7,611
Stockland Lilydale	2013	8,032	$60,600,000	$7,545

Source: PCA Shopping Centre Database, 2015

Using the overall centre performance as an indicator, the RTDs presented in Table 5 were chosen to represent the retail system in the study area. Since supermarket floorspace within each centre is known, this additional information can be used to calculate an 'implied RTD' by combining floorspace with the estimated expenditure captured by each centre (based on catchment definitions described above).

TABLE 5. ESTIMATED RTD BY CENTRE (2016)

	Supermarket	Specialty Store	Department Store	Large Format Retail	Hospitality
Lilydale Town Centre	$13,979	$6,700	$4,500	$3,000	$5,800
Chirnside Park	$13,387	$6,700	$4,500	$3,000	$5,800
Mooroolbark	$14,182	$6,700	$4,500	$3,000	$5,800
Lilydale Quarry	$12,000	$6,700	$4,500	$3,000	$5,800

Source: SGS Economics and Planning Pty Ltd, MarketInfo data

The high supermarket RTDs across the three large existing centres reflects the size of each centre and the catchment of demand that they can reach with relatively little competition.

4 IMPACT ANALYSIS

This section examines the level of floorspace that can be supported at the Lilydale quarry site, and the estimated impact that a retail development will have upon the surrounding retail network.

4.1 Additional Demand

As the Lilydale quarry site will accommodate significant residential development, an important quantity to measure is the amount of floorspace that can be supported by the new residents alone.

Using the RTD assumptions outlined in the previous section, Table 6 shows that a centre of up to 3,000 sqm, consisting of a small supermarket, can be supported in 2021. By 2031, the population within the site should have expanded sufficiently to support an additional full line supermarket as well as increased specialty and hospitality floorspace.

TABLE 6. FLOORSPACE SUPPORTABLE BY LILYDALE QUARRY RESIDENTS ONLY

	2021	2026	2031
Lilydale Quarry Population Growth from 2016	2,800	5,600	7,000
Supportable Supermarket Floorspace (m^2)	1,300	2,600	3,400
Supportable Specialty Floorspace (m^2)	1,700	3,700	4,900
Supportable Hospitality Floorspace (m^2)	900	2,000	2,600

Source: SGS Economics and Planning and MarketInfo, 2016

4.2 Network Impacts

Despite there being sufficient aggregate growth in demand to accommodate a retail development, it is likely that the new centre will draw customers who currently shop at existing centres. If this is concentrated too heavily upon a key catchment of an existing centre, it may cause that centre to experience a deleterious downturn in trade.

To assess this network impact, the trade levels of the three centres closest to the Lilydale quarry are considered. That is, Lilydale Marketplace, Chirnside Park and Mooroolbark Shopping Centre. Additionally, two scenarios are considered with respect to the 'attractiveness' of the new centre. The first, assumes that the development has an attractiveness consistent with a small neighbourhood centre (2,000 – 5,000 m^2 of retail), while the second assumes the profile of a large neighbourhood centre (10,000 – 20,000 m^2 of retail). These are shown above in Figure 6 and Figure 7 respectively.

The impact analysis presented below is predicated on two key assumptions:

- The supportable supermarket floorspace within existing centres is based on their current levels of trade (i.e. expenditure capture divided by current RTD). The supportable floorspace for the remaining categories represents the maximum quantity of floorspace that could support the assumed RTDs.
- Development of a retail centre at the Lilydale quarry site will induce a slightly higher level of regional self-containment (i.e. less expenditure flows to centres outside the study area).

The results of the impact analysis are presented in Table 7 and Table 8 below. They indicate that there is market scope to develop a large neighbourhood centre by 2031, which contains at least two full line supermarkets as well as 12,000m^2 and 6,500m^2 of specialty and hospitality floorspace respectively.

However, the rapid introduction of a large neighbourhood centre, which draws expenditure from a relatively large catchment, will have a negative impact[1] upon Lilydale Town Centre and Mooroolbark Shopping Centre. This can be avoided by restricting development to a small neighbourhood centre until 2026.

TABLE 7. SUPPORTABLE FLOORSPACE – SMALL NEIGHBOURHOOD CENTRE

Centre	Store Type	2016	2021	2026	2031
Lilydale Town Centre	Supermarket	7,100	7,100	8,100	9,100
	Specialty Store	11,000	11,200	13,200	15,100
	Hospitality	6,000	6,200	7,300	8,300
Chirnside Park	Supermarket	8,800	9,900	11,400	12,700
	Specialty Store	14,200	16,300	19,200	21,700
	Hospitality	8,000	9,100	10,800	12,200
Mooroolbark Shopping Centre	Supermarket	5,400	5,500	6,200	7,000
	Specialty Store	8,800	9,100	10,600	12,200
	Hospitality	4,900	5,000	5,900	6,700
Lilydale Quarry	Supermarket	-	3,300	4,700	5,600
	Specialty Store	-	4,600	6,600	8,100
	Hospitality	-	2,500	3,600	4,400

Source: SGS Economics and Planning, 2016

TABLE 8. SUPPORTABLE FLOORSPACE – LARGE NEIGHBOURHOOD CENTRE

Centre	Store Type	2016	2021	2026	2031
Lilydale Town Centre	Supermarket	7,100	6,200	7,200	8,100
	Specialty Store	11,000	9,800	11,600	13,300
	Hospitality	6,000	5,400	6,400	7,300
Chirnside Park	Supermarket	8,800	9,600	11,100	12,300
	Specialty Store	14,200	15,800	18,600	21,000
	Hospitality	8,000	8,800	10,400	11,800
Mooroolbark Shopping Centre	Supermarket	5,400	4,700	5,400	6,100
	Specialty Store	8,800	7,900	9,200	10,600
	Hospitality	4,900	4,400	5,100	5,900
Lilydale Quarry	Supermarket	-	5,600	7,200	8,500
	Specialty Store	-	7,700	10,200	12,200
	Hospitality	-	4,200	5,500	6,600

Source: SGS Economics and Planning, 2016

4.3 Commercial Floorspace

Based on SGS's studies of comparable development contexts, small and medium NACs typically offer complementary commercial floorspace (accountants, doctors, dentists, financial services) equivalent to 15-20% of total retail floorspace. This means that the Lilydale Quarry development could support between 4,000 and 5,500 m^2 of ancillary office space at 2031.

[1] As noted this 'negative impact' is judged against the test that all supermarkets maintain their current RTDs, even if these are relatively high by industry standards. The adversely affected centres may well be able to absorb the competitive impact of retail development on the Quarry land without RTDs falling to levels which would endanger viability.

5 CONCLUSIONS

This report has found that there is scope for the development of a centre consisting of up to 8,500m^2 supermarket, 12,200m^2 specialty store and 6,600m^2 hospitality floorspace at 2031, while still allowing for additional growth in existing, competing, centres.

Were Intrapac to pursue a strategy of maximising retail development in line with this supportable floorspace potential, it might consider staging this investment to avoid (modest and temporary) adverse impacts on surrounding centres.

With respect to the development scenarios considered in Table 1, it would be feasible to develop a small NAC with one supermarket initially (2021), and then expand to a medium or large NAC, were this to be the preferred vision for the Quarry land.

While this relatively high level of floorspace is supportable, the optimal provision from a network perspective will require further analysis, considering both travel impacts (based on the introduced road network) and consultation with council.

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SGS Economics & Planning

APPENDIX B CAVE HILL, LILYDALE QUARRY: RETAIL AND COMMERCIAL ASSESSMENT (ESSENTIAL ECONOMICS)

ESSENTIAL ECONOMICS

Cave Hill, Lilydale Quarry

Retail and Commercial Assessment

Prepared for

Yarra Ranges Shire

By

Essential Economics Pty Ltd

August 2018

Authorship

Report stage	Author	Date	Review	Date
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Contents

INTRODUCTION

Background

The former Lilydale Quarry, now referred to as 'Cave Hill', is owned and being developed by Intrapac. Intrapac are in the process of preparing a masterplan for the site which includes elements of retail and commercial development, along with residential and other uses. The extent of proposed retail and commercial floorspace at the site has been supported by an assessment undertaken by SGS Economics and Planning (SGS).

The status of the masterplan prepared by Intrapac is currently unknown, as State Government agencies are currently reviewing the plan. Changes to the plan are anticipated, including the potential location of a new train station.

In the meantime, Yarra Ranges Shire are seeking advice in relation to the extent of retail and commercial floorspace that could be accommodated on the site without prejudicing the role the nearby Lilydale and Mooroolbark activity centres perform in the Yarra Ranges Activity Centre Network.

In addition, Council are seeking advice on the preferred location of retail and commercial floorspace at Cave Hill, including advice on whether any retail/commercial development on the northern part of the site would constitute an expansion of the Lilydale activity centre.

This report provides an assessment of the retail and commercial opportunities at Cave Hill, and identifies the preferred location of such development within the site.

This Report

This report contains the following chapters:

1 Context Analysis

2 Activity Centre Hierarchy Considerations

3 Retail and Commercial Assessment

4 Conclusions.

1 CONTEXT ANALYSIS

This Chapter provides an overview of the context within which future retail and commercial development at Cave Hill would be situated, including its locational context and strategic planning context.

1.1 Lilydale Quarry – Cave Hill Development Site

Cave Hill is located to the immediate south of the Lilydale Activity Centre and is approximately 167ha in size.

The site consists of a quarry which was in operation for approximately 135 years, with quarrying now ceased. Until recently, the site was owned by Sibelco who, in conjunction with Places Victoria, prepared a masterplan for the site which identified the future opportunity of the site for urban development.

In 2016, Intrapac purchased the site from Sibelco and are in the process of preparing further plans for the site. The latest development plan provided to Yarra Ranges Shire is shown in Figure 1.1 and includes the following:

- Medium and conventional density housing.
- A heritage village that centres around the former limestone processing precinct which is of historical significance. The heritage village may contain a mix of uses, including community, tourism and retail uses.
- A major north-south ‘boulevard road’ connecting Hull Road in the south to Melba Avenue in the north.
- A proposed train station located central to the site and the railway line which dissects the site. Three internal connector roads provide connectivity between the eastern and western parts of site.
- Transport-orientated development and ‘mixed use commercial’ around the planned station, mainly on the eastern side. This precinct may include local retail, commercial and community uses.

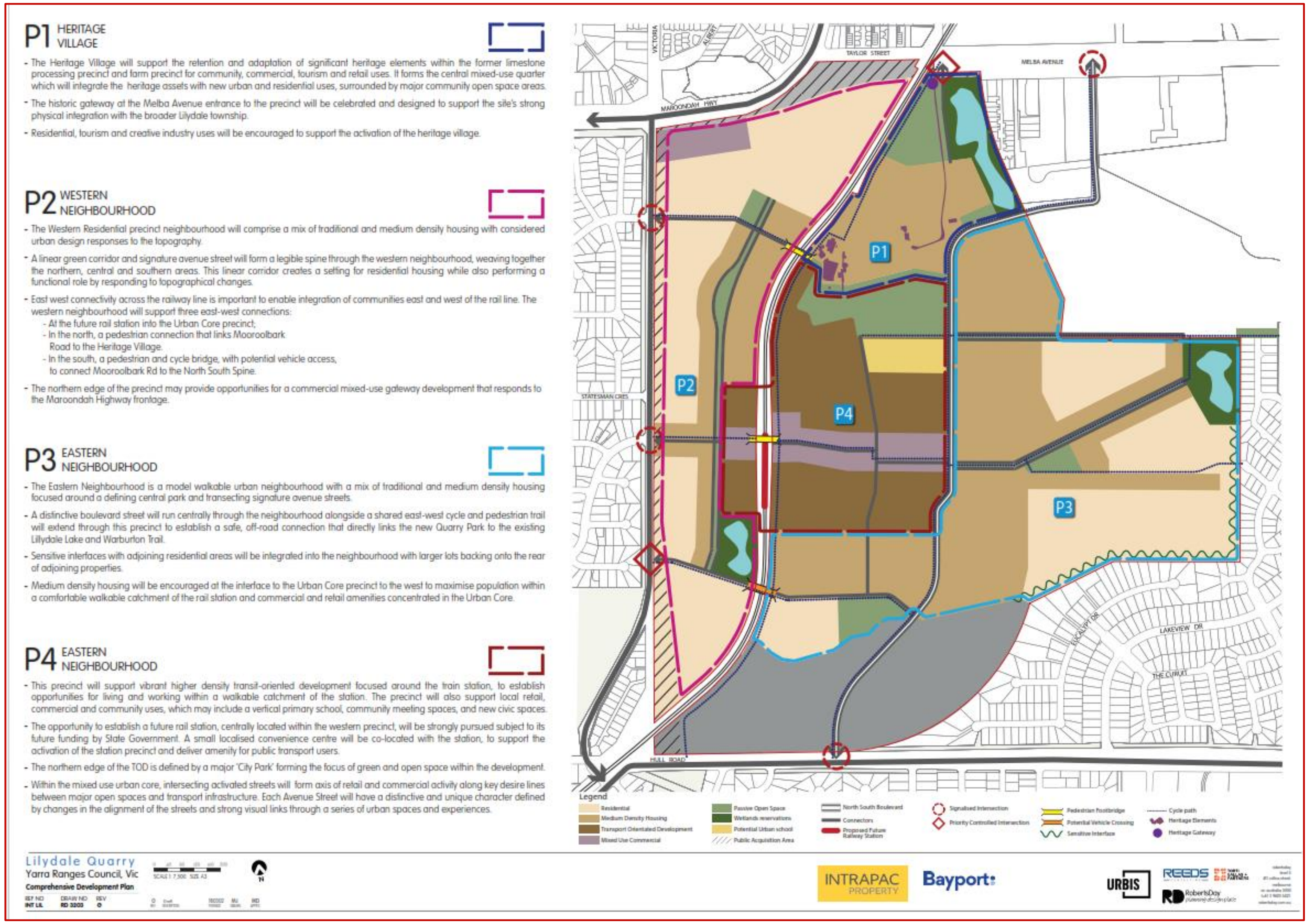
Furthermore, the southern part of the site currently has approval for a 191-lot residential subdivision.

While the development plan does not provide guidance on the scale of retail or commercial uses, a report prepared by SGS Economics & Planning (*Lilydale Quarry Retail and Commercial* Analysis, November 2016) on behalf of Intrapac is understood to be guiding the current planning for the site. The SGS Report made the following conclusions in regard to supportable retail floorspace:

> "*there is scope for the development of a centre consisting of up to 8,500m² supermarket, 12,200m² specialty stores and 6,600m² hospitality floorspace at 2031, while still allowing for additional growth in existing, competing, centres.*
>
> *Were Intrapac to pursue a strategy of maximising retail development in line with this supportable floorspace potential, it might consider staging this investment to avoid (modest and temporary) adverse impacts on surrounding centres.*
>
> *With respect to the development scenarios … it would be feasible to develop a small NAC with one supermarket initially (2021), and then expand to a medium or large NAC, were this to be the preferred vision for the Quarry land*." (p11)

The above findings were based on the site accommodating a population of 7,000 persons. To put the above findings in context, total retail floorspace identified to be supported by SGS Report amounts to 27,300m² which compares to approximately 20,400m² of retail floorspace at the nearby Lilydale Marketplace. Having reviewed the SGS Report, its methodology and findings, it is unlikely the analysis would withstand the scrutiny of peer reviews by other retail economists.

Figure 1.1: Current Development Plan



Source: Intrapac

1.2 Locational Context

Cave Hill adjoins the southern boundary of the Lilydale Activity Centre. Lilydale is one of two Major Activity Centres located in the Yarra Ranges Shire and is located approximately 35km to the east of the Melbourne CBD. The other Major Activity Centre is Chirnside Park.

Lilydale services a regional catchment of more than 100,000 residents and provides a range of retail, community, health, educational, industrial, recreational and civic facilities and services. The catchment for Lilydale includes both urban areas (e.g. Lilydale, Mooroolbark, Kilsyth, Chirnside Park) and smaller townships located in the Yarra Valley, the Dandenongs and along the Warburton Highway. Lilydale Marketplace is located less than 400m to the east of the northern part of the Cave Hill site and is the largest enclosed shopping centre in Lilydale; the centre was extended in 2014 and now includes a Big W Discount Department Store (DDS), and Woolworths and ALDI supermarkets.

Straddling both sides of Maroondah Highway, Lilydale is also well serviced by the metropolitan rail network. The Lilydale train line finishes at Lilydale Station, with the rail line running through the Lilydale Quarry site.

From an activity centre perspective, Mooroolbark Neighbourhood Activity Centre and Chirnside Park Major Activity Centre are also of relevance to future retailing at Cave Hill. Mooroolbark is located approximately 2.3km to the south-west and provides neighbourhood level retailing, including a Coles supermarket. Chirnside Park is a sub-regional shopping centre located approximately 2km to west and contains a Kmart, Target, Woolworths, Coles, ALDI and a 105 specialty shops.

Other key features of the areas surrounding Cave Hill include the following:

- Box Hill Institute Lilydale campus adjoins the north-eastern part of the site. Formerly occupied by Swinburne University until 2013, the site now accommodates Box Hill Institute and is anticipated to accommodate approximately 1,500 students in 2018. The site also includes a Deakin E-Learning Centre, William Angliss hospitality training, a number of office tenants, library and a child care centre.
- Industrial area on Melba Avenue adjoins the north-eastern portion of the site, which may have implications on potential land uses in the surrounding area.
- Lilydale Lake, a popular recreational open space area is located to the east of the site.
- Established residential areas to the south and west of the site.

Figure 1.2 summarises the locational context with which the Cave Hill site is situated.

Figure 1.2: Cave Hill Locational Context

Produced by Essential Economics using MapInfo, StreetPro and Nearmap

1.3 Strategic Policy Context

The Yarra Ranges Planning Scheme and the Yarra Ranges Activity Centre Network Strategy (2012) are considered to be the relevant strategic planning documents providing guidance on the future retail and commercial development opportunities for the Cave Hill site. The implications these documents hold for Cave Hill are discussed below. In addition, the transport planning context in the surrounding area is also discussed.

Yarra Ranges Planning Scheme

The need to "*reinforce Lilydale's role as an activity centre that provides a wide range of retail, employment, business, community, entertainment and transport services"* is identified in the Yarra Ranges Planning Scheme (Clause 21.05). However, the Planning Scheme also acknowledges that commercial development in the Lilydale Activity Centre is widely dispersed over an extensive area that has many underdeveloped sites (Clause 22.07-1) and that there is a need to *"reinforce a strong and consolidated retail core for the Lilydale activity centre and avoid the further dispersal of retail activities*" (Clause 21.05).

Only the northern extent of the Cave Hill site has been identified as part of the Lilydale Activity Centre in the Planning Scheme, and this area is designated as industrial in nature. Limited direct reference to the Lilydale Quarry is provided in the Yarra Ranges Planning Scheme and supporting documents (with the exception of the *Yarra Ranges Activity Centre Network Strategy-Strategy and Implementation Plan*). The timing of quarry activities at Lilydale Quarry was not known until more recently, and therefore the Lilydale Quarry site has not been seriously entertained as a future urban development site in local planning policy.

Yarra Ranges Activity Centres Network Strategy

The *Yarra Ranges Activity Centres Network Strategy-Strategy and Implementation Plan* (adopted in 2013) identifies the potential to improve the existing performance of the Lilydale Activity Centre via the redevelopment of existing sites within the centre that are under-performing.

The Strategy and Implementation Plan identified no need for new activity centres in Yarra Ranges, with the exception being the "*potential future urban development of the Lilydale Quarry*" (p8). The Strategy specifically notes the following with reference to the Lilydale Quarry:

> "*Although the eventual timing of development and the mix of uses is unknown at this stage, it is anticipated that some form of residential development will eventuate. Depending on the extent of residential*

> *development and public transport linkages, opportunities for limited retail development may exist to service the local population; any commercial development should complement the existing activity centre hierarchy*." (p5)

It will be important that any commercial development on the Lilydale Quarry site complements, rather than competes with, the existing and future role of the Lilydale Activity Centre, having regard for the limited connectivity between commercial areas in the Lilydale Activity Centre, the presence of a number of redevelopment sites and the overview of the local planning policy provided above.

Transport Planning Context

Potential Lilydale Bypass

Melba Avenue, which represents the northern boundary of the Cave Hill site, has been identified by VicRoads as a potential option for a future Lilydale Bypass road. Although the likelihood and timing of this proposal is unknown, if this proposal were to eventuate it will provide a barrier between the Cave Hill site and the Lilydale Activity Centre. The potential Lilydale Bypass will necessitate the need for connectivity from the Cave Hill site to the Lilydale Activity Centre to be provided.

Potential Healesville Arterial

Mooroolbark Road, at the western boundary of the subject site, has been identified by VicRoads as the potential future route of the Healesville Arterial. A Public Acquisition Overlay (PAO) applies to part of the land.

Potential for a Train Station

Potential for a train station has been identified for the site; however, the likelihood of such development in the future is unknown and is reliant upon State Government commitment to acquire the land and fund any necessary capital works.

While the development of a train station would have implications on potential land uses, the uncertainty regarding the likelihood of a station at Lilydale Quarry means it is difficult to plan for land uses that may be supported by such development.

1.4 Summary

Cave Hill is a significant urban infill opportunity for Yarra Ranges Shire located in close proximity to the Lilydale Major Activity Centre. Strategic planning policy reinforces the important role performed by the Lilydale activity centre and, given the proximity of the Cave Hill site, it will be important that any future retail and commercial uses complement the wider activity centre hierarchy, particularly the Lilydale activity centre.

2 ACTIVITY CENTRE HIERARCHY AND OTHER CONSIDERATIONS

This Chapter provides an overview of the activity centre hierarchy and the key considerations influencing retail and commercial development at Cave Hill. An overview is also provided of the potential and assumed population outcomes used as input to the analysis presented later in this report.

2.1 Overview of Relevant Activity Centres

Lilydale, Mooroolbark and to a lesser extent Chirnside Park are the most relevant centres when considering future retail/commercial development at Cave Hill. An overview of each of these centres is provided below.

Lilydale Major Activity Centre

Cave Hill is located to the south-west of the Lilydale Major Activity Centre (MAC), which is one of two major activity centres in Yarra Ranges as identified in the *Yarra Ranges Activity Centre Hierarchy Network Strategy* (2012).

Lilydale MAC provides a range of retail, community, recreational and civic facilities and services. Straddling both sides of Maroondah Highway, Lilydale MAC serves a regional catchment of more than 100,000 residents.

Based on the 2011 retail floorspace data provided in the *Yarra Ranges Activity Centre Hierarchy Network Strategy* and accounting for the major expansion of the Lilydale Marketplace which occurred in 2014, the Lilydale MAC contains approximately 50,000m^2 of retail floorspace.

The Lilydale Marketplace, which is located less than 400m from the northern boundary of the Cave Hill Site, contains approximately 20,400m^2 (Property Council of Australia), including the following major tenants:

- Big W (7,680m^2)
- Woolworths (3,890m^2)
- ALDI (1,540m^2)
- Approximately 50 speciality shops comprising 7,300m^2 of floorspace.

Other major retail tenants within the broader Lilydale MAC include:

- Coles (3,700m^2) located in the Lilydale Village shopping centre in the eastern part of the centre
- Bunnings Warehouse which recently opened in the former Olive Grove Shopping Centre.

Mooroolbark

Mooroolbark is a large neighbourhood activity centre located approximately 2km to the south-west of the southern edge of the Cave Hill site. According to the *Yarra Ranges Activity Centre Hierarchy Network Strategy*, the centre serves a residential catchment approaching 30,000 persons.

Identified as a 'transport-rich' activity centre in the current structure plan (March 2011), Mooroolbark is a hub for public transport, including access to rail and bus services.

The centre largely consists of strip-based shopping along Manchester Road and Brice Avenue, and is anchored by a busy Coles supermarket which was recently re-furbished. According to the *Yarra Ranges Activity Centre Hierarchy Network Strategy,* the Mooroolbark neighbourhood activity centre contains approximately 13,460m^2 of retail floorspace.

The Mooroolbark Terrace Shopping Centre is located in the Mooroolbark neighbourhood centre and has long been identified as an under-performing centre and potential redevelopment site. An IGA supermarket in the Mooroolbark Terrace closed in 2017.

Chirnside Park

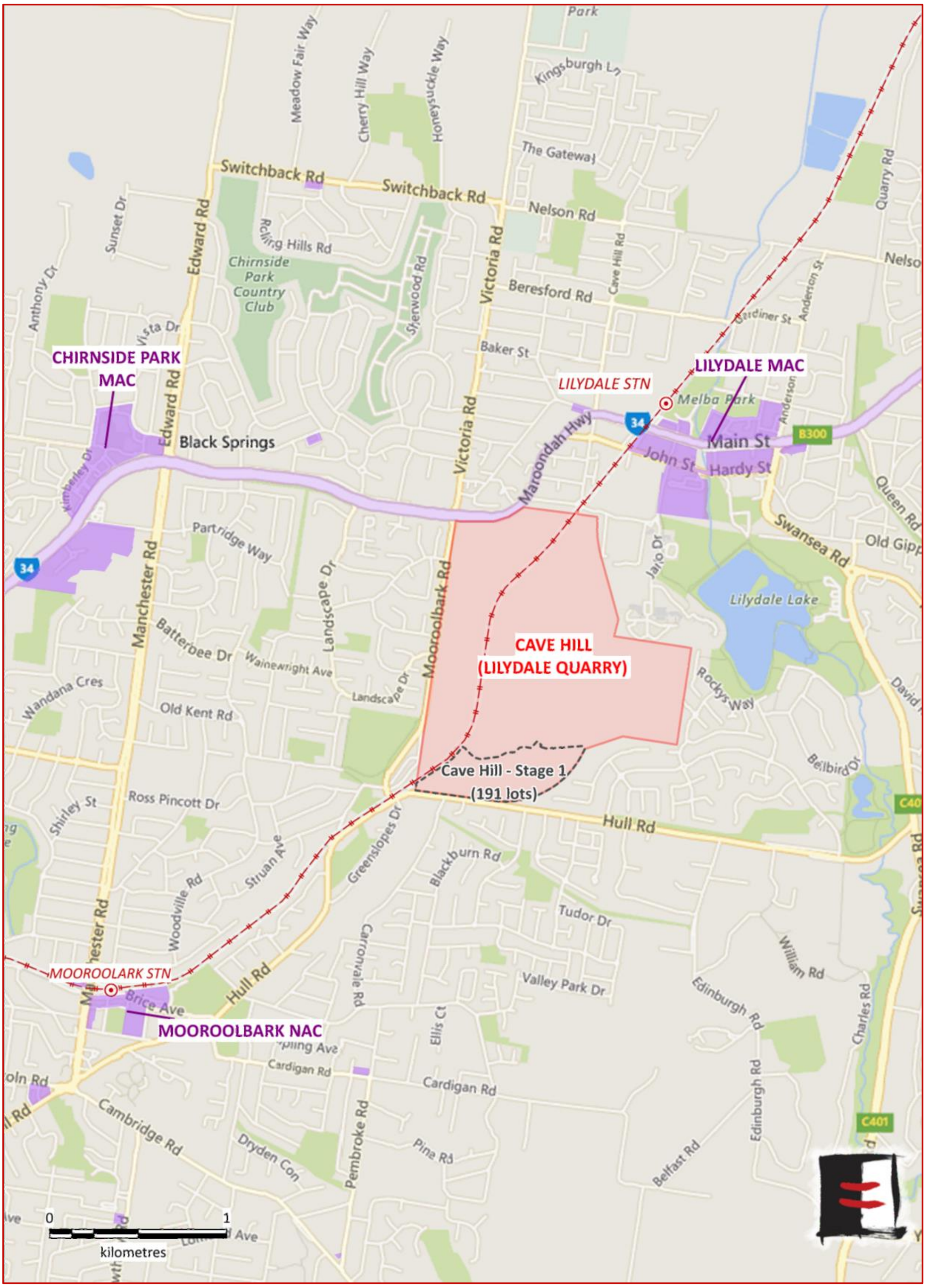
Chirnside Park is the other MAC located in the Yarra Ranges Shire and is approximately 2km to the west of the western boundary of the Cave Hill site.

The Chirnside Park MAC includes the Chirnside Park Shopping Centre which is considered to be a relatively strong-performing suburban regional shopping centre comprising approximately 33,500m^2 of retail floorspace, including Kmart, Target, Woolworths, Coles and ALDI. The centre also includes a Readings Cinema, with Council currently assessing plans for an expansion to include a new convenience restaurant and tavern.

Retail and commercial activity is also located to the south of Maroondah Highway and includes the Eastridge Business Park and recently developed Dan Murphy’s liquor store.

The location of the above centre with respect to the Cave Hill site is shown in Figure 2.1.

Figure 2.1: Cave Hill and Nearby Centres



Produced by Essential Economics using MapInfo, StreetPro and Bingmaps

2.2 Retail and Commercial Considerations for Cave Hill

Planning for retail and commercial development in Cave Hill needs to take into consideration the following:

- Complement the activity centre hierarchy: As noted earlier, local policy provides support for the broader activity centre hierarchy. Consequently, any retail development at Cave Hill needs to largely serve the future population in Cave Hill and should complement the role of other centres, particularly nearby Lilydale and Mooroolbark.

- Requires a critical mass of population to support anchor tenants: Retailing at Cave Hill is to serve the surrounding local population, and therefore a neighbourhood centre (anchored by a supermarket) or a smaller local centre are the likely outcomes for the site. The size of the population in the surrounding catchment will determine whether a supermarket is viable and, consequently, whether a neighbourhood centre or local centre should be planned for the site.

  As a general benchmark, a catchment population of approximately 10,000 persons is required to support a full-line supermarket of 3,000m^2 or more, with this population level varying for individual sites based on a variety of factors such as the level of local competition and the accessibility of the centre.

- Accessibility to the centre's catchment and consideration for barriers to customer movement: A number of existing and potential barriers exist which may have implications on the catchment served by retailing at Cave Hill. These barriers include the following:

  - Railway line which dissects the site, limiting movement between the eastern and western portions of the Cave Hill site.
  - Future Lilydale bypass and Healesville arterial which may limit connectivity between the Cave Hill site and the Lilydale MAC, and to the established residential areas to the west of the site.
  - Limited connectivity between the Cave Hill site and established residential areas to the immediate east of the site.

- Train station: The timing, likelihood and location of the planned Cave Hill station is currently unknown. The principles of transport-orientated development would indicate future retailing should be located in relative close proximity to the station.

- Potential residential and population yield: As indicated above, in order to support a supermarket a catchment of sufficient size would be required. At present, the eventual residential yield at the Cave Hill site is unknown although some guidelines have been provided by Intrapac and the Victorian Planning Authority. Yarra Ranges Shire Council have requested an assessment based on low, medium and high population outcomes. These are described and assessed in Section 2.3.

- Market demand from potential tenants: In regard to supermarket development at the subject site, consideration should be given to the existing network of supermarkets in the surrounding area. In this regard, it is noted Woolworths, Coles and ALDI all currently have stores in Lilydale, while a Coles supermarket is also located in Mooroolbark. It is understood Woolworths have shown interest in redeveloping the Mooroolbark Terrace Shopping Centre.

2.3 Potential Residential and Population Yield at Cave Hill

Uncertainty exists regarding the eventual residential and population yield that could be accommodated at the Cave Hill site, with the eventual figures dependent on a variety of factors, including the following:

- The extent of open space and non-residential land uses planned for the site.
- Market demand for various housing products including low, medium and high-density housing at the time of development.
- The relative timing of the planned train station and the development of the site, noting the location of a train station improves the ability of the site to accommodate medium and higher-density housing products.
- The intentions of the developer.

Having regard for the current uncertainty, Yarra Ranges Shire Council is seeking advice as to how different population outcomes may affect the extent of retail and commercial floorspace that could be supported at the site. On this basis, the following three population outcomes have been assumed for the purpose of this assessment:

- **Low Scenario**: Assumed population of approximately 6,500 persons, which equates to approximately 2,500 dwellings assuming an average household size of 2.6 persons, which is the average household size for the suburb of Lilydale based on the 2016 ABS Census of Population and Housing.
- **Medium Scenario**: Assumed population of approximately 7,300 persons, which is based on information provided by Intrapac to Council relating to the March 2018 Masterplan (refer Figure 1.1.). The March 2018 masterplan provided for a residential yield of 3,105 dwellings and a smaller average household size of 2.3 persons due to a large proportion of medium-high density housing.
- **High scenario**: The Victoria Planning Authority (VPA) have indicated the upper limits of population capacity at the site to be in the order of 9,000 to 10,000 persons. For the purpose of this assessment, the high scenario assumes a population of 9,500 persons. Yarra Ranges Shire advise that this population capacity is yet to be tested.

2.4 Summary

The future residential yield and population outcomes at the Cave Hill site will influence the extent of retail and commercial floorspace that could be supported. Due to the uncertainty on eventual development outcomes, the assessment of retail and commercial opportunities provided in Chapter 3 assumes the following population scenarios:

- Low Scenario: 6,500 persons
- Medium Scenario: 7,300 persons
- High Scenario: 9,500 persons.

3 RETAIL AND COMMERCIAL ASSESSMENT

This Chapter presents an assessment of the extent of retail and commercial floorspace that may be supported in a neighbourhood activity centre in Cave Hill. Having regard for the importance of maintaining the role of existing nearby centres, particularly nearby Lilydale, the development of a larger sub-regional or regional shopping location is not considered appropriate. Consequently, the analysis focuses on local convenience-based retailing and the potential for the surrounding trade area to support a supermarket that may serve as the anchor tenant for a neighbourhood centre.

3.1 Retail Trade Area

A trade area describes the geographic region within which a centre would expect to capture the majority of its sales and is defined with reference to a number of factors that typically influence the likely trading extent of any retail development. A number of these factors were described in Chapter 2 and include the following:

- Proximity and accessibility to competing centres, particularly Lilydale and Mooroolbark, and noting that the Lilydale Marketplace is located less than 400m from the northern boundary of the Cave Hill site.
- Mooroolbark Road, the planned future Healesville Arterial and the Lilydale Bypass present potential constraints which may influence the trade area for a centre in Cave Hill.
- An assumption that a north-south connector road will run through the Cave Hill site and connect Hull Road in the south with Melba Avenue in the north.
- The pattern of residential development in the surrounding areas and the road network connecting these areas to Cave Hill.

On this basis, a trade area for a potential Cave Hill neighbourhood activity centre has been identified which takes into account the Cave Hill precinct plus the surrounding established residential areas. The trade area is shown in Figure 3.1 and comprises the following:

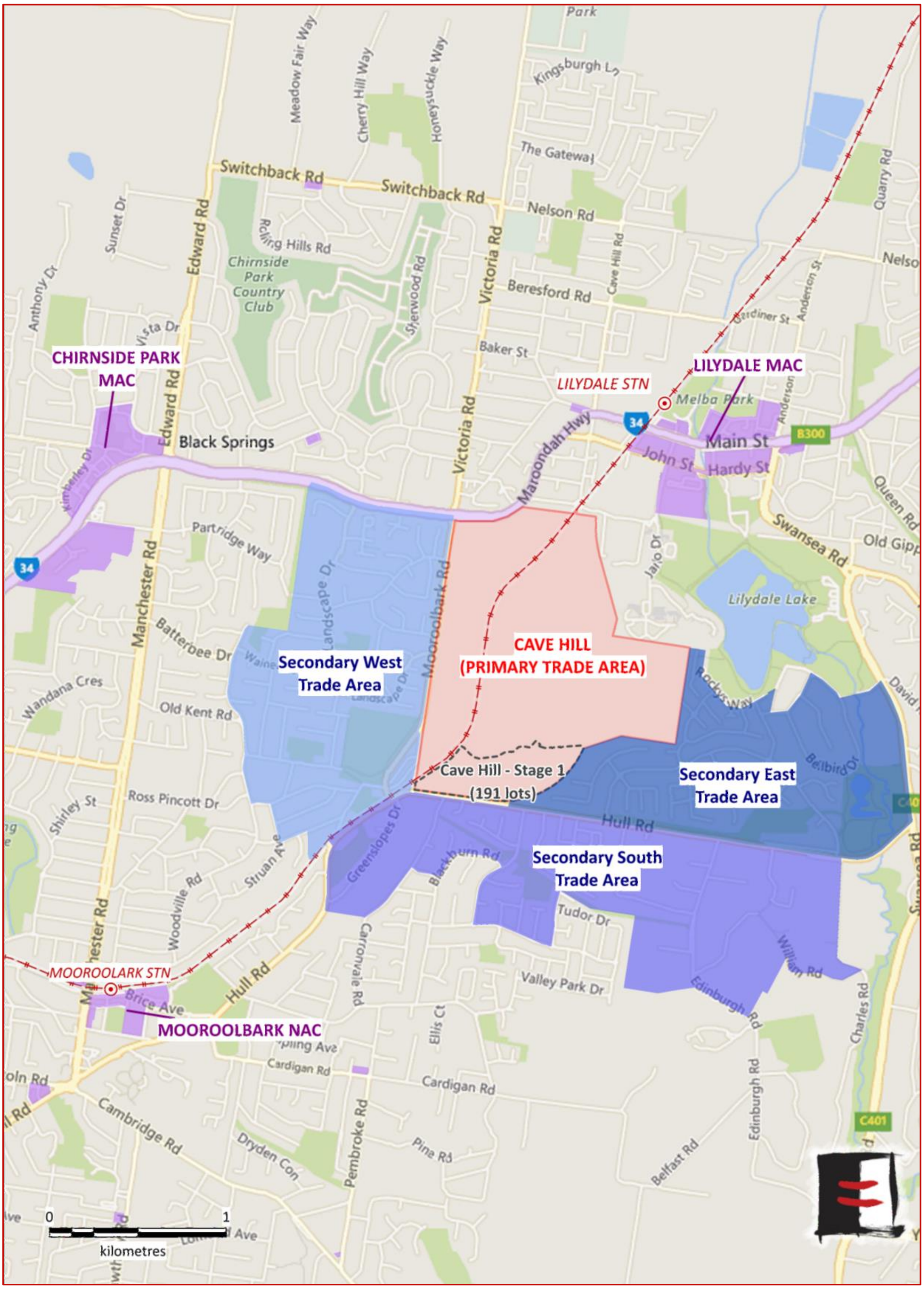
- Primary Trade Area (PTA): Comprising the Cave Hill site. A neighbourhood centre in Cave Hill will be the most convenient location for weekly grocery shopping for a large proportion of PTA residents.
- Secondary East Trade Area (SETA): Comprising established residential areas to the east, known locally as the ‘Gateway Estate’. Residents in the SETA will have a choice between a neighbourhood centre at Cave Hill, and supermarkets in Lilydale (3) and Mooroolbark (1).
- Secondary South Trade Area (SSTA): Comprising established residential areas to the south. Residents in the SSTA will have a choice between a neighbourhood centre at Cave Hill, and supermarkets in Lilydale (3) and Mooroolbark (1).

- Secondary West Trade Area (SWTA): Comprising established residential areas to the west. Residents in the SWTA will have a choice between a neighbourhood centre at Cave Hill, and supermarkets in Lilydale (3), Mooroolbark (1) and Chirnside Park (3).

Combined, the PTA and the STAs are referred to as the Main Trade Area (MTA).

As indicated above, while a neighbourhood centre at Cave Hill will be relatively accessible to residents in the STA, they will also have a relatively higher level of choice for supermarket shopping in other nearby centres.

Figure 3.1: Cave Hill Retail Trade Area



Prepared by Essential Economics using MapInfo, StreetPro and Bingmaps

3.2 Estimated Population Capacity

The purpose of this assessment is to identify the need and opportunity for activity centre development once the Cave Hill site is fully developed. Depending on residential development rates, full development of Cave Hill might not occur for the next 15-25 years. For the purpose of this assessment, it is assumed the Cave Hill site will be fully developed over the next 15 years, or by 2033.

The assumed population outcomes for the PTA (or Cave Hill site) are outlined in Section 2.3 and consist of the low scenario (6,500 persons), medium scenario (7,300 persons) and high scenario (9,500 persons).

Furthermore, the STAs comprise well-established residential areas with limited opportunities for any large-scale residential development. Therefore, for the purpose of this assessment, it has been assumed that the population in each of the STAs remains constant at current levels. Based on ABS estimated of resident population at the small area level (Statistical Area 1), the following populations have been assumed for the STAs:

- SETA: 2,300 persons
- SWTA: 3,400 persons
- SSTA: 2,200 persons.

In total, the estimated population in the STA is approximately 7,900 persons and the population in the MTA ranges from 14,000 persons under the low scenario to 17,400 persons under the high scenario. The population in the MTA under the medium scenario is approximately 15,200 persons.

Table 3.1 summarises the estimated population in the trade area at full development, assumed to be 2033.

Table 3.1: Estimated Trade Area Population at Full Development (assumed to be 2033)

Trade Area	Low Scenario No. Persons	Medium Scenario No. Persons	High Scenario No. Persons
PTA	**6,500**	**7,300**	**9,500**
SETA	*2,300*	*2,300*	*2,300*
SWTA	*3,400*	*3,400*	*3,400*
SSTA	*2,200*	*2,200*	*2,200*
Total STA	**7,900**	**7,900**	**7,900**
MTA	**14,400**	**15,200**	**17,400**

Source: Yarra Ranges Shire; ABS, Estimated Resident Population at SA1; Essential Economics

3.3 Estimated Retail Spending

Estimates of the retail spending capacity of residents in the trade area have been prepared by examining current average retail spending levels in the STA (noting that no population currently exists in the PTA) and applying real growth in average spending over the period until full development (i.e. by 2033).

Estimates of retail spending have been derived from MarketInfo, which is a micro-simulation model that combines data from the ABS Household Expenditure Survey, ABS Census, National Accounts and other sources, to generate estimates of retail expenditure for small areas. MarketInfo is widely used in the retail economic, property and planning sectors.

The retail spending data is presented in the following major spending categories:

- Food, Liquor and Groceries (FLG), which includes fresh food, groceries and take-home liquor. FLG is the main retail category used when assessing the market opportunity for a supermarket to anchor a neighbourhood activity centre.
- Other Retail, which includes food catering (i.e. cafes, restaurants and takeaway food), non-food retailing (i.e. apparel, homewares, bulky merchandise and general merchandise) and retail services (e.g. hairdressers, beauty salons etc).

In 2018, average retail expenditure for the STA is estimated at approximately $14,260 per capita, based on information from the MarketInfo household expenditure model, including $6,050 on FLG merchandise and $8,210 on other retail items. Some slight variations exist between the three STA sectors, with the SETA having higher average per capita retail spending levels than the SWTA and SSTA. These variations reflect the differing demographic and retail spending patterns of the local areas.

All figures are expressed in constant 2018 dollars.

Table 3.2: Average Per Capita Retail Spending in STA, 2018 (in 2018 dollars)

Trade Area	Food, Liquor and Groceries	Other Retail	Total Retail
Average Per Capita Retail Spending			
SETA	$6,230	$8,630	$14,860
SWTA	$6,050	$8,030	$14,080
SSTA	$5,850	$8,040	$13,890
Total STA	**$6,050**	**$8,210**	**$14,260**
Greater Melbourne	$5,730	$8,210	$13,940
Variation from Greater Melbourne			
SETA	8.7%	5.1%	6.6%
SWTA	5.6%	-2.2%	1.0%
SSTA	2.1%	-2.1%	-0.4%
Total STA	**5.6%**	**0.0%**	**2.3%**

Source: MarketInfo

Total retail spending in the trade area at full development has been estimated by undertaking the following:

- Applying real growth rates in average per capita retail spending that reflects the long-term average across Australia and assumes relatively stable growth in the Australian economy over the forecast period. Assumed real growth varies by category but totals approximately +0.9% pa for all retail categories over the next 15 years.
- Applying the average per capita retail spending for the STA to the PTA, which assumes the spending profile across the STA will broadly reflect that of future residents in the PTA.
- Applying forecast average per capita retail spending to the estimated population at capacity as shown at Table 3.1.

Based on the above, total retail spending by MTA residents at full development is estimated to be $235.3m under the low scenario, $248.3m under the medium scenario and $284.3 under the high scenario. All figures are expressed in constant 2018 dollars

FLG spending is the main retail category of relevance when assessing supermarket development opportunities. Total FLG spending by MTA residents under the low scenario at full development is estimated at $90.8m, under the medium scenario $95.9m, and under the high scenario $109.8m. All figures are expressed in constant 2018 dollars.

Total retail spending by trade area resident at full development, assumed to be 2033, is summarised in Table 3.3.

Table 3.3: Total Retail Spending at Full Development - Assumed to be 2033 (in 2018 dollars)

Trade Area	Low Scenario	Medium Scenario	High Scenario
<u>**Food, Liquor and Groceries**</u>			
PTA	**$41.0m**	**$46.1m**	**$59.9m**
SETA	$14.9m	$14.9m	$14.9m
SWTA	$21.5m	$21.5m	$21.5m
SSTA	$13.4m	$13.4m	$13.4m
Total STA	**$49.8m**	**$49.8m**	**$49.8m**
MTA	**$90.8m**	**$95.9m**	**$109.8m**
<u>**Other Retail**</u>			
PTA	**$65.2m**	**$73.2m**	**$95.3m**
SETA	$24.3m	$24.3m	$24.3m
SWTA	$33.3m	$33.3m	$33.3m
SSTA	$21.6m	$21.6m	$21.6m
Total STA	**$79.2m**	**$79.2m**	**$79.2m**
MTA	**$144.4m**	**$152.5m**	**$174.5m**
<u>**Total Retail**</u>			
PTA	**$106.2m**	**$119.3m**	**$155.3m**
SETA	$39.2m	$39.2m	$39.2m
SWTA	$54.8m	$54.8m	$54.8m
SSTA	$35.0m	$35.0m	$35.0m
Total STA	**$129.0m**	**$129.0m**	**$129.0m**
MTA	**$235.3m**	**$248.3m**	**$284.3m**

Source: MarketInfo; Essential Economics

3.4 Supermarket Assessment

A supermarket assessment has been undertaken to test the opportunity for a full-line supermarket at Cave Hill. Full-line supermarkets generally comprise 3,000m^2 or more of retail floorspace, although the typical supermarket models currently being developed by Australia's two major supermarket operators (i.e. Coles and Woolworths) are in the order of 3,200m^2 for a smaller full-line store to 3,800m^2 for a larger full-line store.

In recent times, limited examples exist of the development of smaller independent supermarkets in suburban environments similar to Cave Hill. In fact, two smaller IGA supermarkets in Lilydale and Mooroolbark have closed in recent years. In a metropolitan context, smaller supermarkets are being developed in high-density residential areas experiencing strong rates of apartment development and associated population growth. Having regard for these trends, the supermarket assessment presented below assumes the development of a full-line supermarket in a location that is central to Cave Hill and the PTA.

The supermarket assessment in Table 3.4 identifies the potential for a full-line supermarket under each of the scenarios, although the opportunity is considered to be only marginal under the low scenario.

Major supermarket operators will typically seek annual sales in the order of $30m from a full-line store. Based on the assumption outlined below and the analysis presented in Table 3.4, the following supermarket sales are forecast under each scenario at full-development:

- Low scenario: $29m
- Medium scenario: $31m
- High scenario: $37m.

(Figures in constant 2018 dollars)

In today's retail market, the above sales figures would be considered sufficient to attract a major supermarket operator to a neighbourhood centre in Cave Hill, although it is worth noting that achieving a higher residential yield (such as that estimated under the medium or high scenarios) is more likely to support the establishment of a stronger-performing supermarket rather than supporting an additional supermarket in this location.

The analysis in Table 3.4 is based on the following data and assumptions:

- The trade area population capacity is shown in Table 3.1.
- Supermarkets capture 75% of total FLG spending by trade area residents. Supermarkets are the dominant form of retailing in the FLG spending market, nationally, and capture an estimated 65% to 75% of national FLG spending, based on analysis of ABS data. In locations where limited choice and opportunities for specialty food retailing exist, supermarkets typically capture a higher proportion of FLG spending.
- FLG retail spending directed to supermarkets by trade residents ranges from $68.1m (low scenario) to $82.3m (high scenario).
- A supermarket in a neighbourhood centre in Cave Hill is assumed to capture the following market shares of trade area FLG spending that is directed to supermarkets:
  - PTA: 50%
  - SETA: 30%
  - SWTA: 20%
  - SETA: 25%.

  The above market shares are considered achievable for a full-line store in this location and take into account the accessibility each trade area will have to a centre in Cave Hill and other supermarkets in the wider area. The market share also assume the supermarket is well-managed and the centre in general is well designed and has high levels of amenity.
- An estimated 10% of supermarket turnover would be captured from beyond the MTA.

- An estimated 5% of supermarket turnover would be in non-FLG merchandise.
- Assuming a 3,200m^2 supermarket, average supportable supermarket turnover per square metre would range from approximately \$8,900/m^2 under the low scenario to \$11,500/m^2 under the high scenario. Average turnover is estimated at \$9,630/m^2 under the medium scenario. These averages are considered to represent viable average trading levels for a full-line supermarket.

Table 3.4 summarises the supermarket assessment described above.

Table 3.4: Supportable Supermarket Retail Sales at Capacity

Category	Low Scenario	Medium Scenario	High Scenario
FLG spending directed to supermarkets			
PTA	**$30.8m**	**$34.5m**	**$45.0m**
SETA	$11.2m	$11.2m	$11.2m
SWTA	$16.1m	$16.1m	$16.1m
SSTA	$10.1m	$10.1m	$10.1m
Total STA	**$37.4m**	**$37.4m**	**$37.4m**
MTA	**$68.1m**	**$71.9m**	**$82.3m**
Market Shares (assuming full-line store)			
PTA	**50.0%**	**50.0%**	**50.0%**
SETA	30.0%	30.0%	30.0%
SWTA	20.0%	20.0%	20.0%
SSTA	25.0%	25.0%	25.0%
Total STA*	**24.3%**	**24.3%**	**24.3%**
MTA*	**35.9%**	**36.7%**	**38.4%**
FLG sales from trade area			
PTA	**$15.4m**	**$17.3m**	**$22.5m**
SETA	$3.4m	$3.4m	$3.4m
SWTA	$3.2m	$3.2m	$3.2m
SSTA	$2.5m	$2.5m	$2.5m
Total STA	**$9.1m**	**$9.1m**	**$9.1m**
MTA	**$24.5m**	**$26.4m**	**$31.6m**
FLG sales from beyond (@ 10%)	$2.7m	$2.9m	$3.5m
Total FLG sales	**$27.2m**	**$29.3m**	**$35.1m**
Non-FLG sales (@ 5%)	$1.4m	$1.5m	$1.8m
Total sales	**$28.6m**	**$30.8m**	**$36.9m**

Source: Essential Economics
Note: * denotes derived market shares

The analysis described above indicates a full-line supermarket could be supported at a neighbourhood centre in Cave Hill under each population scenario, although the opportunity is stronger under the medium and high scenarios. Theoretically, the market also exists for a smaller supermarket at Cave Hill, although the likelihood of attracting an operator for such a store is unknown in today's retail market.

3.5 Speciality Retail Opportunities

The assessment presented in Section 3.4 indicates potential exists for the development of a full-line supermarket at Cave Hill which, in turn, provides the impetus for a neighbourhood centre development.

Supermarkets in Australia generally create customer traffic and exposure sufficient to support specialty shops equivalent to approximately a one-half to two-thirds of the supermarket's total floorspace. However, in recent years the extent of speciality retail floorspace in neighbourhood centres appears to be reducing as these smaller tenancies become increasingly difficult to lease or sell.

It would be reasonable to expect supermarket operators to seek a store in the order of 3,200m^2 in this location. Planning for approximately 5,000m^2 total retail floorspace would therefore allow for approximately 1,800m^2 of specialty retail floorspace.

Table 3.5: Supportable Retail Floorspace at Cave Hill Neighbourhood Centre

Retail tenant	Floorspace
Supermarket	3,200m^2
Speciality retail floorspace	1,600m^2 to 2,100m^2
Total retail floorspace	4,800m^2 to 5,300m^2
Total retail floorspace (rounded)	**5,000m^2**

Source: Essential Economics

The above retail development opportunities relate to a neighbourhood centre in Cave Hill. Limited additional retail opportunities (such as a café and convenience store) may also exist around the planned station and/or at the historical precinct.

3.6 Commercial Floorspace Opportunities

In addition to retail activities, neighbourhood centres also accommodate a range of non-retail shopfront businesses. Examples include real estate agents, travel agents, post offices, solicitors, accountants, tax agents, financial advisers, and so on. In some circumstances, home-based businesses may seek small office space in local/neighbourhood centres as these businesses expand.

Typically, the share of non-retail commercial floorspace in a neighbourhood centre would be in the order of 10-20% of total floorspace. Assuming 20% of floorspace at a centre at Cave Hill was non-retail commercial floorspace, this would account for an additional 1,000m^2 of floorspace. Lilydale is not a major commercial office location, although an expanding healthrelated office sector has occurred in recent years. From a strategic planning perspective, any large-scale office development should be directed to the Lilydale Major Activity Centre.

Based on the analysis presented above, a neighbourhood centre in the order of 6,000m^2 could be supported at Cave Hill, as indicated in Table 3.6.

Table 3.6: Indicative Retail and Non-retail Commercial Floorspace – Cave Hill Neighbourhood Centre

Tenancy Type	Neighbourhood Activity Centre
Supermarket floorspace	3,200m^2
Speciality retail floorspace	1,800m^2
Total retail floorspace	**5,000m^2**
Commercial / office floorspace	**1,000m^2**
Total retail and commercial floorspace	**6,000m^2**

Source: Essential Economics

3.7 Implications on Other Centres

Retail trading impacts arising from a new supermarket in Cave Hill will be due to the retail spending of consumers being diverted from alternative shopping destinations. Given that potential for a full-line supermarket is identified, most of this sales diversion will be largely drawn from other major supermarkets located in Lilydale and Mooroolbark, and to a lesser degree in Chirnside Park. Comment on the trading performance of supermarkets in these centres is provided below:

- **Lilydale**: Contains three supermarkets, a Woolworths and ALDI at the Lilydale Marketplace and a Coles at Lilydale Village. All stores benefit from the large regional catchment served by Lilydale and are understood to be relatively strongly-performing stores.
- **Mooroolbark**: Contains a strongly-performing Coles supermarket which was recently refurbished. It is understood Woolworths have shown interest in redeveloping the dilapidated Mooroolbark Terrace Shopping Centre to accommodate a Woolworths supermarket; however, this status is unknown.
- **Chirnside Park**: Contains strongly-performing Coles, Woolworths and ALDI supermarkets which benefit from the large regional catchment served by the Chirnside Park Shopping Centre.

As noted above, all existing supermarkets in Lilydale, Mooroolbark and Chirnside Park are considered to be strongly-performing stores. In recent years, two supermarkets have closed, namely the IGA in Mooroolbark Terrace and the IGA in the Olive Grove Shopping Centre in Lilydale which is now occupied by Bunnings. Both stores represented mid-sized supermarkets and were in poorly-performing centres which no longer reflect the contemporary expectations associated with shopping centres.

Although a retail impact assessment provides an examination of the potential competitive impacts of a new centre, it is important to appreciate that the actual impacts will depend to a large degree on the circumstances of individual businesses and their response to the introduction of retail competition.

A broad examination of the regional impact of a new supermarket in Cave Hill is shown in Table 3.7 and considers the change in the distribution of FLG spending directed to supermarkets by residents in the MTA.

The analysis assumes the Cave Hill supermarket would be developed by 2033 and achieves sales levels shown in Table 3.4.

In 2018, MTA residents have approximately $35.8m of FLG spending that is directed to supermarkets; all of this spending is from STA residents, noting that the PTA currently consists of a quarry.

With the development of Cave Hill and limited real growth in spending (the population level in the STA is assumed to remain constant) over the period to 2033, the FLG spending at supermarkets by MTA residents is forecast to increase to $68.1m under the low scenario, to $71.9m under the medium scenario and to $82.3m under the high scenario (expressed in constant 2018 dollars). These estimates assume that a 75% share of available FLG spending shown in Table 3.3 is directed to supermarkets.

However, a supermarket at Cave Hill is estimated to attract approximately $24.5m (low scenario) to $31.6m (high scenario) of this spending in 2033. As a result, the FLG spending by MTA residents available to all other supermarkets will be approximately $43.7m under the low scenario, $45.5m under the medium scenario and $50.8m under the high scenario.

Despite the introduction of the new supermarket (and its capture of a share on residents' spending), a total <u>increase</u> of +$7.8m to +$14.9m will be available to existing and other planned supermarkets compared to current levels of spending.

A large proportion of this spending growth is likely to be captured by the supermarkets in Lilydale and Mooroolbark, noting that the Cave Hill supermarket is estimated to capture a market share of 36%-38% of MTA spending (refer Table 3.4). The balance of 62%-64% will be captured by other supermarkets, including existing well-performing supermarkets in Lilydale, Mooroolbark and Chirnside Park.

Table 3.7 summarises the above analysis and discussion.

Table 3.7: General Trading Impacts of Cave Hill Supermarket, 2033 (Constant 2018 prices)

Category	2018	2033 Low	2033 Medium	2033 High
FLG spending directed to supermarkets - MTA	$35.8m	$68.1m	$71.9m	$82.3m
MTA FLG spending captured by Cave Hill supermarket	-	$24.5m	$26.4m	$31.6m
MTA FLG spending available to existing and approved supermarkets	$35.8m	$43.7m	$45.5m	$50.8m
Increase in MTA FLG spending directed to other supermarkets relative to 2018	-	+$7.8m	+$9.7m	+$14.9m

Source: MarketInfo; Essential Economics.

3.8 Review of Potential Locations

Key principles that should guide decisions regarding the location of a neighbourhood centre in Cave Hill include the following:

1 The centre should be easily accessible. Locating the centre at the junction of arterial and/or connector roads that run north-south through the precinct and east-east across the railway line will contribute to the centres accessibility. A location central to catchment will also contribute to the centres accessibility.

2 Exposure to potential customers is also a key principle for successful centres and a location on major roads will positively contribute to the success of the centre.

3 Proximity to the station will be important, although the centre does not need to be located immediately adjacent to the station.

4 A location at the northern part of the site should be avoided in order to provide separation from the Lilydale Major Activity Centre, including in particular the Lilydale Marketplace. This would also limit any implications that may arise from the planned Lilydale bypass, and negate a perceived expansion of the Lilydale MAC which is not supported in a strategic policy sense (refer Section 1.3).

Council has raised the opportunity for a neighbourhood centre to be located in the area nominated at the ‘heritage village’ in Figure 1.1, with the re-use of heritage buildings for commercial purposes. While not discounting the opportunity for a neighbourhood centre to be successful at the heritage precinct, and also taking into consideration the potential for the built form of heritage buildings to add (or lessen in some cases) the viability of centres, this location does not maximise a centre’s accessibility and exposure to a catchment.

That is not to say that a small strip of local shops which sits below a neighbourhood centre in the hierarchy (of, say 500m^2 to 1,000m^2) and which is co-located with other uses (e.g. community, education, even tourism aspects if potential exists) would not be a suitable use for the heritage precinct.

3.9 Conclusions

Potential exists for a neighbourhood centre to be anchored by a full-line supermarket at Cave Hill. In broad terms, it would be prudent to plan for a centre with floorspace in the order of 6,000m^2, comprising approximately 5,000m^2 of retail and 1,000m^2 of non-retail commercial floorspace. Attracting a full-line supermarket operator would be essential for this outcome to be achieved, and ensuring the following outcomes would maximise this opportunity:

- Encourage higher-density residential development throughout Cave Hill precinct.
- Obtain a level of certainty regarding the future timing of the train station.
- Maximise accessibility to the centre by:
  - locating the centre on the main north-south road that will run through the Cave Hill precinct;
  - maximising accessibility across the railway line; and
  - maximising accessibility across Mooroolbark Road and Hull Road.

Other centres, particularly Lilydale, will benefit from the addition of a significant resident population in close proximity to their centre. While a new neighbourhood centre in Cave Hill would attract a proportion of any new spending, the overall growth in the retail spending market is anticipated to increase as a result of the urban development of Cave Hill, even with the inclusion of a neighbourhood centre in Cave Hill. From an activity centre strategic planning perspective, it will be important that any new centre serves a neighbourhood retail role.

4 CONCLUSIONS

The key conclusions derived from the analysis presented in this report are as follows:

1 Strategic planning policy reinforces the important role performed by the Lilydale activity centre and, given the proximity of the Cave Hill site, it will be important that any future retail and commercial uses complement the wider activity centre hierarchy.

In this context, only local or neighbourhood level activity centres should be considered for Cave Hill.

2 Future residents at Cave Hill will have a relatively high level of choice for weekly grocery shopping, including three supermarkets in Lilydale, one in Mooroolbark and three in Chirnside Park. Nevertheless, a neighbourhood centre at Cave Hill has the potential to serve a significant population of 14,400 to 17,400 persons, depending on the eventual population outcomes at Cave Hill.

3 Having regard for the trade area population and spending, and taking into consideration competing centres, potential exits for a full-line supermarket under each of the population scenarios, although the opportunity is considered to be only marginal under the low scenario.

4 The attraction of a full-line supermarket will be able to support a neighbourhood centre comprising a mix of speciality retail shops and non-retail businesses. Planning for a neighbourhood centre comprising 5,000m^2 of retail floorspace and up to 1,000m^2 of commercial floorspace is considered reasonable.

5 Attracting a full-line supermarket operator would be essential in order to support a neighbourhood centre, and ensuring the following would maximise this opportunity:

- Encourage higher-density residential development throughout Cave Hill precinct.
- Obtain a level of certainty regarding the future timing of the train station.
- Maximise accessibility to the centre by:
  a locating the centre on the main north-south road that will run through the Cave Hill precinct;
  b maximising accessibility across the railway line; and
  c maximising accessibility across Mooroolbark Road and Hull Road.

6 Other centres, particularly Lilydale, will benefit from the addition of a significant population in close proximity to their centre. While a new neighbourhood centre in Cave Hill would attract a proportion of any new spending, the overall growth in the retail spending market is anticipated to increase as a result of the urban development of Cave Hill, even with the inclusion of a neighbourhood centre in Cave Hill. Consequently, the development of a neighbourhood centre in Cave Hill is not anticipated to have significant adverse impacts on the overall viability of the Yarra Ranges activity centre hierarchy, and this likely positive outcome is reflected in the anticipated overall growth in retail spending in the area that would be available to all centres.

APPENDIX C LILYDALE QUARRY VISION

C.1 VISION

The vision for the former Lilydale Quarry is to deliver a major new urban renewal precinct that prioritises liveability and sustainability. Planned as a true 20-minute neighbourhood, the development of the land will provide housing diversity, recreation opportunities, services and transport modes that support the future community, and integrate with surrounding neighbourhoods. Designed to achieve high levels of walkability, the development will promote social interaction and encourage healthy, active lifestyles.

The land will be home to approximately 8,000 residents and 3,200 dwellings, with supporting community facilities, generous open space, and a local town centre. This thriving and sustainable neighbourhood will be imbued with walkability and transit-oriented development principles

The scale of the land provides an opportunity to create a variety of urban neighbourhoods of diverse character, density and uses to cater for the needs and preferences of different groups. The design of precincts will respond to the particular environmental and cultural values of the land, ensuring that each precinct is authentic and sensitively responds to the site's history.

C.2 PRECINCTS

The Stage 2 land has been divided into four key precincts, to assist in guiding the future preparation of Precinct Plans. The vision for each precinct is detailed below (see Figure 2 in this report for the Lilydale Quarry Precinct Plan):

C.2.1 WESTERN NEIGHBOURHOOD

The Western Neighbourhood will predominately feature a mix of traditional (detached, small lot and/or dual occupancy) and medium density (terrace/town house and/or low to mid-rise apartment) housing, which responds to the sloping topography of the land. The northern edge of the precinct will also allow for a commercial mixed-use development that responds to the Maroondah Highway frontage, providing an appropriate landmark for this gateway to Lilydale.

C.2.2 HERITAGE VILLAGE

The development of the Heritage Village precinct will see the retention and adaptation of significant built heritage elements within the former limestone processing area and farm area for community, commercial, tourism and retail uses. The precinct will be a focus for mixed use activity, which will integrate the site's significant heritage assets with residential uses and open spaces. District-scale sport and recreation facilities will also be provided in the precinct's north. This focal point for the region will be delivered to support future and surrounding residents and complement nearby community facilities (e.g. Lilydale High School, Box Hill Institute).

C.2.3 EASTERN NEIGHBOURHOOD

The Eastern Neighbourhood will be a model walkable urban neighbourhood with a mix of traditional (detached, small lot and/or dual occupancy) and medium density (terrace/town house and/or low to mid-rise apartment) housing, focused around a defining central park and transecting avenue streets. New development will be integrated with surrounding, established residential areas and the Box Hill Institute land via new pedestrian and cycling links.

C.2.4 URBAN CORE

The location for a vibrant higher density transit-oriented development focused around a potential future train station and urban plaza. Mixed use development will be delivered as a priority within the walkable catchment of the station. Community facilities and open space will be delivered in the north of the precinct. While the majority of the Urban Core precinct is located within the extent of the existing quarry pit, the north-eastern area of the precinct is not on filled land. This land will be used as an alternate location for community facilities in the event that the proposed extent of development cannot be undertaken on the filled land.

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