PEER REVIEW OF PRESTON MARKET: DEVELOPMENT POTENTIAL AND ECONOMIC IMPACT ASSESSMENT

DRAFT

SEPTEMBER 2019

Prepared for

City of Darebin

Independent insight.

SGS Economics and Planning Pty Ltd
ACN 007 437 729
www.sgsep.com.au
Offices in Canberra, Hobart, Melbourne, Sydney

TABLE OF CONTENTS

1. INTRODUCTION

1.1 Background

As the largest fresh food market in the north of Melbourne, the Preston Market has become an important part of the community within Melbourne's north. It provides a unique and diverse offering as a key component of the Preston-High Street Activity Centre and draws in large numbers of people during hours of operation.

The owners of the site, Salta Properties, are considering re-developing the Preston Market site, although the formal development application process is yet to commence.

Salta Properties engaged MacroPlan Dimasi to undertake an independent assessment of the development potential at the Preston Market site. The assessment considered a mix of uses at the site, including retail, entertainment, office, other non-retail, and residential uses.

Given the role of the market to the community and its position in the activity centre hierarchy, it is important that the re-development of the site does not unduly impact the benefits that the market provides to the community or the main street retail along High Street that forms another key component of the Preston-High Street activity centre.

1.2 Scope of peer review

The scope of the SGS peer review is as follows:

- Scrutinise the assumptions, logic, data and methodology used in the independent assessment undertaken by MacroPlan Dimasi.
- Review the interpretation of results and conclusions formed. Any undue bias in the interpretation of findings will be highlighted.
- Identify any key issues/impacts that have not been captured by the independent assessment when considering the development from a community perspective.

2. PEER REVIEW

2.1 Introduction

The main body of the MacroPlan Dimasi report is structured as follows:

- **Section 1** outlines the local and regional context surrounding the Preston Market site.
- **Section 2** defines the trade area catchments for the proposed development and relevant retail expenditure forecasts within the catchments.
- **Section 3** outlines the proposed development's competitive trade environment.
- **Section 4** estimates the retail floorspace demand for the proposed development.
- **Section 5** provides various case studies of major fresh food markets in Melbourne.
- **Section 6** provides an assessment of the likely amount of supportable retail floorspace at the proposed development.
- **Section 7** assesses potential entertainment and non-retail uses for the proposed development.
- **Section 8** assesses potential office uses for the proposed development.
- **Section 9** estimates the impact of the proposed development on surrounding retail activity centres and whether it provides a net community benefit.
- **Section 10** presents key findings from the report.

SGS' will now review data, assumptions and conclusions for each chapter.

2.2 Chapter review

Section 1: Site context and proposed development

The MacroPlan Dimasi report outlines where the Preston Market site is located and context surrounding the site. It states that it is in close vicinity to a number of major thoroughfares, in particular High Street and Bell Street.

The report identifies the other major fresh food markets in Melbourne: Camberwell Market, Oakleigh Market, Queen Victoria Market, South Melbourne Market, Prahran Market, and Footscray Market. It highlights that Preston Market lacks competition from competing markets in the northern areas of Melbourne.

The report outlines the existing uses at the Preston Market. The market is currently dominated by fresh food, food catering and general merchandise stalls. An Aldi supermarket is located towards the southern end of the market.

Further, the potential uses for a proposed development are outlined. The report indicates that a proposed development would likely be a mixed use, multi-level development with various retail, entertainment, office, residential, and other non-retail uses. The report states any residential component would likely accommodate 2,500 apartments across the Preston Market site and adjoining VicTrack land.

SGS comments:

- Assessment of site context and current function is appropriate.
- Potential development uses are presented from a 'highest and best use' perspective and has not considered local policy or currently permitted land uses at this stage. However, general identification a potential multi-level and mixed-use development is reasonable give the site locational context. Identifying of the potential scale of residential development at this point of the analysis may be premature.

Section 2: Trade area analysis

Trade Area Catchments (page 9)

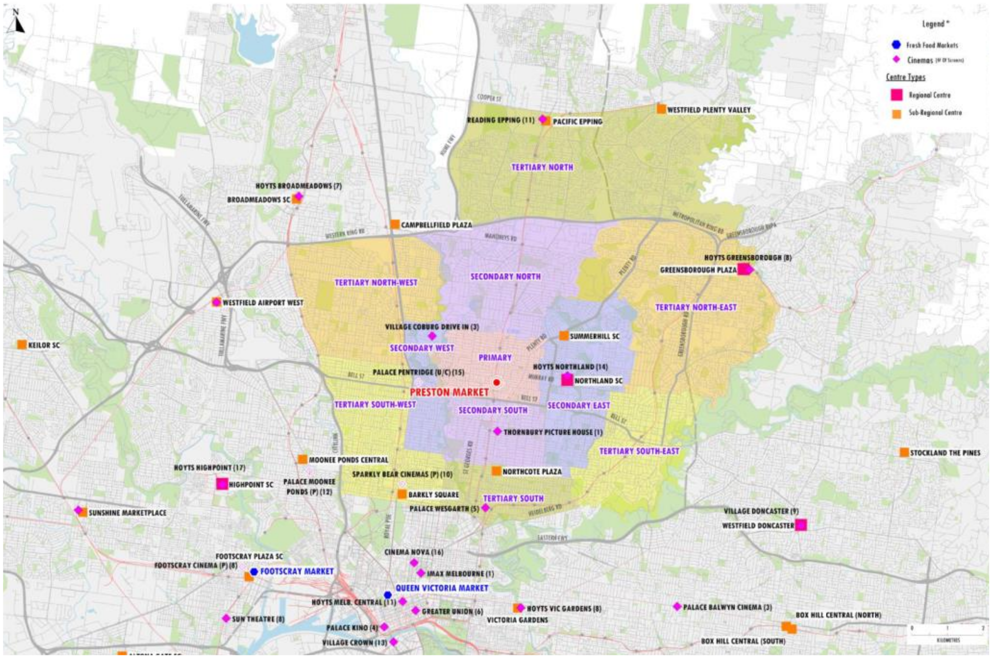
Trade area catchments were defined for the retail services component of the Preston Market site. Three catchment areas were defined: Primary, Secondary and Tertiary. These are shown in Figure 1 below, with the Primary Trade Area (PTA) shaded in pink, the Secondary Trade Area (STA) shaded in purple, and the Tertiary Trade Area (TTA) shaded in yellow.

The following key factors were used to determine the trade area catchments:

- Strategic location of the Preston Market site.
- Attractiveness of the Preston Market, being the sole fresh food market in the north of Metropolitan Melbourne.
- Ease of access from surrounding regions due to nearby arterial roads.
- Ease of access by public transport, in particular rail transport, due to Preston Station being located next to the site.
- The role of the re-development proposal, which will be a significant mixed-use development with a large variety of uses within Melbourne's north.

The PTA extends south to Bell St and approximately 2km to the east, west and north of the site. The STA extends approximately another 2-4km beyond the PTA. Further, the TTA extends approximately another 2-4km beyond the STA.

FIGURE 1: TRADE AREA CATCHEMNTS – PRESTON MARKET



Source: MacroPlan Dimasi, 2019.

SGS comments:

- Trade areas are defined based on professional judgment and not validated with actual survey data or retail network modelling. Limited explanation is provided for the catchments chosen: STA is an extension of approximately 2-4km beyond the PTA and the TTA is an extension of approximately another 2-4km beyond the STA.
- However, the trade area catchments look generally reasonable for the Preston Market as a whole. Given its unique retail offer and specialisation the trade areas would likely vary by retail commodity type – being larger for specialised components and smaller for local daily goods and services.

Trade area population (page 13)

The table below indicates the population forecasts for each of the trade area catchments. A variety of sources were used to produce the forecasts (see bottom of table).

FIGURE 2: TRADE AREA POPULATION PROJECTIONS

Table 2.1
Preston Market trade area population, 2011-2031*

	Estimated population			Forecast population		
Trade area sector	2011	2016	2018	2021	2026	2031
Primary	28,250	30,720	32,120	34,820	39,820	44,820
Secondary sectors						
• North	35,770	38,630	40,030	42,130	45,630	49,130
• East	28,290	30,670	31,670	33,470	36,470	39,470
• South	32,780	35,920	37,320	39,420	42,920	46,420
• West	16,640	18,020	18,820	19,720	21,220	22,720
Total secondary	113,480	123,240	127,840	134,740	146,240	157,740
Main trade area	**141,730**	**153,960**	**159,960**	**169,560**	**186,060**	**202,560**
Tertiary sectors						
• North	85,960	91,090	92,690	94,490	97,490	100,490
• Nth-east	68,930	71,020	72,020	73,520	76,020	78,520
• Sth-east	29,170	30,890	32,090	33,890	36,390	38,890
• South	31,910	34,560	36,160	38,560	41,560	44,560
• Sth-west	66,280	74,040	78,040	84,040	90,040	96,040
• Nth-west	48,540	54,350	57,150	61,350	66,350	71,350
Total tertiary	330,790	355,950	368,150	385,850	407,850	429,850
Total trade area	**472,520**	**509,910**	**528,110**	**555,410**	**593,910**	**632,410**
		Average annual growth (no.)				
Trade area sector		2011-16	2016-18	2018-21	2021-26	2026-31
Primary		494	700	900	1,000	1,000
Secondary sectors						
• North		572	700	700	700	700
• East		476	500	600	600	600
• South		628	700	700	700	700
• West		276	400	300	300	300
Total secondary		1,952	2,300	2,300	2,300	2,300
Main trade area		**2,446**	**3,000**	**3,200**	**3,300**	**3,300**
Tertiary sectors						
• North		1,026	800	600	600	600
• Nth-east		418	500	500	500	500
• Sth-east		344	600	600	500	500
• South		530	800	800	600	600
• Sth-west		1,552	2,000	2,000	1,200	1,200
• Nth-west		1,162	1,400	1,400	1,000	1,000
Total tertiary		5,032	6,100	5,900	4,400	4,400
Total trade area		**7,478**	**9,100**	**9,100**	**7,700**	**7,700**
		Average annual growth (%)				
Trade area sector		2011-16	2016-18	2018-21	2021-26	2026-31
Primary		1.7%	2.3%	2.7%	2.7%	2.4%
Secondary sectors						
• North		1.6%	1.8%	1.7%	1.6%	1.5%
• East		1.6%	1.6%	1.9%	1.7%	1.6%
• South		1.8%	1.9%	1.8%	1.7%	1.6%
• West		1.6%	2.2%	1.6%	1.5%	1.4%
Total secondary		1.7%	1.8%	1.8%	1.7%	1.5%
Main trade area		**1.7%**	**1.9%**	**2.0%**	**1.9%**	**1.7%**
Tertiary sectors						
• North		1.2%	0.9%	0.6%	0.6%	0.6%
• Nth-east		0.6%	0.7%	0.7%	0.7%	0.6%
• Sth-east		1.2%	1.9%	1.8%	1.4%	1.3%
• South		1.6%	2.3%	2.2%	1.5%	1.4%
• Sth-west		2.2%	2.7%	2.5%	1.4%	1.3%
• Nth-west		2.3%	2.5%	2.4%	1.6%	1.5%
Total tertiary		1.5%	1.7%	1.6%	1.1%	1.1%
Total trade area		**1.5%**	**1.8%**	**1.7%**	**1.3%**	**1.3%**

**As at June*
Source: ABS Census 2016; Victoria in Future 2016; Forecast.id; MacroPlan Dimasi

Source: MacroPlan Dimasi, 2019.

SGS comments:

- Overall population forecasts appear reasonable and generally consistent with published population forecast trends such as Victoria in Future 2016. SGS doesn't have any reason to question the population forecasts without any further analysis.
- However, SGS believes the proposed 2,500 apartments should not be included as part of the baseline forecast. Rather they should be included as part of a project scenario forecast. This allows the impacts of the proposed development to be accurately assessed against a scenario where there is no proposed development.
- Some key assumptions related to 2500 apartments have also not been documents which would be required to adequately assess their appropriateness:
  - Likely uptake of apartments over time and ability for market to absorb supply
  - Likely average household size and therefore link to population.

Socio-demographic profile (page 15)

The table overleaf illustrates the socio-demographic profile for each of the trade area catchments.

FIGURE 3: SOCIO-DEMOGRAPHIC PROFILE

Table 2.2
Preston Market total trade area - socio-demographic profile, 2016

Census item	Primary sector	Secondary sectors	Main TA	Tertiary sectors	Total TA	Melb Metro avg.	Aust. avg.
Per capita income	$37,161	$36,825	$36,892	$40,508	$39,416	$41,365	$39,800
Var. from Melb Metro benchmark	*-10.2%*	*-11.0%*	*-10.8%*	*-2.1%*	*-4.7%*		
Avg. household income	$93,015	$88,559	$89,420	$104,064	$99,460	$108,488	$101,610
Var. from Melb Metro benchmark	*-14.3%*	*-18.4%*	*-17.6%*	*-4.1%*	*-8.3%*		
Avg. household size	2.5	2.4	2.4	2.6	2.5	2.6	2.6
Age distribution (% of population)							
Aged 0-14	17.3%	15.5%	15.8%	16.8%	16.5%	18.3%	18.7%
Aged 15-19	4.4%	4.6%	4.5%	5.2%	5.0%	6.0%	6.1%
Aged 20-29	16.2%	18.1%	17.7%	16.5%	16.8%	15.5%	13.8%
Aged 30-39	17.9%	18.6%	18.5%	16.3%	16.9%	15.5%	14.0%
Aged 40-49	15.6%	13.6%	14.0%	13.7%	13.8%	13.9%	13.5%
Aged 50-59	11.4%	10.7%	10.9%	11.7%	11.5%	12.0%	12.7%
Aged 60+	17.1%	18.9%	18.6%	19.7%	19.4%	18.8%	21.1%
Average age	37.5	38.4	38.2	38.4	38.4	37.6	38.6
Housing status (% of households)							
Owner (total)	62.1%	57.5%	58.4%	67.1%	64.4%	68.5%	67.4%
• Owner (outright)	32.2%	30.1%	30.5%	35.5%	33.9%	31.4%	31.9%
• Owner (with mortgage)	29.9%	27.4%	27.9%	31.6%	30.5%	37.1%	35.5%
Renter	37.6%	42.0%	41.1%	32.5%	35.2%	30.9%	31.8%
Other	0.3%	0.5%	0.4%	0.4%	0.4%	0.6%	0.8%
Birthplace (% of population)							
Australian born	63.6%	61.6%	62.0%	64.8%	64.0%	63.9%	71.9%
Overseas born	36.4%	38.4%	38.0%	35.2%	36.0%	36.1%	28.1%
• Asia	15.3%	15.1%	15.1%	13.1%	13.7%	17.3%	11.2%
• Europe	13.9%	14.4%	14.3%	14.1%	14.1%	11.0%	9.6%
• Other	7.2%	8.9%	8.5%	8.0%	8.2%	7.8%	7.4%
Family type (% of households)							
Couple with dep't children	45.3%	40.9%	41.7%	45.2%	44.1%	47.8%	44.8%
Couple with non-dep't child.	7.8%	7.2%	7.3%	8.9%	8.4%	8.3%	7.7%
Couple without children	20.8%	22.8%	22.4%	21.8%	22.0%	20.7%	22.8%
One parent with dep't child.	6.9%	7.7%	7.5%	6.6%	6.9%	7.8%	8.8%
One parent w non-dep't child.	4.9%	5.1%	5.1%	4.4%	4.6%	3.9%	3.7%
Other family	1.8%	2.0%	2.0%	1.5%	1.7%	1.3%	1.1%
Lone person	12.6%	14.3%	14.0%	11.5%	12.3%	10.2%	11.0%

Source: ABS Census of Population & Housing, 2016; MacroPlan Dimasi

Source: MacroPlan Dimasi, 2019.

SGS comments:

- Socio-demographic profile appears reasonable.

Retail expenditure (page 18)

The following two tables provide the retail expenditure estimates for the Main Trade Area and Total Trade Area, respectively. The estimates were generated using MarketInfo data, which produces current retail expenditure estimates at a small area level using a micro-simulation approach. The estimates are provided by retail commodity type.

The main trade area forecasts were highlighted as consisting of the following elements:

- Average population growth of 1.8% per annum; and
- Real growth in per capita retail expenditure of 0.9%.

Food catering was highlighted as the fastest growing retail commodity for the main trade area, growing at an average annual growth rate of 3.4%. Food, liquor and groceries (FLG) was estimated to account for approximately 45% of overall, retail expenditure, while non-food items accounted for 42%.

FIGURE 4: RETAIL EXPENDITURE – PRESTON MARKET MAIN TRADE AREA

Table 2.4
Preston Market main trade area - retail expenditure by category ($M), 2018-2031*

Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	**Total retail**
2018	948	290	215	361	91	151	62	2,118
2019	976	300	221	371	93	155	64	2,179
2020	1,005	311	226	381	95	159	66	2,243
2021	1,035	321	232	391	98	163	68	2,307
2022	1,065	333	237	402	100	167	70	2,374
2023	1,097	344	243	412	103	171	72	2,442
2024	1,129	356	249	423	105	175	74	2,511
2025	1,161	368	255	434	108	179	76	2,581
2026	1,194	380	261	446	110	183	78	2,652
2027	1,228	393	267	457	113	187	81	2,725
2028	1,262	406	273	469	115	192	83	2,798
2029	1,296	419	279	480	118	196	85	2,873
2030	1,332	432	285	492	120	200	87	2,949
2031	1,367	446	291	504	123	205	90	3,026
Average annual growth ($M)								
2018-2031	32.3	12.0	5.8	11.0	2.5	4.1	2.1	69.9
Average annual growth (%)								
2018-2031	2.9%	3.4%	2.4%	2.6%	2.4%	2.4%	2.9%	2.8%

**Constant 2017/18 dollars & including GST*
Source: MarketInfo; MacroPlan Dimasi

Retail expenditure category definitions:

- FLG: take-home food and groceries, as well as packaged liquor.
- Food catering: expenditure at cafes, take-away food outlets and restaurants.
- Apparel: clothing, footwear, fashion accessories and jewellery.
- Household goods: giftware, electrical, computers, furniture, homewares and hardware goods.
- Leisure: sporting goods, music, DVDs, computer games, books, newspapers & magazines, stationery and photography equipment.
- General retail: pharmaceutical goods, cosmetics, toys, florists, mobile phones and pets.
- Retail services: hair & beauty, optical goods, dry cleaning, key cutting and shoe repairs.

Source: MacroPlan Dimasi, 2019.

FIGURE 5: RETAIL EXPENDITURE – PRESTON MARKET TOTAL TRADE AREA

Table 2.5
Preston Market total trade area - retail expenditure by category ($M), 2018-2031*

Year ending June	FLG	Food catering	Apparel	Household goods	Leisure	General retail	Retail services	**Total retail**
2018	3,163	983	755	1,263	318	517	216	7,216
2019	3,251	1,016	772	1,295	326	529	222	7,410
2020	3,340	1,049	789	1,328	333	541	228	7,608
2021	3,430	1,083	807	1,361	340	553	235	7,809
2022	3,517	1,117	824	1,392	347	564	241	8,002
2023	3,601	1,149	839	1,422	354	575	247	8,187
2024	3,687	1,183	855	1,452	361	585	253	8,375
2025	3,774	1,217	871	1,483	367	596	259	8,566
2026	3,862	1,251	887	1,513	374	607	265	8,760
2027	3,952	1,287	903	1,545	381	618	271	8,956
2028	4,043	1,323	919	1,577	388	629	277	9,156
2029	4,135	1,361	936	1,609	395	641	283	9,359
2030	4,229	1,399	952	1,641	402	652	290	9,564
2031	4,324	1,437	969	1,674	409	663	297	9,773
Average annual growth ($M)								
2018-2031	89.3	35.0	16.5	31.6	7.0	11.2	6.2	196.7
Average annual growth (%)								
2018-2031	2.4%	3.0%	1.9%	2.2%	1.9%	1.9%	2.5%	2.4%

**Constant 2017/18 dollars & including GST*
Source: MarketInfo; MacroPlan Dimasi

Source: MacroPlan Dimasi, 2019.

SGS comments:

- Overall retail expenditure forecast are robust and reasonable:
  - MarketInfo is considered industry standard for deriving base retail expenditure estimates for a given catchment area.
  - Assumptions for real growth in per capita retail expenditure seem reasonable. However, could be split by retail commodity types given variation across sector.
  - Food catering being the fastest growing commodity type appears reasonable given recent trends. Proportion of FLG (45%) appears reasonable.

Worker market (page 24)

As well as residents, the re-development of Preston Market is expected to serve a working population catchment. The working catchment defined by MacroPlan Dimasi was a 10-minute walking catchment around the Preston Market site, which includes approximately 5,900 workers currently.

> SGS comments:
>
> - 5,900 workers aligns with the 10 minute catchment definition, which is appropriate. It represents approximately 9.4% of Darebin's workforce.
> - It is unclear how this worker population has been used in the expenditure demand analysis and some key assumptions have not been documented including:
>   - Percentage of workers also within resident trade catchments. If not accounted for appropriately this can result in double-counting a person's expenditure.
>   - Percentage of worker population expenditure captured at Preston Market
>   - Estimated per worker expenditure by commodity type

Section 3: Competitive context

High Street Activity Centre (page 27)

The composition of the High Street Activity Centre is outlined by MacroPlan Dimasi. Based on an audit in December 2018, High Street Activity Centre's composition (exclusive of Preston Market) is as follows:

- 135 occupied retail premises, equivalent to approximately 15,600 sqm of retail floorspace.
- 94 occupied non-retail premises, equivalent to approximately 11,000 sqm of non-retail floorspace.
- 20 vacant premises, equivalent to approximately 2,400 sqm of floorspace.

Based on these estimates, the vacancy rate across the activity centre is around 8%.

> SGS comments:
>
> - Council has noted that the vacancy rate for High Street Activity Centre should be around 10% rather than 8%. SGS does not have any data to support either estimate. While it is noted that a healthy centre typically has a base retail vacancy rate of 5%. This supports regular renewal/churn of shops. A level above this suggests low demand or other issues.
> - Activity centre size and composition looks reasonable otherwise. SGS doesn't have any reason to question the activity centre's composition without any further analysis.

Traditional retail competition (page 32)

The table overleaf outlines the competing centres for the Preston Market re-development. Both existing and future centres have been considered within the competitive environment.

FIGURE 6: COMPETING CENTRES

Centre	Retail GLA (sq.m)	Major traders	Dist. by road from Preston Market (km)
Regional centres			
Northland SC	93,000	Myer, Kmart, Target, Coles, Woolworths, Aldi	2.4
Sub regional centres			
Summerhill SC	16,500	Kmart, Coles, Aldi	3.2
Northcote Plaza	19,600	Kmart, Coles (x2)	3.2
Barkly Square	17,100	Kmart, Coles, Woolworths	6.7
Neighbourhood centres			
Preston	30,000	Woolworths, Aldi	-
South Preston SC	6,500	Woolworths, Aldi	1.6
Thornbury	6,500	IGA, Independent	2.1
Coburg Hill SC	3,800	Woolworths	2.4
Reservoir	9,000	Coles, Supa IGA	2.9
Coburg	30,000	Woolworths, Coles (x2)	3.6
Polaris Town Centre	7,000	Woolworths	5.4
Large format retail centres			
Bell Street Homemaker	55,000	Bunnings, JB Hi-Fi, Officeworks, Spotlight	2.2
Northland Homemaker Centre	45,000	Harvey Norman, JB Hi-Fi, Rebel, Repco	2.4
Lincoln Mills Homemaker	24,000	Bunnings, BCF, Officeworks, Petbarn	5.0
Thomastown Homemaker Centre	25,000	Harvey Norman, JB Hi-Fi, Fantastic Furniture	6.3
Future retail facilities			
Pentridge Coburg	6,000	Supermarket	3.4
Aldi Coburg North	1,800	Aldi	5.0

Table 3.3
Preston Market - schedule of major retail facilities

Source: Property Council of Australia; MacroPlan Dimasi

Source: MacroPlan Dimasi, 2019.

SGS comments:

- The assessment of the traditional competitive environment for the Preston Market appears reasonable, especially given proposed centres have been considered.

Section 4: Retail floorspace demand

Retail floorspace demand for each commodity type was estimated via a traditional shift-share approach. The methodology for estimating demand was as follows:

- Estimate total residential demand for main trade area by dividing retail expenditure for each commodity type by retail turnover densities (RTDs).
- Apply different market shares for each commodity type.
- Incorporate an injection of 20% additional demand from beyond the main trade area, which accounts for workers and other residents beyond main trade area.

The following RTDs and market shares for the primary and secondary trade areas were applied in the analysis:

TABLE 1: RTDS AND MARKET SHARES BY RETAIL COMMODITY TYPE

Retail Commodity Type	RTDs	Market Share - PTA	Market Share – STA
FLG	$9,000	35%	12.5%
Food Catering	$6,500	25%	12.5%
Apparel	$4,500	5%	3%
Household Goods	$4,250	10%	4%
Leisure	$6,000	20%	12.5%
General Retail	$7,000	15%	7.5%
Retail Services	$4,500	35%	12.5%

Source: MacroPlan Dimasi, 2019.

The table below highlights the estimated floorspace gap for the Preston Activity Centre, exclusive of Preston Market.

FIGURE 7: RETAIL SUPPLY GAP

Table 4.2
Preston Market - estimated Preston Activity Centre floorspace gap by category (sq.m), 2021-2031

Year ending June	FLG	Food catering	**Total food**	Apparel	H'hold goods	Leisure	General retail	Retail services	**Total non-food**	**Total retail**
% retail expenditure retained within Preston AC										
Primary	35.0%	25.0%	**32.0%**	5.0%	10.0%	20.0%	15.0%	35.0%	**12.0%**	**21.1%**
Secondary	12.5%	12.5%	**12.5%**	3.0%	4.0%	12.5%	7.5%	12.5%	**5.5%**	**8.7%**
Main TA	**17.1%**	**15.0%**	**16.5%**	**3.4%**	**5.2%**	**14.0%**	**9.1%**	**17.0%**	**6.8%**	**11.2%**
2021	23,060	8,710	**31,770**	2,050	5,630	2,680	2,470	3,010	**15,840**	**47,610**
2022	23,600	8,950	**32,550**	2,090	5,740	2,720	2,510	3,080	**16,140**	**48,690**
2023	24,160	9,200	**33,360**	2,130	5,860	2,770	2,560	3,150	**16,470**	**49,830**
2024	24,720	9,450	**34,170**	2,160	5,980	2,820	2,600	3,230	**16,790**	**50,960**
2025	25,290	9,710	**35,000**	2,200	6,100	2,860	2,640	3,300	**17,100**	**52,100**
2026	25,850	9,960	**35,810**	2,230	6,220	2,910	2,690	3,370	**17,420**	**53,230**
2027	26,420	10,230	**36,650**	2,270	6,340	2,950	2,730	3,450	**17,740**	**54,390**
2028	26,990	10,490	**37,480**	2,300	6,460	3,000	2,770	3,520	**18,050**	**55,530**
2029	27,560	10,760	**38,320**	2,340	6,580	3,040	2,820	3,600	**18,380**	**56,700**
2030	28,140	11,030	**39,170**	2,370	6,700	3,090	2,860	3,670	**18,690**	**57,860**
2031	28,710	11,300	**40,010**	2,410	6,820	3,130	2,900	3,750	**19,010**	**59,020**
Estimated retail floorspace supply										
Preston AC*	5,480	4,020	**9,500**	400	1,290	710	1,290	2,380	**6,070**	**15,570**
Estimated floorspace gap within Preston AC										
2021	**17,580**	**4,690**	**22,270**	**1,650**	**4,340**	**1,970**	**1,180**	**630**	**9,770**	**32,040**
2026	**20,370**	**5,940**	**26,310**	**1,830**	**4,930**	**2,200**	**1,400**	**990**	**11,350**	**37,660**

**Based on a floorspace survey conducted by MacroPlan in December 2018, excluding Preston Market*
Source: MarketInfo; MacroPlan Dimasi

Source: MacroPlan Dimasi, 2019.

The redevelopment of Preston Market site is assumed to be included within the Base Case, with an additional 2,500 apartments being provided on the site.

A sensitivity analysis was undertaken with 4,000 apartments being developed instead of 2,500. The resulting retail floorspace gap at year 2026 was 38,800 sqm under this scenario, which is approximately 1,000 sqm higher than the retail floorspace gap under the scenario with 2,500 apartments (retail floorspace gap of 37,660 sqm as in the table above).

SGS comments:

- RTDs appear reasonable and within standard industry ranges.
- Market shares are based on professional judgement, not surveys or retail network analysis. Shares seem generally reasonable, potentially on the high side for the STA
- Injection of additional 20% of expenditure coming from beyond the trade area is quite arbitrary and not supported by any evidence. It appears high given the wide catchment definition and relatively modest worker population within the catchment.
- The proposed development, with 2500 apartments, is considered in the base case. A base case without the development should be assessed first followed by project scenarios which consider various development outcomes (i.e. +2,500 apartments). This would enable an assessment of weather the retail gap is largely derived by the surrounding community or dependent on the new residential development.
- The combined effect of these points potentially over-estimates the retail gap.

Section 5: Case study analysis

This chapter outlines three case studies of fresh food markets within Metropolitan Melbourne: South Melbourne Market, Prahran Market, and Dandenong Market.

SGS comments:

- Case studies seem reasonable. Noting that the markets referred to are publicly owned, rather than privately. The case studies also focus on the relationship between the Market and neighbouring supermarkets and largely do not comment on their relationship with neighbouring retail areas.

Section 6: Retail composition and sales potential

Potential retail composition (page 47)

This section outlines the potential composition of retail and non-retail premises of the proposed development at the Preston Market site. A Coles supermarket of 3,800 sqm is proposed as an additional supermarket option at the site as well as expanding the current Aldi supermarket from 1,300 sqm to 1,800 sqm. A brief supermarket demand analysis is also provided using an average supermarket floorspace per capita provision of 0.4 sqm per capita. Based on this analysis, there is an anticipated underprovision of supermarket floorspace of approximately 4,800 sqm within the PTA and approximately 21,600 within the STA at 2031, despite proposed supermarket floorspace in future.

Supportable floorspace recommendations for other retail and non-retail premises are outlined in the table below (this excludes the Preston Market).

FIGURE 8: PROPOSED RETAIL COMPOSITION – PROPOSED DEVELOPMENT

Table 6.2
Preston Market - Proposed retail composition

	Preston Market	
Category	(No.)	(sq.m)
Supermarkets	2	5,600
• Coles	1	3,800
• Aldi	1	1,800
Mini-majors	4	3,200
• First Choice	1	1,200
• Harris Scarfe/other non-food	1	1,000
• Asian groceries	1	500
• Pharmacy	1	500
Retail specialties		
Food & Liquor	5	550
• Food retail	4	400
• Liquor	1	150
Food catering	25	2,350
• Takeaway food	16	1,150
• Cafe/restaurant	9	1,200
Apparel	4	400
Household	3	450
• Giftware	1	150
• Homewares	2	300
Newsagency	1	100
General	3	450
• Discount variety	1	200
• Florists	1	100
• Phone & mobile communications	1	150
Retail services	10	700
• Key cutting, shoe/watch repairs	2	50
• Optometrist	1	150
• Hairdressing & beauty	5	400
• Other retail services	2	100
Total retail spec.	51	5,000
Total centre - retail	**55**	**13,800**
Non-retail shopfront		
Travel agent	1	100
Real estate agent	1	100
Post office	1	100
Massage	1	100
Laundromat	1	100
Total non-retail shopfront	5	500
Total centre	**60**	**14,300**

Source: MacroPlan Dimasi

Source: MacroPlan Dimasi, 2019.

Further, it is stated that approximately 4-5 large format retail stores could be supported at Preston Market, equivalent to approximately 5,000 sqm in total large format retail floorspace.

SGS comments:

- Given the estimated floorspace gaps (noting the gap is potentially over estimated) from Section 4, all the supportable floorspace appears reasonable.

Retail sales potential (page 55)

This section outlines the estimated turnover that would be generated from the retail premises at the proposed development. It excludes the sales generated from the Preston Market.

Key considerations for the sales potential for the retail premises at the proposed development include:

- Location of the site
- The prominence of the fresh food market
- Location of competing retail centres
- Growing population within the trade area

The turnover for different retail premises were estimated by applying RTDs for different commodity types to the proposed retail floorspace. The estimated turnover by different retail commodity types is shown in the table below.

FIGURE 9: ESTIMATED TURNOVER SUMMARY

Table 6.4
Preston Market - Retail sales potential summary, 2020/21*

Category	GLA	Estimated sales	
	(sq.m)	($M)	($/sq.m)
Traditional retail centre			
Supermarkets	5,600	54.1	9,660
Mini-majors	3,200	19.3	6,030
Retail specialties	5,000	31.3	6,250
Total retail centre	13,800	104.7	7,580
Large format retail precinct			
Large format retailers	5,000	17.5	3,500
Total retail facilities	**18,800**	**122.2**	**6,500**

**Constant 2017/18 dollars & including GST*
Source: Salta Properties; MacroPlan Dimasi

Source: MacroPlan Dimasi, 2019.

SGS comments:

- Assessment appears reasonable and consistent with previous analysis

Section 7: Entertainment and non-retail potential

This section outlines the demand and sales potential for entertainment and other non-retail uses at the Preston Market site. The potential uses that are analysed include:

- Cinema complex
- Entertainment experiences such as mini-golf, ten-pin bowling and gaming arcades
- Dining precinct
- Medical centre
- Childcare facility
- Health and fitness facilities
- Office space

A detailed analysis of the demand for a cinema complex is undertaken using a catchment-based approach. The demand for other entertainment and non-retail uses are assessed qualitatively. The sales potential for each of these uses are estimated thereafter.

SGS comments:

- Potential range of entertainment and non-retail uses assessed seems reasonable.
- However, it is difficult to determine the demand for each entertainment/non-retail use due to a lack of a standardised approach and data on visitation/utilisation of these uses.
- SGS cannot qualify the demand and sales potential of each of the entertainment and non-retail uses as estimated in the report.

Section 8: Office market assessment

Commercial office demand (page 83)

MacroPlan Dimasi have used the following industries and occupations to define office-based workers, and hence, indicate potential demand for office spaces:

- Industries:
  - Information media and telecommunications,
  - Financial and insurance services,
  - Rental, hiring and real estate services,
  - Professional, scientific and technical services,
  - Administrative and support services,
  - Public administration and safety,
  - Education and training, and
  - Health care and social assistance;
- Occupations:
  - Managers,
  - Professionals, and
  - Clerical and administrative workers.

The following assumptions have then been made to estimate the potential office floorspace demand in the study area and in the context of the subject site:

- number of workers will grow in line with forecast population growth through to 2031;
- current employment servicing ratio remains fixed at 0.32 jobs per resident;
- current share of office workers remains fixed at 20.7%;
- office floorspace requirement averages at 20 sqm per worker with some variations for certain cases.

As a result, the total office floorspace required by the population of Darebin is likely to be around 52,000 estimated by 2031. MacroPlan Dimasi estimate between 5,200 and 7,800 sqm of that 52,000 sqm of office floorspace is supportable at the site.

SGS comments:

- Overall the assumptions appear to be reasonable, apart from the 20.7% of jobs being office jobs, which appears to potentially be high. However, if this share was reduced there is still significant demand to accommodate the 5,200 to 7,800 sqm of office floorspace at the site as estimated by MacroPlan Dimasi.

Section 9: Economic impacts consideration

Employment stimulus (page 89)

The employment stimulus from the proposed development is summarised by the paragraphs below from the MacroPlan Dimasi report:

Based on the amount and nature of floorspace to be included in the proposed development, we estimate that approximately 765 additional ongoing direct retail/entertainment jobs would be created at Preston Market, as well as potentially around 285 office jobs based on the inclusion of 5,000 sq.m of office space.

In total it is estimated that the redeveloped Preston Market precinct can support around 1,000 – 1,100 additional ongoing jobs, or around 1,400 ongoing jobs including existing jobs on site. This represents a fourfold increase in the potential number of direct jobs on site post redevelopment compared with current number of estimated jobs on site.

SGS comments:

- An estimated 1,000 to 1,100 additional jobs is likely to be a significant overestimate. Caution should be taken when considering the outputs of input-output modelling in situations such as this. Key shortcomings of the approach generally include:
  - Based on a static point in time – That is, they are based on supply chain linkages as of today and do not consider how the economy will change, or adapt over time.
  - No constraints on supply – That is, they assume there is an unlimited supply of labour and that no other sector is competing for that labour. In reality, demand for employment associated with a new project will crowd out employment elsewhere in the economy.
  - Fixed prices – That is, it assumes prices do not respond to market signals.
  - No changes to productivity and returns to scale – That is, there is no underutilised capacity, ability for additional 'economies of scale', or improved efficiency in firms.

  In reality, the net increase in employment is expected to be substantially lower than quoted for these reasons. In reality, as expenditure transferred to the Preston Market precinct (as a result of the development) generates a need for additional employment, a reduction of expenditure in neighbouring retail precincts reduces the need for employment in those precincts. Therefore, the increase in employment resulting from an increase in expenditure at Preston Market will be at least partially offset by losses of employment elsewhere, as expenditure is drawn from neighbouring precincts.
- Consideration of any impact on existing employment uses, particularly employment impacts to the existing actual market, should also be considered when determining the total ongoing number of jobs. Any negative impacts to existing site offer may impact employment on the site and have similar (inverse) flow on employment impacts.

Economic and social benefits (page 92)

The key benefits as part of the net community benefit brought about by proposed development are summarised as follows:

- *Serving the retail needs of the growing trade area population*
- *Improving shopping choice and providing for the retail shopping needs of local residents and workers*
- *Reduce trave time for community*
- *Strengthen the status of Preston Activity Centre as a key retail precinct*
- *Creating local employment opportunities.*

SGS comments:

- It is concluded that 'a net community benefit will result from the proposed development'. This is simply based on the identification of a range of 'economic and social benefits' that are linked to the development.
- A range of potential detriments are not assessed, apart from 'trading impacts', where the potential for existing retail precincts to be undermined is assessed.
  The following potential detrimental impacts are not addressed:
  - Reduction in size, functionality, and prominence of Preston Market
  - Loss of welfare for those that value Preston Market in its present form
  - Loss of available car parking
  - Increased traffic congestion
  - Permanent loss of perceived 'public space'
  - Reduction of employment that would otherwise have occurred in other centres.

  It is unclear if consideration of these potential detrimental impacts would significantly offset the benefits identified in the assessment.

Consideration of trading impacts (page 94)

The table overleaf outlines the impact of the proposed development on competing centres in the region. The methodology for deriving these impacts on the trading levels of other centres is outlined as follows:

- First, as detailed previously, the sales potential of the proposed traditional retail development at Preston Market is estimated at $86.7 million in its first year (i.e. 2020/21), excluding the estimated sales of the Aldi supermarket, given that the store is currently trading.
- The current sales for each shopping centre/precinct are then sourced, where available, from reported sales in publications such as Shopping Centre News and from the Property Council of Australia. If reported sales are not available, sales are calculated based on the retail floorspace of each centre multiplied by an appropriate turnover per sq.m. All figures are expressed in constant 2017/18 dollars and include GST.
- Potential sales for the surrounding competitive supply network in 2020/21 are estimated assuming the proposed development does not occur.
- Sales for all competitive centres as at 2020/21 are then estimated assuming the proposed development at the subject site does proceed.
- An assessment of likely trading impacts is then made by comparing the estimated sales potential for each centre, at 2020/21, with and without the proposed development.

FIGURE 10: TRADING IMPACTS SUMMARY

Table 9.2
Preston Market - estimated traditional retail impact on specific centres ($M)*

Centre	Estimated 2017/18	Estimated 2020/21 No dev't	Estimated 2020/21 With dev't	Impact 2021 $M	Impact 2021 %	Change 2018-21 (%) No dev't	Change 2018-21 (%) With dev't
Within main trade area							
Preston Activity Centre	120	133	130	-3.7	-2.8%	11.0%	7.9%
Northland SC	550	602	567	-35.0	-5.8%	9.4%	3.0%
Reservoir Activity Centre	70	76	72	-4.0	-5.3%	8.2%	2.5%
South Preston SC	65	71	68	-3.0	-4.3%	8.5%	3.9%
Coburg Hill SC	30	33	32	-1.0	-3.1%	9.0%	5.7%
Summerhill SC	90	98	93	-4.5	-4.6%	8.5%	3.5%
Polaris Town Centre	60	65	63	-1.5	-2.3%	8.0%	5.5%
Total within trade area	**985**	**1,076**	**1,024**	**-52.7**	**-4.9%**	**9.3%**	**3.9%**
Beyond trade area							
Coburg Activity Centre	220	244	233	-11.5	-4.7%	11.0%	5.8%
Northcote Plaza	135	148	141	-7.0	-4.7%	9.6%	4.4%
Barkley Square	185	204	201	-3.0	-1.5%	10.5%	8.9%
Others	n.a	n.a	n.a	-12.5			
Total beyond	**n.a**	**n.a**	**n.a**	**-34.0**			
Total**				**-86.7**			

**Constant 2017/18 dollars & including GST*
***Excludes Aldi supermarket*
Source: Shopping Centre News; MacroPlan Dimasi

Source: MacroPlan Dimasi, 2019

Further, the impact of large format retail facilities at the proposed development on competing homemaker centres in the region was considered qualitatively. With a proposed floorspace of 5,000 sqm, large format retail in the proposed development is estimated to generate approximately $17.5 million in turnover annually. This is equivalent to 4% of the homemaker market in the main trade area and 1.2% in the total trade area. As such, the impact on competing homemaker centres is likely to be minimal. The table below shows the forecasted expenditure for large format retail within the total trade area for the proposed development.

FIGURE 11: LARGE FORMAT RETAIL EXPENDITURE FORECAST – TOTAL TRADE AREA

Table 9.3
Preston Market trade area - homemaker expenditure ($M), 2018-2031*

	Forecast retail spend ($M)				Avg. ann. growth	
Trade area	2018	2021	2026	2031	($M)	(%)
Primary	79	87	100	115	2.7	2.9%
Secondary sectors						
• North	90	98	110	123	2.5	2.4%
• East	69	74	82	92	1.8	2.2%
• South	107	115	128	142	2.7	2.2%
• West	47	50	55	59	0.9	1.7%
Total secondary	313	337	375	416	7.9	2.2%
Main trade area	**392**	**424**	**475**	**530**	**10.6**	**2.3%**
Tertiary sectors						
• North	208	223	251	280	5.6	2.3%
• Nth-east	206	212	221	230	1.9	0.9%
• Sth-east	103	106	110	114	0.8	0.8%
• South	111	114	118	123	0.9	0.8%
• Sth-west	214	219	227	236	1.7	0.8%
• Nth-west	125	127	132	137	1.0	0.8%
Total tertiary	967	1,001	1,059	1,120	11.8	1.1%
Total trade area	**1,360**	**1,425**	**1,534**	**1,651**	**22.4**	**1.5%**

**Constant 2017/18 dollars & including GST*
Source: MarketInfo; MacroPlan Dimasi

Source: MacroPlan Dimasi, 2019.

SGS comments:

- There are no explicit assumptions, or explanation, as to how the trading impacts on each individual centre was calculated. Given the lack of information, it is hard to assess the reliability of the trading impacts as presented.
- The minimal impact of the proposed development on Preston Activity Centre is questionable and has the potential for a wide degree of variation. The following factors need to be considered:

  - The additional population associated with the 2500 apartments under the proposed development scenario is likely to offset trade diverted from the Preston Activity Centre to the proposed development. If this scale of residential development is not appropriate/realised the impact on Preston Activity Centre is likely to be larger.
  - Well designed and integrated shopping centres can potentially boost the surrounding retail area if implemented well. (e.g. Chatswood, NSW or Box Hill, Vic). This is because shopping centres often contain key anchor tenants (i.e. Supermarkets, Department Stores, etc) which drive trip behaviour. If the centre is well integrated this *initial* trip purpose can then increase visitation into the surrounding street-based shopping areas. This requires clear wayfinding, short and active walkable connections and other design elements to facilitate seamless exploration in the broader retail precinct.
  - However, if a shopping centre is poorly designed, with a great number of car parks and few connections to the broader centre, it is likely that the shopping centre will compete with the surrounding shops and could significantly impact the main street. This occurs if there is a clear break or barrier which means the two precincts function separately, requiring two separate trips, or if moving between the two involves considerable effort because the gap between the two is unpleasant, unsafe (i.e. a car park) or lacks engagement (i.e. long walk with no activation to encourage exploration)

  No design considerations have been accounted for, thereby making it difficult to assess the validity of the minimal impact on the Preston Activity Centre.
- A breakdown of trade impacts by retail commodity type would assist in qualifying the trade impacts that are likely to occur. In the case of trade impacts on the retail activity on High St, SGS would estimate that the proposed development could have a relatively significant impact on food catering services given that the development could provide over 2,000 sqm of food catering premises which will compete directly with the 4,000 sqm currently on High St. As these stores would be located in different environments (main street vs. shopping centre), it is likely that they will divert trade rather than directly complement with each other. Other retail types are likely to have minimal impacts due to the scale and composition of the proposed development compared to High St.
- The potential role and impact on the actual market has also not been considered. While the market is not a direct competitor and provides a quite different offer, it does overlap with many of the same retail expenditure categories and will hence compete for consumer spend to some degree. Consideration of this expenditure overlap, potential turnover of the actual market and any impact should be assessed. This should consider commodity types including food catering and other retail categories. Design factors as noted above should also be considered as they are also directly relevant to the actual market. Both regarding its integration with the new shopping centre and its integration with the surrounding street-based shops in Preston Activity Centre. If these three components are all well integrated, the Market could benefit from trips to the shopping centre (and vice versa) and acting as a trip generator itself could benefit the neighbouring shops in Preston Activity Centre (as it does now).

Section 10: Key findings and conclusion

The key findings and conclusions from the MacroPlan Dimasi report are as follows:

Salta Properties is planning a major mixed-use development at the Preston Market site, which is to include a relocation of the market and a new retail centre, together with an entertainment precinct and community/commercial uses, as well as high-rise residential towers. The analysis detailed in this report shows that the site presents an excellent opportunity to provide a new retail and non-retail offer within the Preston Market Activity Centre, which will complement and support the redeveloped fresh food market facilities.

This report outlines that the subject site can support some 27,500 sq.m of retail, non-retail and entertainment floorspace, in additional to the redeveloped fresh food market facilities and some 5,000 sq.m of new office space. In particular, the addition of a substantial traditional retail component together with entertainment facilities would greatly improve the attractiveness of the Preston Market precinct and result in improved shopping choice and convenience for surrounding residents. As detailed in the case studies of other Melbourne fresh food markets, multiple supermarkets can thrive near markets. The proposed Coles supermarket at Preston Market, together with a redeveloped Aldi supermarket and the adjacent Woolworths supermarket, with combine with the fresh food market to create a major food and grocery destination which will serve a board surrounding region of northern Melbourne.

The redevelopment of Preston Market is not expected to significantly impact the broader Preston Activity Centre, or any other surrounding retail facilities. The development will result in an influx of residents, with around 2,500 apartments planned as part of the development, which will support additional retail and non-retail floorspace at the subject site, including an additional major supermarket. The expanded Preston Market offer will draw more shoppers to the area, which will also benefit broader Preston Activity Centre. The planned sky rail development and upgrade to Preston Station, located adjacent to the subject site, will also support more movement through the Preston Market precinct and increase the attractiveness of the planned facilities.

3. CONCLUSION

3.1 Conclusions

SGS makes the following conclusions regarding the retail assessment peer review:

- **There was limited evidence or justification regarding some key inputs and results of the analysis. However, generally the actual assumptions are reasonable and within industry standard benchmarks or expectations.**
- **The provision gaps identified were potentially overstated and the analysis factored in an additional 2,500 apartments linked to the development as part of the base case. Regardless, the** scale of development proposed is within provision gaps given the growth projected for the area and is not likely to have a major impact on the overall High Street or surrounding centres retail/office market
- **Further the assessment and proposed development considered a relatively wide mix of uses include office, entertainment, retail and residential.** Given surrounding population growth, the location near a station, and pending design, the development is likely to deliver an overall good outcome for the community.
- Saying this the assessment has primarily taken a traditional retail and commercial development approach and has not consider the unique attributes which the actual market presently provides to the community. The market currently provides opportunities for lower rent retail, allowing innovative retail responses and business incubation. If this is replaced with more 'mainstream' retail then consumer choice might be reduced. Any impacts on the existing actual market have not been considered.

A formal proposal or additional design information would assist in identifying how the development interacts with the main street retail on High Street, especially with the design of the development being known.

The following table provides a consolidated summary of key issues flagged throughout the report.

Marcro Plan Dimasi retail report reference	SGS comment
Section 1: Site context and proposed development	Potential development uses ▪ Potential development uses are presented from a 'highest and best use' perspective and has not considered local policy or currently permitted land uses at this stage. ▪ Identifying the potential scale of residential development at this point of the analysis may be premature.

Section 2: Trade area analysis	Trade area population
	▪ SGS believes the proposed 2,500 apartments should not be included as part of the baseline forecast. Rather they should be included as part of a project scenario forecast.
	Worker market
	▪ It is unclear how this worker population has been used in the expenditure demand analysis and some key assumptions have not been documented including:
	  ▪ Percentage of workers also within resident trade catchments. If not accounted for appropriately this can result in double-counting a person's expenditure.
	  ▪ Percentage of worker population expenditure captured at Preston Market
	  ▪ Estimated per worker expenditure by commodity type

Section 4: Retail floorspace demand	Retail floorspace demand ▪ Injection of additional 20% of expenditure coming from beyond the trade area is quite arbitrary and not supported by any evidence. It appears high given the wide catchment definition and relatively modest worker population within the catchment. ▪ The proposed development, with 2500 apartments, is considered in the base case. ▪ The combined effect of these points potentially over-estimates the retail gap.

Marcro Plan Dimasi retail report reference	SGS comment
Section 9: Economic impacts consideration	**Employment stimulus** ▪ An estimated 1,000 to 1,100 additional jobs is likely to be a significant overestimate. Caution should be taken when considering the outputs of input-output modelling in situations such as this. ▪ Consideration of any impact on existing employment uses, particularly employment impacts to the existing actual market, should also be considered when determining the total ongoing number of jobs. **Economic and social benefits** ▪ It is concluded that 'a net community benefit will result from the proposed development'. This is simply based on the identification of a range of 'economic and social benefits' that are linked to the development. ▪ A range of potential detriments are not assessed, apart from 'trading impacts', where the potential for existing retail precincts to be undermined is assessed. ▪ It is unclear if consideration of these potential detrimental impacts would significantly offset the benefits identified in the assessment. **Consideration of trade impacts** ▪ There are no explicit assumptions, or explanation, as to how the trading impacts on each individual centre was calculated. ▪ The minimal impact of the proposed development on Preston Activity Centre is questionable and has the potential for a wide degree of variation. No design considerations have been accounted for, thereby making it difficult to assess the validity of the minimal impact on the Preston Activity Centre. ▪ A breakdown of trade impacts by retail commodity type would assist in qualifying the trade impacts that are likely to occur. ▪ The potential role and impact on the actual market has also not been considered. While the market is not a direct competitor and provides a quite different offer, it does overlap with many of the same retail expenditure categories and will hence compete for consumer spend to some degree.

3.2 Next steps

The above summary provides an outline of considerations for Council in developing their position in relation to the Preston Market. In order to clearly and transparently evaluate options, particularly relating to Council's direct and potential involvement in the site, it is recommended that a broader assessment be undertaken.

An independent and expanded assessment of potential development options for the site should be completed to provide Council with a sound basis on which to evaluate options.

The assessment should be expanded to consider the 'net community benefit' of potential development options on the site, rather than a largely 'highest and best use' assessment focused on core retail components impacts. This expanded assessment should be completed using a triple bottom line Cost Benefit Analysis (CBA) framework to ensure:

- Specification of a base case and alternative development scenario(s).
- Clear specification of potential cost and benefit impacts including economic, social and environmental impacts. Any double counting of impact categories should be addressed.
- Indicative timing of impacts should also be considered to isolate one-off versus ongoing impacts and benefits to the community.
- Distributional analysis to identify particular stakeholder groups that may bear a greater share of the benefits and/or costs associated with the proposed development.

Clear and detailed definition of the Base Case should be used to estimation of the markets current offer, performance, trading catchment and potential future if left unchanged. This will consolidate and extend on work undertaken to understand the role and significance of the market and would help quantify the benefits it provides to the community. The form and structure of the assessment framework should integrate findings of other studies relating to the market (for example, the identity study). The challenges associated with the market not evolving in the future, and potential threats this may pose to it's ongoing viability, should also be considered.

Potential development scenarios should then be specified for the entire Preston Market site including the scale/form of residential, core retail, market retail, commercial and any other uses. The various scenarios should be assessed across impact categories in relation to the base case to determine incremental effects. Sensitivity analyse could be used to test the impact of alternative design outcomes – this will need to be completed with input from an Architect or suitability qualified urban designer.

Contact us

CANBERRA
Level 2, 28-36 Ainslie Place
Canberra ACT 2601
+61 2 6257 4525
sgsact@sgsep.com.au

HOBART
PO Box 123
Franklin TAS 7113
+61 421 372 940
sgstas@sgsep.com.au

MELBOURNE
Level 14, 222 Exhibition St
Melbourne VIC 3000
+61 3 8616 0331
sgsvic@sgsep.com.au

SYDNEY
209/50 Holt St
Surry Hills NSW 2010
+61 2 8307 0121
sgsnsw@sgsep.com.au