URBIS

MELTON EAST PRECINCT STRUCTURE PLAN

Economic and Retail Assessment
Phase 1 Final Report

Prepared for the Victoria Planning Authority
31 August 2022

CONTENTS

INTRODUCTION

Urbis has been engaged by the Victorian Planning Authority (VPA) to conduct an independent economic and retail assessment as part of the broader background research to inform the activity centre and employment land need and demand in the Melton East Precinct Structure Plan (PSP) area.

Specifically, this research looks at:

- **The context influencing the delivery of the Melton East PSP**, considering the nature of the land within the designated PSP area and its surrounding key land uses, including intended uses in surrounding PSPs, and key physical and natural barriers that may influence the potential activity centre and employment land outcomes.
- **Trends Impacting Retail & Employment Land**, providing a high-level overview of the emerging trends in recent years and the implications for future demand for both activity centre and employment land in a growth area context.
- **Regional Population & Employment Trends**, assessing the historical and forecast population growth in Melton and key characteristics of the local employment market as well as key factors driving jobs growth at a local level.
- **Melton East Activity Centre Floorspace Demand** considers the need for anchor tenants for the area's activity centres across the PSP and within defined sectors. The relationship between major tenant and other centre floorspace is presented, along with identification of potential supporting retail, non-retail or other commercial uses within future activity centres or elsewhere in the PSP.
- **Location & Scale of Activity Centres & Employment Land** based on the preceding major tenant analysis and other space relationships, we recommend the appropriate scale and location of larger activity centres considering the target of 80%-90% of dwellings to be within 800m of a centre. Within this context, we consider potential locations for local convenience centres and other employment land.

EXECUTIVE SUMMARY

Recent Trends Re-shaping Market Demand for Retail and Employment Land

- The creation of successful activity centres will need to draw on the best elements and new thinking being applied in Town Centres, creating strong connection to the local market. Successful centres incorporate a mix of elements to bring more people, more often, staying longer and spending more. Centres need to include more than retail space, incorporating entertainment, activity, health and other community facilities.
- Over the past two decades, evolving household consumption pattern has seen stronger spending growth in non-retail categories such as health and education, whereas spending on retail items has declined as a share of total household consumption. Therefore, it is critical to ensure an optimal mix of both retail and non-retail uses within a town centre.
- While e-commerce has impacted consumer preferences and slowed relative growth in bricks-and-mortar retail space, in a growth area such as Melton, the small discount to total spending growth for physical stores is considered immaterial. Furthermore, centres serving a neighbourhood market, focusing on food, groceries and other convenience retailing, are somewhat immune from the effects of online retailing.
- Higher order activity centres will attract most of the demand for commercial space in a growth area market such as Melton. The opportunity in smaller major or neighbourhood centres (such as those likely in Melton East, will be limited to local service businesses primarily.
- Future employment land in Melton East will primarily service the local population base. There is an opportunity to build on the Melton commercial and industrial precinct on the western edge of the PSP.
- While sustainability considerations should be incorporated into planning for Melton East centres, they will have limited impact on land use requirements at this time.

Strong Population Growth Driving Employment Growth, Although Predominantly in Industries Serving a Local Market Base

- Melton recorded strong population growth in recent years despite the COVID impact, outstripping the rest of Greater Melbourne. Such growth has and will continue to be supported by greenfield PSP developments.
- Meanwhile, Melton's employment growth continues to be focussed in the industrial sectors and those serving the growing population base, with most residents travelling outside of Melton to access jobs, typical of an outer metropolitan growth municipality.
- While the job deficits in some industries point to a gap to be filled through future employment opportunities, Melton East appears best suited to continuing to provide population services jobs.
- There is sufficient employment land designated across various key activity centres and dedicated employment precincts to support the future employment needs within the municipality. The VPA's employment target of "1 new job per new household" in PSP areas is set to be achieved.
- As such, Melton East should predominantly be a residential area, with any employment opportunities focused on serving demand from the local population (e.g. retail, education, local industry and commercial).

Activity Centre Uses Scaled to Match Demand

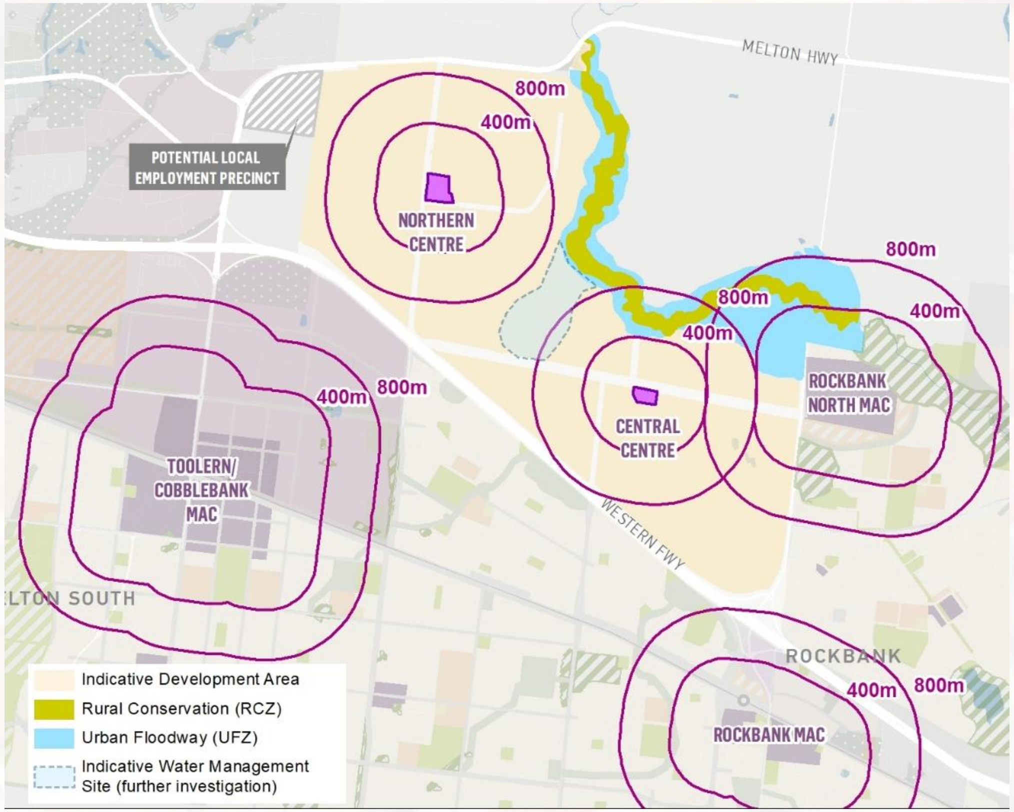
- The capacity population for Melton East assessed in this report is within a range of approximately 36,000 people up to 55,000 people, depending on the density of residential development achieved. The base case scenario assumes an average development density of 22 dwellings per hectare.
- The majority of developable residential land will be in the northern part of the PSP, indicating a need to concentrate services in this area.
- There is no need or demand for a discount department store at Melton East.
- Under a likely dwelling density, a total of around 11,000 sq.m of supermarket space could be supported, which is recommended to be concentrated with 2 full-line supermarkets in the Northern sector, and another in the Central sector. A small-format store such as Aldi could also be feasible in the PSP.
- There is a positive relationship between the number and scale of major tenants provided in a centre. Larger centres with multiple supermarkets support more retail and non-retail shop space compared to smaller centres. The clustering of activity into a single location results in better performing centres.
- The anticipated local service role for activity centres within Melton East will limit the range of non-retail or commercial uses supported. However, there will be strong demand for local population services (e.g. childcare, local medical and education) and some peripheral uses on the edge of the PSP (e.g. large format retail, small-scale office.

EXECUTIVE SUMMARY

Indicative Activity Centre & Employment Land Planning Outcome

- Two key centres are recommended (indicatively located as shown in the map below), with a larger centre in the north anchored by at least two full-line supermarkets. An estimated 75% of dwellings would be within 800m of these two centres or the Rockbank North Major Activity Centre (MAC).
- Given the potential gaps shown with two centres, potential locations for LCCs in Melton East would be the south-east entrance with exposure to Leakes Road, and in the south of the Northern sector, again along a main road or collocated with other activity generators. These centres should not be large, but flexible to allow a range of uses.
- While the retail provision of around 0.5 sq.m per future resident is modest relative to some other PSPs this is considered appropriate given the access to several major centres immediately outside the PSP, and hence the inability to support a discount department store that would elevate the discretionary retail role played by centres in the PSP.
- Generally, there is no need for additional employment land to be set aside in Melton East to meet regional job requirements. However, there is opportunity for the western corner of the PSP area as a logical inclusion into the neighbouring Melton Homemaker and adjoining industrial precinct.

Indicative Location of Proposed Key Town Centres & Potential Employment Precinct



Distribution of Residential Land (NDA) & Dwellings with 800m of an Activity Centre

Defined Sector	Land within 400m (ha)	Land within 400m-800m (ha)	Land Outside 800m (ha)	Total Land Area (ha)	Total Est. Dwellings	Dwellings within 800m	
Northern	66	155	113	335	7,272	5,400	74%
Central	48	78	39	165	3,803	3,170	83%
Eastern	16	29	40	86	1,794	1,130	63%
Total PSP Residential NDA				**585**	**12,869**	**9,700**	**75%**

Centre Floorspace/Land Area & Jobs Yield Range

Centre / Precinct	Floorspace / Land Area	Total Est. Jobs
Northern Activity Centre - Retail	13,500-17,000 sq.m	450-570
Northern Activity Centre - Commercial	2,500-5,000 sq.m	130-250
Central Activity Centre - Retail	5,300-12,300 sq.m	180-400
Central Activity Centre - Commercial	800-2,500 sq.m	40-130
Local Convenience Centres (2)	2,000 sq.m	70
Industrial/Commercial Precinct	24 ha	720
Total		**1,590-2,150**

01

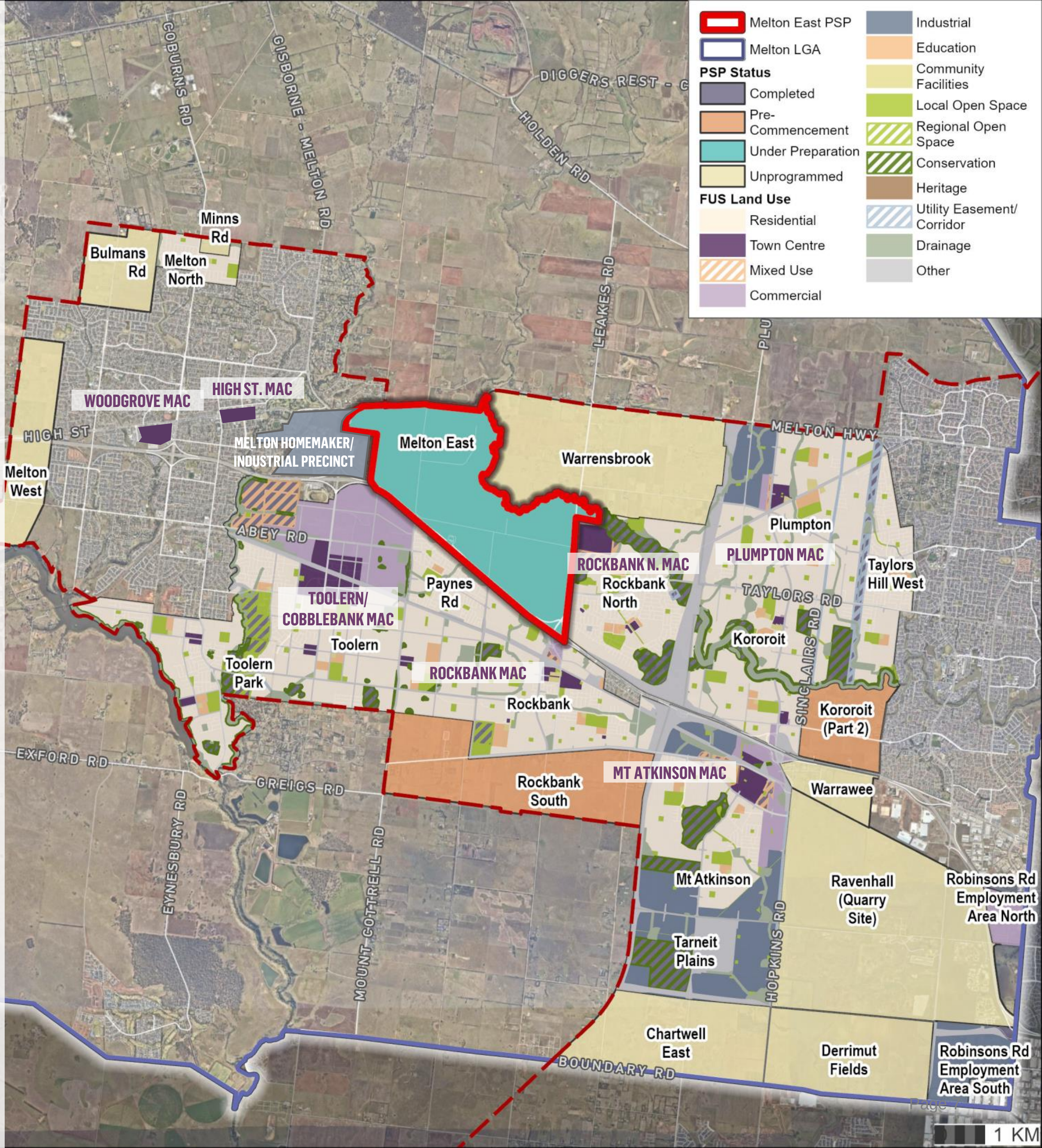
MELTON EAST CONTEXT

REGIONAL CONTEXT

The Melton East Precinct Structure Plan (PSP) area is situated in the outer metropolitan growth municipality of Melton, approximately 35km west of the Melbourne CBD and some 4.5km to the east of the Melton township.

As shown in the adjacent map:

- Melton East sits in between several approved and future PSPs, including Toolern, Paynes Road, Rockbank to the south across the Western Freeway; Rockbank North to the east; and Warrensbrook to the north east.
- It abuts the Urban Growth Boundary/Melton Highway along its northern edge and borders the Melton Homemakers precinct at the intersection of the Western Freeway and Melton Highway to the west.
- As shown here and analysed further in Section 3, Melton East is surrounded by a number of large, higher order activity centres in the area, including the Toolern/Cobblebank Metropolitan Activity Centre, and the Rockbank North and Rockbank Major Activity Centres. These centres will influence the scope and scale of future centres within Melton East to varying degrees.



LOCAL CONTEXT

The indicative land use framework within the PSP area is shown in the adjacent map. The current Rural Conservation Zone (RCZ), Urban Floodway Zone (UFZ) and to a lesser extent Public Park & Recreation Zone (PPRZ) along Kororoit Creek are shown as per the Melton Planning Scheme.

The planned water management site in the middle section of the PSP area is indicated as per the West Growth Corridor Plan. The actual size will be subject to further investigation, with the final outcome potentially impacting the appropriate location of future activity centres.

Existing roads are also shown, however, we understand the main road network may differ as the PSP is planned.

Key considerations in regards to this land use structure and the implications for future retail and employment developments are summarised below:

- Future town centres should be positioned to have main road access and high exposure, preferably close to key intersections. As such, exact centre locations may change depending on the final road network.
- Major physical and natural barriers such as the Western Freeway and future open space, drainage/floodway and wetlands will limit the draw of future centres from both within and beyond the PSP area. Again these limitations will need to be considered in due course.
- The PSP area naturally divides into multiple sectors defined by physical and competitive barriers, with future town centres being ideally positioned in the central location of each sector to maximise the coverage of services for residents. This will be discussed in more detail through the remainder of this report.

02

TRENDS IMPACTING RETAIL AND EMPLOYMENT LAND

FUTURE OF TOWN CENTRES - MORE PEOPLE, MORE OFTEN, STAYING LONGER, SPENDING MORE

The creation of successful centres needs to draw on the best elements and new thinking being applied in Town Centres, creating strong connection to the local market. Successful centres incorporate a mix of elements to bring more people, more often, staying longer and spending more.

Entertainment & Leisure
Cinemas, F&B retailing and other entertainment extends the hours of centres and encourages visitors to linger.

Active Spaces
Rather than space for the sake of it, open areas must be compact and be filled with activity.

Health & Wellbeing
Health and wellbeing not only opens opportunities for tenants to fill centres (e.g. medical facilities) but the concept is becoming integral to designing centres people want to visit.

Activities & Events
A curated calendar of events and pop-up activities gives visitors more reasons to return and visit.

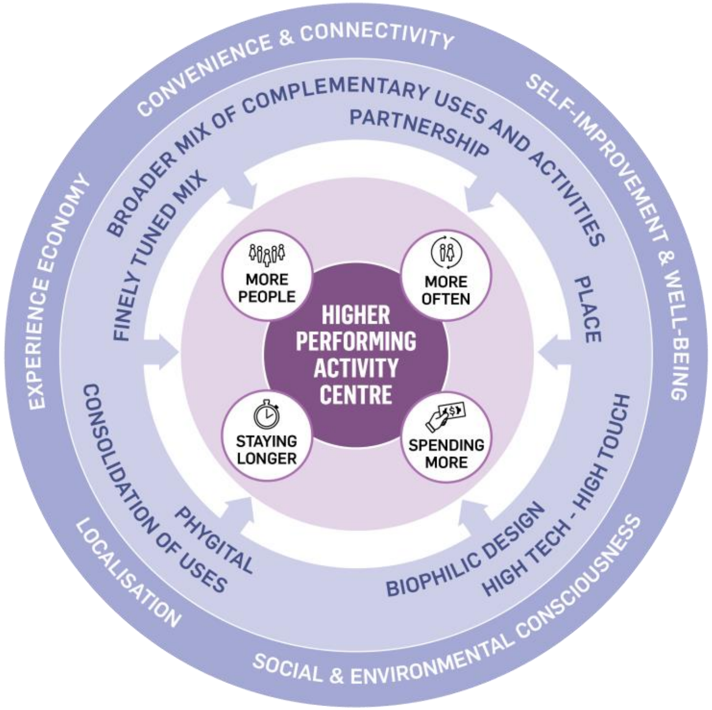
Easy Accessibility
The provision of multi-modal transport is becoming increasingly important to ensure town centres are easily accessible by residents, workers and visitors.

Community Facilities
Modern community facilities can be generators of activity in their own right and should be leveraged through close connections to retail areas.

Lifelong Learning
Education can be an important tenant in centres, with students extending active hours. This includes childhood through to adult education.

Sustainability
Sustainable credentials for a centre are almost essential now. This is important for the community, but it has also shown designing with sustainability in mind can make for better places to spend time in.

Convenience & Services
The needs of the market served must be top of mind. For a demographic characterised by lower to middle income families, a straightforward, convenient shopping and everyday needs (e.g. post office, banks, medical, libraries etc.) experience is essential. The design and offer must reflect this.



WHY ARE USES BEYOND RETAIL INCREASINGLY IMPORTANT TO TOWN CENTRES?

The spending habits of Australian's have shifted over recent decades. While retail goods and services are still the major consumption category, other non-retail uses are representing a greater share of where households spend their household purse.

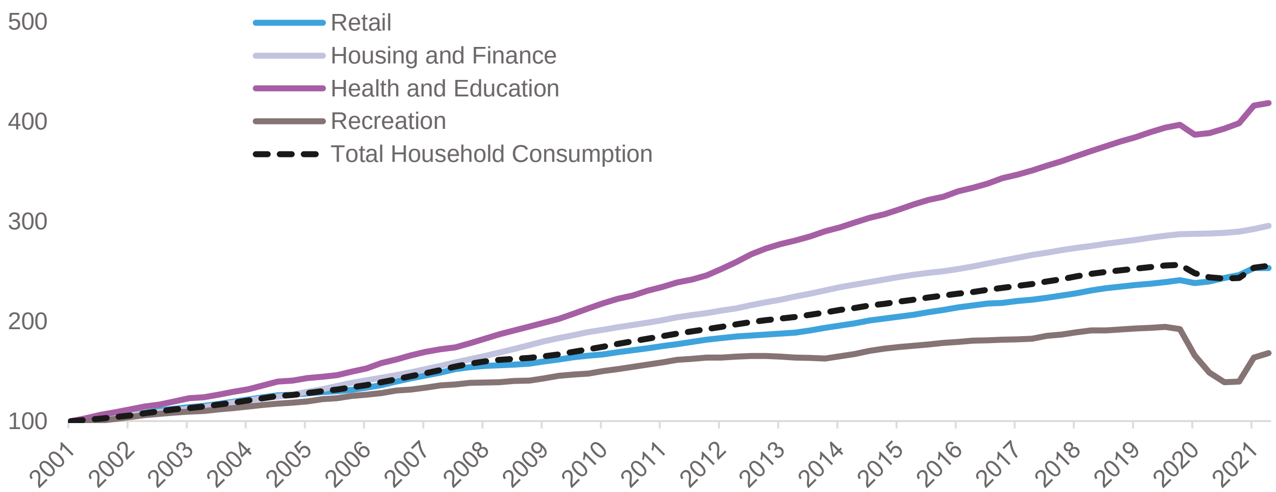
As shown in the charts here, the share of household consumption directed to retail spending has been declining. The top chart shows that, particularly over the last decade, retail spending has grown at a slower rate relative to total household consumption. Other key spending categories have grown faster, including health and education (more than 4-fold increase in spend since 2001) and housing and finance (close to 3-fold increase).

Consequently, the share of the household purse directed to retail spending has fallen from more than 39% in 2001, to less than 37% currently. At the same time, a greater share of spend has shifted to a variety of non-retail areas, including health, education, housing and finance, and utilities.

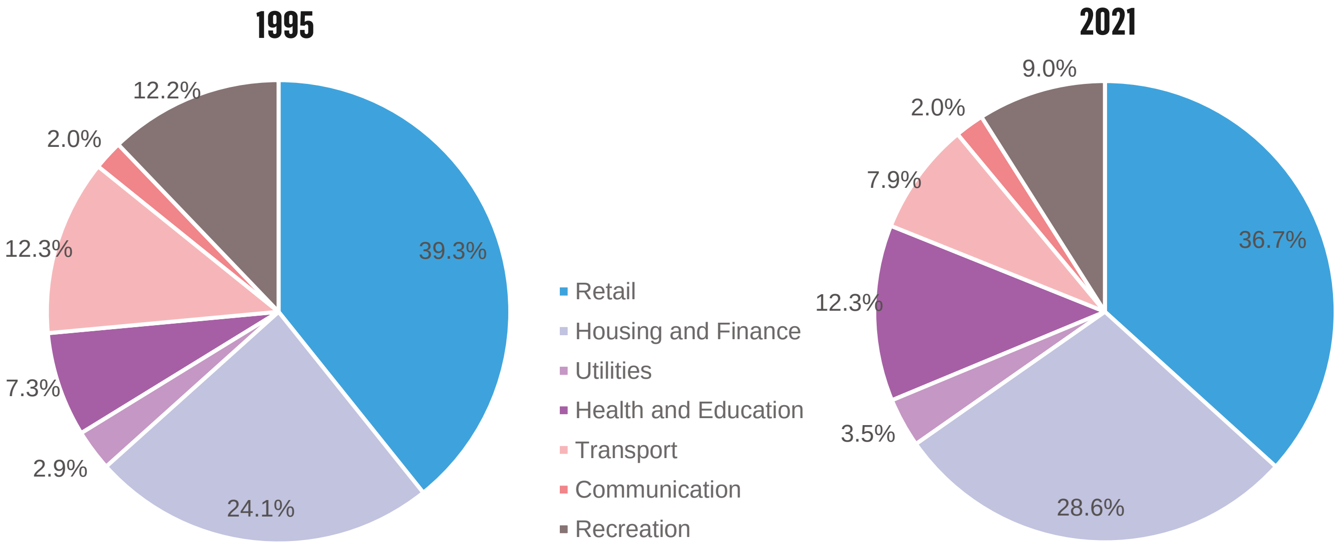
While this shift does not mean retail spending has declined in volume terms, it does suggest the focus of households has moved. At one time, developing a town centre would have simply been a case of adding the major tenants which would support retail specialty space and perhaps a couple of non-retail tenants. However, modern town centres must recognise the change in household spending and respond by including a broader mix of non-retail activity generators that reflect spending preferences and how the community now spends their time.

It is critical to ensure an optimal mix of both retail and non-retail uses within a town centre.

Australia Index of Consumption Categories, Selected Categories, Current Prices



Australia Share of Household Consumption, 1995 vs. 2021 (% of Annual Total)



Source: ABS; Urbis

IMPACT OF E-COMMERCE ON RETAIL SPACE DEMAND

Over recent years, e-commerce has experienced growth at rates above those for traditional bricks and mortar retail. This trend accelerated during the COVID-19 pandemic, as illustrated by the adjacent chart.

Online sales are expected to continue growing, although at a moderating rate post-COVID as consumers return to physical stores.

While online retailing as a share of total retail spending continues to increase, total retail growth, driven by population and real per capita growth, is far greater than the growth in online retail alone. Hence, bricks-and-mortar retailers are still growing, albeit at a slower rate.

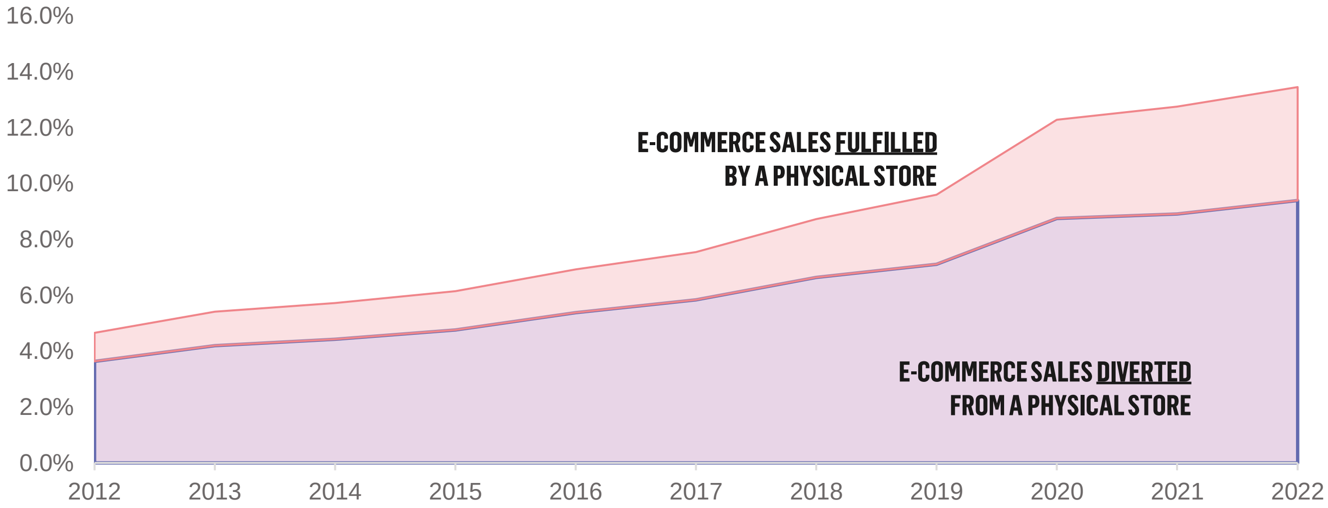
We have also seen faster growth in online sales being fulfilled within a physical store (e.g. click & collect, delivery from a store) compared to sales being distributed from a warehouse, as evidenced by the expansion of the top part of the chart in recent years. Consequently, online growth is still creating a need for an increasing physical store presence.

At a retail category level, the impacts of e-commerce will not be felt equally across different merchant categories. This is due to a multitude of reasons including, but not limited to:

- different penetration rates (the share of spending directed towards e-commerce) across merchant categories,
- the composition of the online market between pureplay and omnichannel retailing, and
- Order fulfillment strategies across retailers and merchant types: click and collect, ship from store, or ship from warehouse.

For example, fresh food and grocery retailing only sees a low proportion of sales going online, while much of the online sales that are recorded are fulfilled or collected from the store, thereby still creating a need for the physical store network.

Distribution of Sales by Point of Sale (2018 and 2028)



Source: ABS; Urbis

While e-commerce has impacted consumer preferences and slowed relative growth in bricks-and-mortar retail space, in a growth area such as Melton, the small discount to total spending growth for physical stores is considered immaterial. Furthermore, centres serving a neighbourhood market, focusing on food, groceries and other convenience retailing, are somewhat immune from the effects of online retailing.

IMPACT OF COVID ON DEMAND FOR COMMERCIAL & INDUSTRIAL SPACE

Commercial

Growth in knowledge service employment has traditionally been a key driver of demand for commercial floorspace, with a strong correlation between the two variables visible over time.

However, COVID has transformed the way people work, as evidenced by the rise of hybrid work modes. With most white-collar sector employers embracing remote work arrangement, the CBD commercial market has seen vacancy skyrocket during the pandemic, and only improving modestly more recently. From a retail and hospitality perspective, the increase in working from home has slightly shifted the demand back towards the local level, rather than in the major employment hubs, particularly for food and beverage retailing.

Concurrent to the high vacancy level in the central city market, decentralisation of commercial space has gained some interest with some major office occupiers and developers considering suburban locations. This has included more innovative, flexible workspace arrangements such as co-working space.

Nonetheless, the potential shift to a poly-centric model of suburban employment hubs is in its infancy. Further, only a limited number of key suburban hubs have, and are likely to be, the focus for future investment.

Within Melton, while larger commercial office development is limited, future demand will likely be concentrated in key activity centres in the municipality with convenient transport linkage and a broad range of facilities and amenities. The Toolern/Cobblebank Metropolitan Activity Centre is expected to be the key commercial office location within the region, with more limited opportunities for commercial development in smaller centres. Connecting Melton East residents to these future jobs nearby will be critical (via road and public transport), rather than seeking to offer all job opportunities within the PSP.

Higher order activity centres will attract most of the demand for commercial space in a growth area market such as Melton. The opportunity in smaller major or neighbourhood centres (such as those likely in Melton East, will be limited to local service businesses primarily.

Industrial

Driven by online retail growth and the need for more logistics and supply chain facilities to support such growth, the industrial sector has witnessed a surge in demand for logistics/warehousing type assets over the past couple of years. This has been on the back of a very tight market pre-COVID, resulting in an environment of ultra low vacancy (1.4% as at Dec-21, as per the *Urbis Eastern Seaboard Industrial Vacancy Index*) in all major industrial markets as demand continues to outstrip supply.

Across the Western region, demand for large industrial lots in recent years has largely been concentrated in the State Significant Industrial Precinct (SSIP) around Truganina/Laverton North where access to key regional highway network is convenient and local supply chains are well in place. In time, demand for large industrial lots will likely shift towards the existing and planned precincts in the south-east part of the City of Melton, driven by the potential future development of the Western Intermodal Freight Terminal.

Meanwhile, at a more local level, demand for industrial land has been strong. However, the businesses in local employment/industrial precincts typically serve a local market, with the demand increasingly for small lots. According to the Urban Development Program Industrial 2020 data, around 96% of lots consumed in the region but outside of the Western SSIP were smaller than 1 ha. Consequently, while demand for regionally significant employment land will grow, the total land area required is modest in comparison to the large-lot requirements in the state-significant precincts.

Future employment land in Melton East will primarily service the local population base. There is an opportunity to build on the Melton commercial and industrial precinct on the western edge of the PSP.

IMPACT OF CLIMATE CHANGE AND SUSTAINABILITY CONSIDERATIONS

Australian consumers are progressively becoming more environmentally conscious. In response, a growing number of businesses are implementing sustainability initiatives such as green space, solar power, LED lighting and open-air ventilation. A lot of consideration is being invested into the layout of new developments with emphasis on site orientation to include installation of green roofs, water bodies and trees and vegetation to add an aesthetic appeal as well as reducing the carbon footprint of the development. Two examples below highlighting some sustainability initiative undertake by shopping/ town centres:

Burwood Brickworks, located approximately 19 kilometres from Melbourne's CBD, aims to become the world's most sustainable shopping centre by achieving full Living Building Challenge™ certification. The centre has already obtained a 6 Star Green Star Design & As Built v1.1 (Design Rating) by the Green Building Council of Australia (GBCA). Burwood Brickworks captures, treats and reuses all rain and waste water; uses an on-site rooftop solar system and off-site renewable energy to power the centre; provides greenery, natural light and fresh air throughout the centre via a saw tooth style roof; composts all food waste generated; and utilises natural, toxin-free building materials. The centre also comprises a 2,000 sq.m rooftop urban farm and an additional 3,000 sq.m of urban agriculture spread across the rest of the site. Produce from the urban farm supplies the rooftop restaurant, offering a true paddock to plate experience.

Ripley Town Centre, in the western growth corridor of South East Queensland, has achieved a 5 Star Green Star Rating in the Design & As Built category from the GBCA. Sustainable initiatives incorporated as part of Ripley Town Centre include a 480kW solar panel system positioned on the Centre's roof and car park structure, which generates around 75% of the electricity for the existing shopping precinct. The centre also features energy efficient glazing, shading and insulation, raw design materials and water sensitive features.

These examples will soon be the norm in neighbourhood centres. Most new centres are being planned incorporating renewal energy sources, while major tenants such as the supermarkets have committed to being powered by 100% renewables generated on and off site.

While sustainability considerations should be incorporated into planning for Melton East centres, they will have limited impact on land use requirements at this time.

Burwood Brickworks, Melbourne

Ripley Town Centre, Brisbane

03

REGIONAL POPULATION & EMPLOYMENT TRENDS

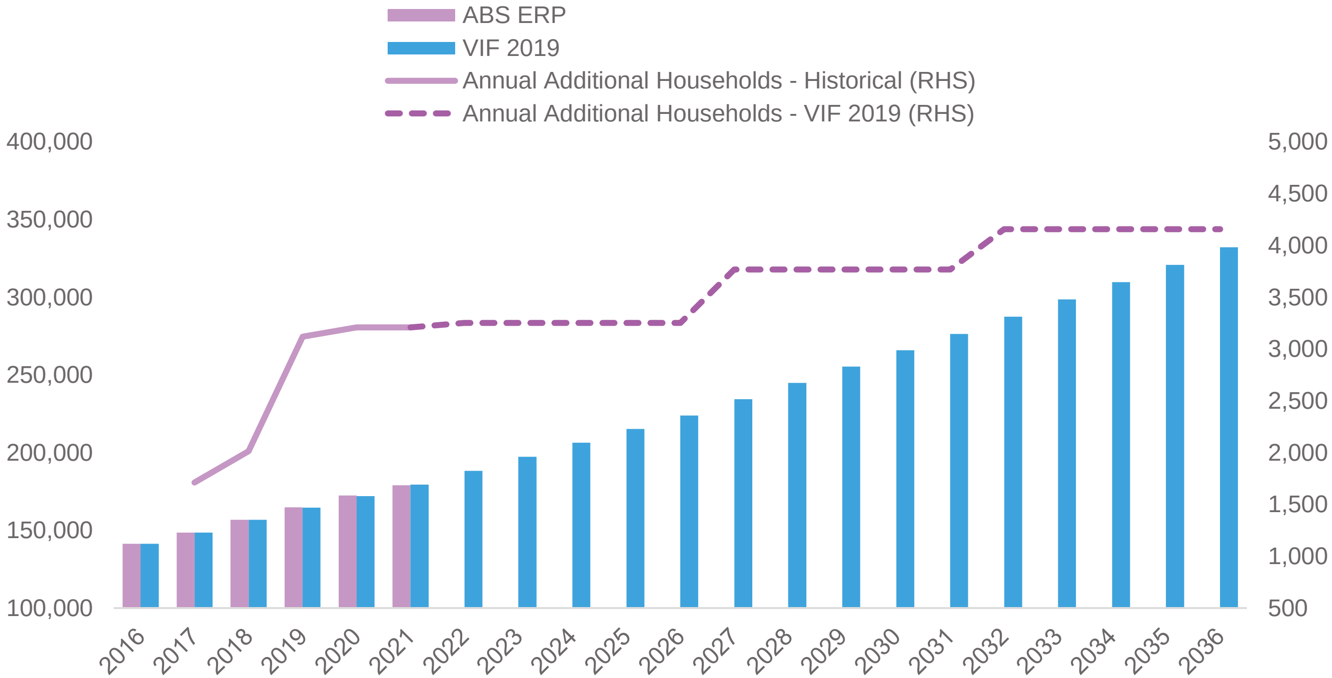
REGIONAL POPULATION AND HOUSEHOLD GROWTH

As an outer metropolitan growth area municipality, the City of Melton has seen sustained strong population growth over the past five years. The adjacent chart compares the historical estimated resident population figures based on the most up-to-date ABS Estimated Resident Population (ERP) data and the Victoria in Future (VIF) 2019 projections, along with historical and forecast annual additional dwellings over the horizon to 2036.

Key insights are summarised as follows:

- Melton recorded significantly stronger population growth 2016-2021 relative to the Greater Melbourne average (4.8% p.a. vs. 1.5% p.a.).
- Such growth was also above the VIF 2019 projections for 2016-2020 and only marginally below the 2021 projection due to the COVID-19 pandemic.
- Melton still achieved a solid annual growth of 3.9% 2020-2021 despite COVID restrictions, whereas Greater Melbourne on average recorded a decline of close to -1.0%.
- Moving forward, future growth is anticipated to be supported predominantly by the continuous development of both existing and future precinct structure plan (PSP) areas, including Melton East.
- By 2036, the municipality is forecast to reach a total population of just over 332,000 as per VIF2019. **This is equivalent to a total addition of around 55,890 households for the entire municipality over the next 15 years or so (2021-2036), the majority of which will be within growth areas (excluding Melton township).**

Historical & Forecast Population and Dwellings for the City of Melton



Source: ABS; VIF 2019; Urbis

The City of Melton has recorded strong population growth over the past five years or so, outstripping the Melbourne average, with COVID having limited impact on growth in the past couple of years.

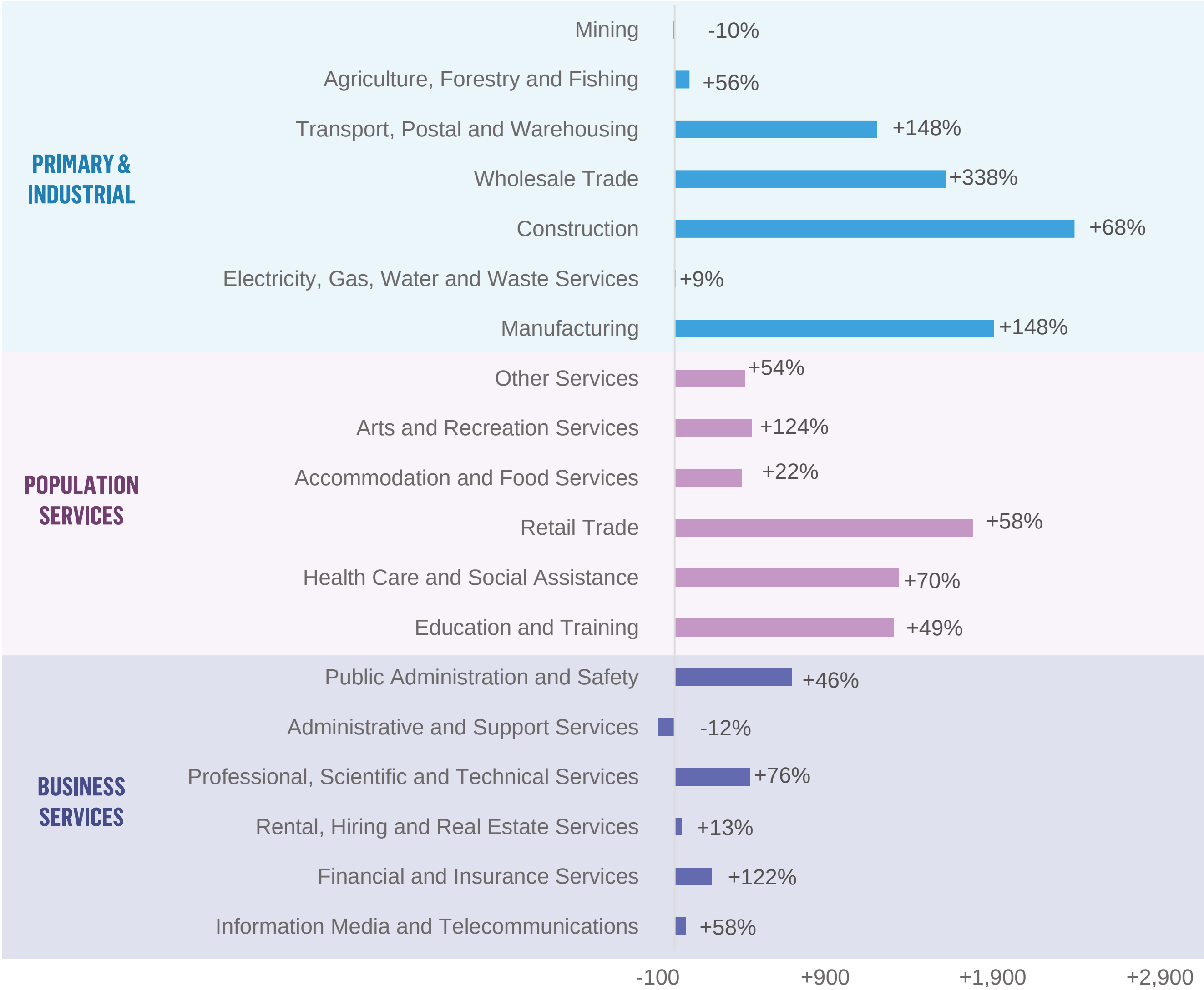
EMPLOYMENT TRENDS IN THE CITY OF MELTON

Over the past ten years, Melton has also seen strong growth in local employment. According to data sourced from the ABS and the National Institute of Economic and Industry Research (NIEIR) the City of Melton recorded:

- Total additional jobs of over 14,300 between 2011 and 2021 (20,810 vs. 35,120), an increase of 69%.
- **Strong growth in Primary & Industrial and to a lesser extent Population Services sectors**. Blue collar industries such as construction, manufacturing, wholesale and warehousing/logistics have seen significant growth in both volume and percentage terms on the back of continued residential construction and the key Western region industrial areas now extending further into the municipality.
- In comparison, **the higher value Business Services sectors generally saw modest growth**. While some sectors such as professional services and information media and telecommunications recorded substantial percentage growth in jobs provided in the municipality, such growth was achieved from a very low base, with the absolute volume remaining small.

Melton's employment growth continues to be focussed in the industrial sectors and those serving the growing population base.

City of Melton Employment Growth by Industry (No. & %), 2011 - 2021



Source: ABS: NIEIR

CITY OF MELTON JOBS SURPLUS/DEFICIT

Employment self-containment is a measure of the proportion of local resident workers (i.e. residents who work) who are also employed in the region. It provides an indication of the propensity for residents to seek work outside of the region.

Overall, Melton has a relatively low self-containment, suggesting a high proportion of residents are leaving the area each day for work. This is typical of an outer suburban municipality. As at 2016, less than a quarter of Melton's 57,000+ employed residents were employed locally, with the remainder seeking employment elsewhere.

There are varying degrees of self-containment between employment types. **Local residents employed in Population Services are more likely to be employed locally**, with 31% of them working within Melton in 2016. Accommodation and Food Services, Education and Training recorded the highest levels of containment.

In contrast**, most residents working in the Primary & Industrial sectors had to travel outside the municipality to access jobs**, with only 15% of them employed locally. This relative low containment for blue collar industries is likely to have improved in more recent years following the development of manufacturing, warehousing/logistics capacity within the municipality (refer pg. 16).

Likewise, the **Business Services industries also had a high job deficit**, particularly in volume terms in professional services and financial services. However, the need for more Business Services jobs will more likely be filled by precincts with potential for larger future office supply such as Toolern/Cobblebank.

While the job deficits in some industries point to a gap to be filled through future employment opportunities, Melton East appears best suited to continuing to provide population services jobs.

City of Melton Jobs Surplus/Deficit by Industry[1] (2016)

Industry Category	Resident Workers (1)	Total Jobs in Melton (2)	Net Job Deficit / Surplus (3) = (2) - (1)	Live & Work in Melton (4)	Job Containment (5) = (4) / (1)
Primary & Industrial					
Agriculture, Forestry and Fishing	260	250	-10	90	35%
Mining	160	70	-90	20	13%
Manufacturing	5,160	1,140	-4,020	520	10%
Electricity, Gas, Water and Waste Services	710	120	-590	50	7%
Construction	6,080	2,800	-3,280	1,440	24%
Wholesale Trade	2,110	880	-1,230	260	12%
Transport, Postal and Warehousing	6,240	1,210	-5,030	660	11%
Sub-total	**20,720**	**6,470**	**-14,250**	**3,040**	**15%**
Business Services					
Information Media and Telecommunications	930	180	-750	120	13%
Financial and Insurance Services	2,330	360	-1,970	200	9%
Rental, Hiring and Real Estate Services	840	350	-490	180	21%
Professional, Scientific and Technical Services	2,870	810	-2,060	570	20%
Administrative and Support Services	2,140	700	-1,440	420	20%
Public Administration and Safety	3,260	1,890	-1,370	550	17%
Sub-total	**12,370**	**4,290**	**-8,080**	**2,040**	**16%**
Population Services					
Retail Trade	6,550	3,420	-3,130	2,060	31%
Accommodation and Food Services	3,570	2,040	-1,530	1,430	40%
Education and Training	4,210	3,340	-870	1,530	36%
Health Care and Social Assistance	6,440	2,580	-3,860	1,440	22%
Arts and Recreation Services	950	400	-550	240	25%
Other Services	2,200	990	-1,210	660	30%
Sub-total	**23,920**	**12,770**	**-11,150**	**7,360**	**31%**
Total	**57,010**	**23,530**	**-33,480**	**12,440**	**22%**

1. Excludes those recorded as 'Inadequately described', 'Not stated' or 'Not applicable'.
Source: ABS; Urbis

EXISTING & FUTURE EMPLOYMENT LAND

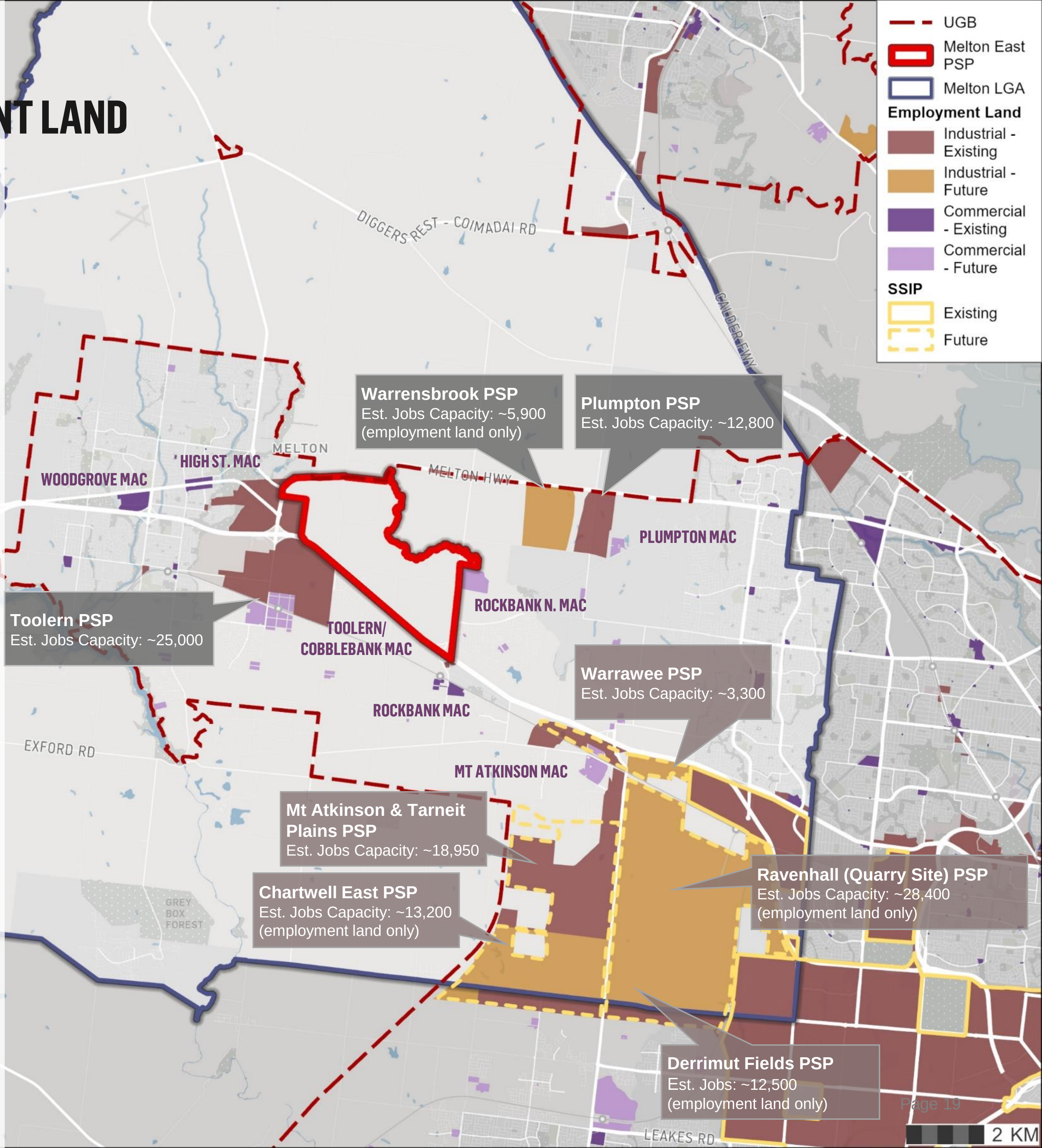
Part of the reason why the local employment market within Melton remains small is due to its growth areas being mostly at the earlier stages of development. Employment developments only occur when there is a critical mass of local resident population to support locally based operations, including both industrial and retail/commercial uses.

Despite currently available industrial land in Melbourne's west being limited as established areas fill and new areas are yet to be released to the market, subject to identified land being released in a timely manner, there is not anticipated to be a shortage of employment land within Melton over the longer term. According to the *Melbourne Industrial and Commercial Land Use Plan (MICLUP),* there appears to be sufficient employment land to support future population and jobs growth within the municipality.

As shown in the adjacent map, major activity centres and dedicated employment precincts across a number of existing and future PSPs would have the capacity to support more than 127,000 jobs (excluding capacity in Melton old town), more than enough to accommodate future employment needs in the municipality. This is assessed in more detail over the following pages.

There is sufficient employment land designated across various key activity centres and dedicated employment precincts to support future employment needs within the municipality over the long term, despite limited available supply currently.

Source: MICLUP; Urbis



ADEQUACY OF EMPLOYMENT LAND TO SUPPORT JOBS GROWTH IN MELTON

Analysis presented here first estimates the additional jobs required in PSP areas in Melton, based on the ‘1 new job per new household’ provision benchmark specified in the *Precinct Structure Planning Guidelines: New Communities in Victoria (2021)* published by the VPA. At capacity, the total number of new dwellings to be delivered in the City of Melton across PSPs is estimated to be just over 116,000. Hence, to meet the 1 job per household target, around 116,000 additional jobs are required.

To consider if this is achieved, we have considered estimated jobs capacity that could be supported within a number of key PSPs, both approved and future, including those with large activity centres and designated employment land, as shown in the adjacent table. Melton East is not included in these estimates at this time as no employment land has been designated as yet, and the jobs supported in town centres, schools etc. is not known. The future jobs in Melton East (and allowances for jobs outside employment land in other future PSPs) will only add to the regional job capacity.

Based on a conservative estimate of employment capacity, Melton’s greenfield growth areas provides sufficient capacity to provide more jobs than the number of additional households. There appears to be no job deficiency that needs to be made up.

Given the Melton East PSP is immediately adjacent to the Toolern Metropolitan Activity Centre and surrounding employment precinct, future Melton East residents would have convenient access to a broad range of job opportunities well within a 20-minute travel time (to align with the ‘20-minute neighbourhood’ objective).

Given the significant jobs capacity allowed for across various activity centres and employment precincts within the municipality, Melton East should predominantly be a residential area, with any employment opportunities focused on serving demand from the local population (e.g. retail, education, local industry and commercial).

Estimated Demand for Jobs in the City of Melton PSP’s
1 Job per Household Measure

	Total Add. Jobs in PSP Areas (at Capacity)
New Dwellings in Melton PSPs	**116,200**
Total Estimated Jobs Allowance in Melton PSPs	**Est. Capacity**
Residential PSPs	
Toolern	25,000
Plumpton	12,800
Warrensbrook*	5,900
Other PSPs	7,850
Total Future Residential PSPs	**51,550**
Key Employment PSPs	
Mt Atkinson & Tarneit Plains	18,950
Warrawee*	3,300
Ravenhall (Quarry Site)*	28,400
Derrimut Fields*	12,500
Chartwell East*	13,200
Future Employment PSPs	**76,250**
Est. Total Jobs Capacity	**127,800**

** Only includes jobs on dedicated industrial land and excludes those in activity centres or supported by other uses such as schools, community facilities, home-based businesses, etc. as the PSPs have not been completed.*
As this table only includes “employment land” for future PSPs, and not town centres or other population services, Melton East has not been included as it does not currently have an allowance for employment land. Any future allocation would increase the total jobs capacity.
Source: Various PSPs; Urbis

KEY FUTURE ACTIVITY CENTRES IN THE REGION

As shown on the previous map and summarised in the table adjacent, a range of key activity centres are designated to serve the region. Three of these centres are just outside the Melton East PSP area, including

- **Toolern Metropolitan Activity Centre** – the largest and highest order activity centre designated to serve the entire municipality and the broader western region with a large amount of retail, commercial and community uses planned. In addition to the Coles supermarket already delivered, the centre is designated to deliver a department store, multiple discount department stores, other supermarkets and a wide range of discretionary and retail space.
- **Rockbank North Major Activity Centre** – a large centre abutting the eastern edge of the Melton East PSP designated to serve residents in surrounding PSPs, including Melton East and Warrensbrook.

  As analysed further in Section 4, the proximity and convenient access to Rockbank North MAC from the eastern part of Melton East could limit the scope of additional centres in that area.
- **Rockbank Major Activity Centre** – the planned centre designated to serve primarily residents in the Rockbank PSP. It is slightly distant from the southern edge of Melton East and is separated by the Western Freeway and the railway line. Nonetheless, it will be an alternative location for Melton East residents.

Indicative Retail and Commercial Floorspace in Key Future Centres

Centre	Centre Hierarchy	PSP Retail Floorspace (Sq.m)	Commercial Floorspace (Sq.m)	Anchor Tenant Types
Toolern/ Cobblebank	Metropolitan Activity Centre	70,000	30,000	Dept. store, Discount Dept. stores (DDS), Supermarkets
Rockbank North	Major Activity Centre	36,500	~20,000-25,000*	DDS, Supermarkets
Rockbank	Major Activity Centre	30,000	7,500	DDS, Supermarkets
Plumpton	Major Activity Centre	45,000	42,000	DDS, Supermarkets
Mt Atkinson	Major Activity Centre	26,000	35,000	DDS, Supermarkets

** Urbis estimate.*
Source: Various PSPs, Victorian Planning Authority

There are a range of large, competitive centres surrounding the Melton East which will limit the need for retail and commercial space within the PSP area.

04

MELTON EAST ACTIVITY CENTRE FLOORSPACE DEMAND

RETAIL FLOORSPACE NEED METHODOLOGY

Greenfield centres typically undergo staged development in line with population growth.

The scale of a centre is **typically driven by the major retailers** that in turn generate sufficient activity to support additional retail and commercial uses within and proximate to the centre. Major retailers must achieve sustainable trading levels which are dependent on population and market thresholds being achieved.

Competition and network strategies play a role in securing major retailers. This can have both an advantageous impact in securing tenants or can limit the potential tenant pool for a centre.

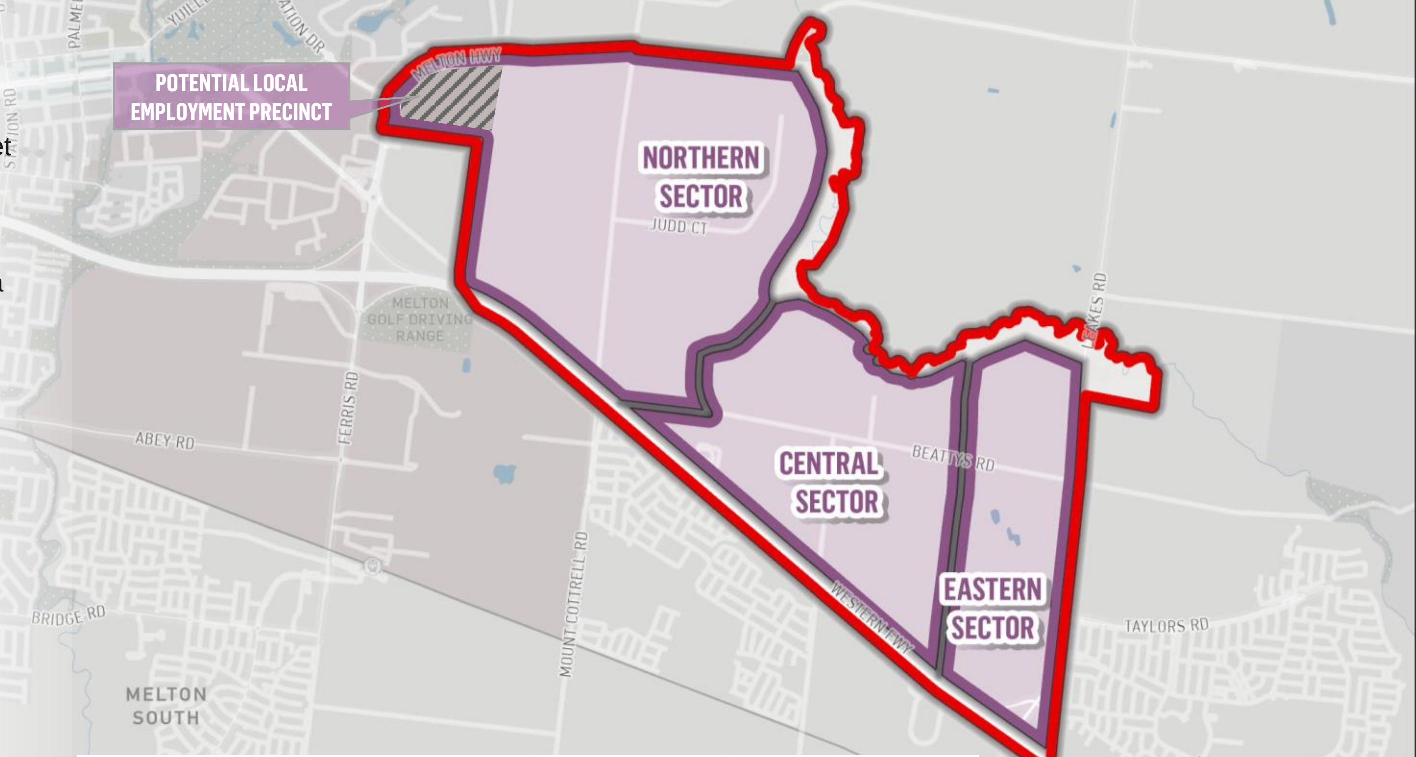
In determining the timing and scale of any development at Melton East, in this section we start by considering the potential for additional supermarkets and discount department stores as the anchor tenants for the centres. This approach considers the demand for these anchors generated by future residents of the PSP, but also accounts for the share of that demand that will be catered to by existing or future centres outside the PSP.

We have analysed the potential need for activity centre floorspace by segmenting the PSP into three sectors. This is intended to allow assessment of the location of centres to serve demand. We consider three sectors:

- The **Northern sector** generally defined by everything north of the potential urban break created by the indicative water management area through the narrow part of the PSP.
- A **Central sector** extending east from the potential urban break .
- An **Eastern sector** around 800m from the eastern boundary reflecting residents in this area will have easy access to the future Rockbank North major activity centre and to a lesser extent, Rockbank MAC.

We have excluded an area of around 23.5 ha in the north west corner as this presents as potential employment land, as discussed later in this report.

Melton East PSP – Sectors for Analysis



Defined Sector	Total Area (Ha)	Estimated NDA Residential (Ha)
Northern Sector	553	330
Central Sector	288	172
Eastern Sector	140	84
Melton East PSP Residential	**982**	**585**
Excluded Employment Area (hatched)	24	18
Melton East PSP Total	**1,005**	**603**

Source: VPA, Urbis
Estimated Residential NDA based on indications of share of land likely lost to non-developable area such as roads or open space.

The majority of developable residential land will be in the Northern sector.

MELTON EAST HOUSEHOLD AND POPULATION PROJECTION

Based on the 3 sectors defined on the previous page, and the potential residential land area within each, we have applied different dwelling per hectare rates to the residential land estimate.

The three scenarios for dwellings per hectare are as follows;

- 20 dw/ha is a low range as instructed by the VPA
- 30 dw/ha is the high range as instructed by VPA
- 22 dw/ha is a calculated density which has assumed a scenario where two major or neighbourhood activity centres are delivered, with 30 dw/ha achieved within 400m of each centre, with the remaining residential land developed at 20 dw/ha.

Based on an average household size of 3.1 people per household (the target for the PSP), we derive population projections for each sector and across the PSP, as shown in the bottom table.

Urbis considers 22 dw/ha to be a reasonable and more likely scenario than achieving 30 dw/ha across the entire PSP. This is consequently the focus of our analysis, although we do consider potential retail need should the population be anywhere from around 36,000 to 55,000 people.

It is also important to note that over 55% of the developable residential land in the Northern sector, with the Central and particularly Eastern sectors likely to be home to a much smaller population base. This influences decisions around the appropriate distribution of floorspace across centres considered later in this report.

Household and Population Capacity Scenarios at Melton East PSP

	Residential	Capacity Households		
	Hectares	20 dw./ha	22 dw./ha	30 dw./ha
Northern Sector	330	6,592	7,251	9,888
Central Sector	172	3,440	3,784	5,160
Eastern Sector	84	1,675	1,843	2,513
Melton East PSP	**585**	**11,708**	**12,878**	**17,561**

	Household Size	Capacity Population at 3.1 per Household		
	Pop per Household	20 dw./ha	22 dw./ha	30 dw./ha
Northern Sector	*3.1*	20,436	22,479	30,654
Central Sector	*3.1*	10,665	11,731	15,997
Eastern Sector	*3.1*	5,193	5,712	7,789
Melton East PSP	***3.1***	**36,293**	**39,923**	**54,440**

Source: VPA, Urbis

The capacity population for Melton East assessed in this report is within a range of approximately 36,000 people up to 55,000 people, depending on the density of residential development achieved.

DISCOUNT DEPARTMENT STORE PROVISION & FLOORSPACE DEMAND

Higher-order major activity centres in greenfield areas are often anchored by a discount department stores (DDS) as the key discretionary retail tenant.

On average across Greater Melbourne, DDSs are supplied at a rate of 0.12 sq.m per person or roughly one DDS for every 55,000-60,000 people. In outer areas where competition from department stores (e.g. Myer, David Jones) is less and DDSs are generally aligned to the demographic, the rate per sq.m could be argued to be slightly higher, with fewer people needed to support each store.

However, with changing consumer preferences and increased competition from new retailers to the market, DDSs have been capturing a declining market share. Therefore, the population needed to support a DDS, even in a greenfield location, is increasing. There have been very few new stores developed across the country in recent years.

Applying the average Melbourne DDS floorspace per capita figure of 0.12 sq.m to the future population in the Melton East PSP, the notional demand for DDS floorspace generated by the population at capacity would range from around 4,400 sq.m to 6,600 sq.m. Around 5,000 sq.m is needed as a minimum for a DDS which is only achieved should a density of 30 dw/ha be delivered across the whole PSP.

Further, this estimate does not consider the level of competition in centres just outside the PSP. In the lower table, it can be seen the DDS provision across the City of Melton (3 stores) is marginally below average. But there are potentially 6 further stores to be delivered in other future PSPs (Toolern x2, Rockbank North, Rockbank, Plumpton, Mt Atkinson). Even with population growth to 2036, the region will be significantly over-supplied if all stores are delivered.

Consequently, there is no need or demand for a DDS at Melton East.

Melton East PSP – Discount Department Store Floorspace Supported by Population

	Household Size	Capacity Population at 3.1 per Household		
	Pop per Household	20 dw./ha	22 dw./ha	30 dw./ha
Northern Sector	*3.1*	20,436	22,479	30,654
Central Sector	*3.1*	10,665	11,731	15,997
Eastern Sector	*3.1*	5,193	5,712	7,789
Melton East PSP	***3.1***	**36,293**	**39,923**	**54,440**
	Provision	Total DDS Floorspace Demand (Sq.m)		
	Sq.m/Person	20 dw./ha	22 dw./ha	30 dw./ha
Northern Sector	*0.12*	2,460	2,706	3,691
Central Sector	*0.12*	1,284	1,412	1,926
Eastern Sector	*0.12*	625	688	938
Melton East PSP		**4,369**	**4,806**	**6,554**

City of Melton – Need for Discount Department Store Floorspace

		Existing	+ 6 Future DDS @ 6,000 sq.m each
	Units	2021	2036
Estimated Population	No.	179,100	332,051
No. of DDS	Sq.M	19,024	55,024
Benchmark Provision	Sq.m/Person	0.12	0.12
City of Melton Provision	Sq.m/Person	0.11	0.17
Over(+) or Under(-) Supply	Sq.m/Person	**-0.01**	**0.05**
	Sq.m	**-2,539**	**15,047**
	% Var	*-11.8%*	*37.6%*

Source: Urbis

There is no need or demand for a DDS at Melton East.

SUPERMARKET PROVISION & FLOORSPACE DEMAND

With the preceding analysis confirming a DDS is unlikely to be supported in the Melton East PSP, supermarkets will be the key anchor tenants for future centres.

Applying the Melbourne benchmark of 0.32 sq.m of supermarket floorspace per resident to the future population in Melton East, the total supermarket floorspace demand created by residents, as shown in the middle part of the table to the right, could range from around 12,700 sq.m up to over 19,000 sq.m.

However, there is a need to allow for a share of resident supermarket spend to be directed to centres outside the PSP. As shown in the table,

- **Northern & Central** sectors: we have assumed 90% of demand to be retained in the PSP, given supermarkets are not easily accessible outside these areas, although some spending will still be directed to stores near work or in larger regional centres.
- **Eastern** sector: 20% of demand to be retained, due to the easy access of the sector to the Rockbank North Major Activity Centre.

Applying these shares, and allowing for 10% of supermarket need to be generated by residents *outside* the PSP (including local workers), we estimate the supermarket floorspace need in the PSP could range from 10,000 sq.m to over 15,000 sq.m.

This space could be split between stores and centres in a variety of ways. For example, the 11,000 sq.m under the 22 dw/ha scenario might be three full-line supermarkets of on average 3,600-3,700 sq.m, or alternatively, three smaller but still large supermarkets (say 3,100 sq.m average) and a mid sized supermarket like Aldi or IGA (1,700 sq.m).

The larger Northern sector will support more stores, with at least 2 full-line stores recommended central to this sector. The Central sector will most likely support a single full-line supermarket, while the Eastern sector will not sustain a large store. The demand generated from this sector and beyond the PSP may be supported through more space in the Northern/Central centres.

Need for Supermarket Floorspace

	Household Size	Capacity Population at 3.1 per Household		
	Pop per Household	20 dw./ha	22 dw./ha	30 dw./ha
Northern Sector	*3.1*	20,436	22,479	30,654
Central Sector	*3.1*	10,665	11,731	15,997
Eastern Sector	*3.1*	5,193	5,712	7,789
Melton East PSP	***3.1***	**36,293**	**39,923**	**54,440**

	Provision	Total Supermarket Floorspace Demand (Sq.m)		
	Sq.m/Person	20 dw./ha	22 dw./ha	30 dw./ha
Northern Sector	*0.32*	6,445	7,089	9,667
Central Sector	*0.32*	3,363	3,699	5,045
Eastern Sector	*0.32*	1,638	1,801	2,456
Melton East PSP		**11,445**	**12,590**	**17,168**

	Capture Rate	Retained Supermarket Floorspace Demand (Sq.m)		
	% of Residents	20 dw./ha	22 dw./ha	30 dw./ha
Northern Sector	*90%*	5,800	6,380	8,700
Central Sector	*90%*	3,027	3,330	4,540
Eastern Sector	*20%*	328	360	491
Melton East PSP	**-**	**9,155**	**10,070**	**13,732**
Demand from Beyond PSP	*10%*	915	1,007	1,373
Total Supermarket Floorspace		**10,070**	**11,077**	**15,105**

Source: Urbis

Under the 22 dw/ha scenario, a total of around 11,000 sq.m of supermarket space could be supported, which is recommended to be concentrated with 2 full-line supermarkets in the Northern sector, and another in the Central sector. A small-format store such as Aldi could also be feasible in the PSP.

MAJOR TENANTS SUPPORT OTHER RETAIL SPACE

There is a consistent relationship for retail floorspace between major stores (e.g. supermarkets) and mini major/retail specialty floorspace and turnover. Mini majors refer to stores over 400 sq.m that are not major tenants.

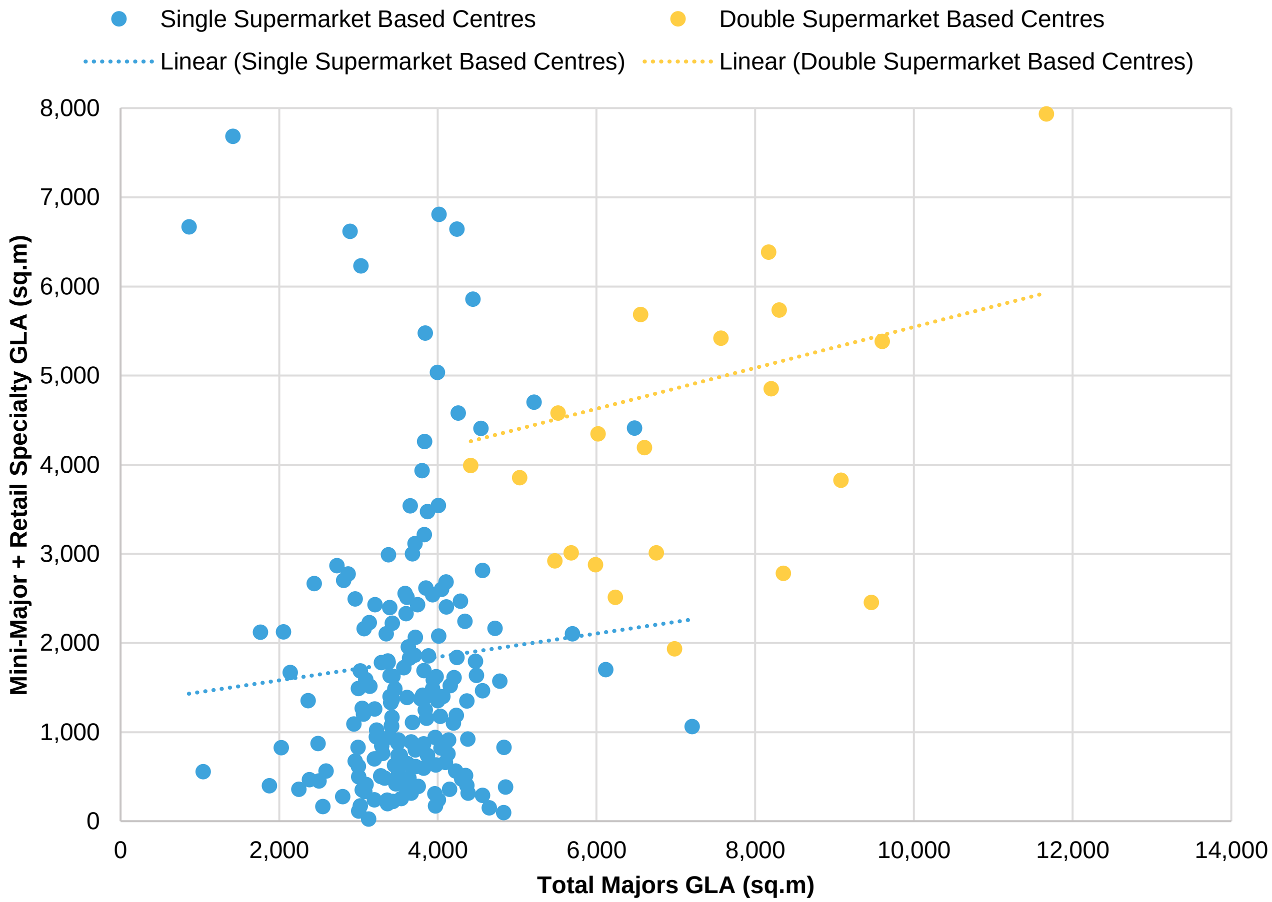
The scatterplot to the right compares major tenant gross leasable area (i.e. supermarkets given only supermarket centres shown) vs. combined mini major and retail specialty GLA. As shown there is a clear relationship between the quantum of supportable mini major and retail specialty floorspace and the quantum of majors floorspace.

While the relationship is not always linear nor a ratio of 1:1, the lines of best fit indicate, generally, for a given level of supermarket space, the amount of other retail space in a centre is higher. In simple terms, a centre with two supermarkets will typically provide more floorspace than two centres each with a single supermarket.

This concept reflects the value of a critical mass and suggests the clustering of retail space (and other commercial activity) into a single focal point has beneficial performance outcomes and provides the community with greater choice.

There is a positive relationship between the number and scale of major tenants provided in a centre, and centres with multiple anchor tenants support more space.

Floorspace - Majors vs. Mini Majors & Retail Specs
Single Supermarket vs. Double Supermarket Centres (2021)



Source: 2021 Urbis Shopping Centre Benchmarks

RELATIONSHIP OF SUPERMARKET SPACE TO TOTAL CENTRE SPACE

Further to the analysis on the previous page, the tables here show the average size and composition of Australian shopping centres with two or more supermarkets (double supermarket) or a single supermarket. This data is derived from the Urbis Shopping Centre Benchmarks.

This analysis shows the capacity for one or more supermarkets to support mini-major and specialty retail space, and further non-retail specialty space (still shopfront).

Further commercial space (e.g. office suites, entertainment, medical centre, gym) and space external to the core centre (e.g. fast food pad sites, service station etc.) is also supported, although the volume of space varies more significantly between centres. Note these benchmarks only consider the commercial space on the same property as the shopping centre. A town centre can support more peripheral commercial space, with potential uses considered overleaf.

The larger double supermarket centres are able to sustain a larger retail and non-retail shop provision. This is both in terms of the volume of space, but also in proportionate terms. Supermarkets in the double supermarket centres represent just over half of the centre floorspace, compared to almost 60% in single supermarket centres.

This highlights that cluster anchor tenants together can have the effect of increasing the provision of retail and other services to the community, rather than spreading them across two smaller centres. This clustering also makes for a stronger centre.

These relationships between supermarket and retail/non-retail shop space are referenced in the following section when presenting the scale of each centre.

Benchmark Provision of Centre Floorspace
Australian Double Supermarket Centres, 2021

	Floorspace (Sq.m)	% of Total Centre
Supermarket	7,146	51%
Mini Majors & Retail Specialties (incl. vacant)	5,415	38%
Non-Retail Specialties	1,508	11%
Total Centre	**14,069**	**100%**
Other Commercial/External	2,103	
Total Property Floorspace	**16,172**	

Benchmark Provision of Centre Floorspace
Australian Single Supermarket Centres, 2021

	Floorspace (Sq.m)	% of Total Centre
Supermarket	3,620	59%
Mini Majors & Retail Specialties (incl. vacant)	1,987	33%
Non-Retail Specialties	489	8%
Total Centre	**6,096**	**100%**
Other Commercial/External	668	
Total Property Floorspace	**6,764**	

Source: 2021 Urbis Shopping Centre Benchmarks

Larger centres with multiple supermarkets support more retail and non-retail shop space compared to smaller centres. The clustering of activity into a single location results in better performing centres.

OTHER NON-RETAIL/COMMERCIAL USES

Over the following pages, we first consider the suitability of various uses in the PSP at a high level, considering factors such as exposure, access, competition and market size/alignment. Some uses are obvious inclusions that most town centres should incorporate. Some are not suited and can be discounted.

Potential Use	Exposure / Access	Competition	Market Alignment / Demand	Comments
Large format retail / showrooms	**Excellent**	**Moderate**	**Excellent**	Bulky goods precincts require high exposure locations on major arterial roads. The Melton Highway frontage at the western edge of the PSP provides this exposure, while there is potential to leverage and extend the existing large format retail offer in this vicinity. A new Bunnings store has been developed on land immediately adjacent to the PSP.
Dedicated commercial office space	**Moderate**	**High**	**Challenging**	Edge of metro area location reduces pool of white collar workers. Melton East won't have a critical mass to create major synergies between businesses. There will be high competition if office space is delivered as part of the Toolern Metropolitan Activity Centre as envisaged. In outer suburban locations office space is generally shopfront or medical related. Note: There may be potential for a small amount of local office space (for the likes of local solicitors, accountants, financial advisors etc.) and/or co-working space to be integrated into the shopping/activity centres in Melton East. This would either be occupying shopfront spaces in the centre, or potentially a small amount of space above retail areas.
Medical suites and allied health services	**Excellent**	**Moderate**	**Excellent**	Medical services are a population driven use that should be included in Melton East, with the scale and nature consistent with the market size and local role of the PSP. There is likely demand for multiple services and dedicated medical centres clustered within activity centres. Larger health facilities such as hospitals or day surgeries are not envisaged which would drive more demand for health care services.
Health, wellbeing, fitness and recreation	**Excellent**	**To be determined**	**Excellent**	As an extension to the medical offer, other health, well-being, fitness and recreation facilities should be allowed for within the activity centres. Again the scale is dependent on population driven demand, but the types of uses suited to this demographic include gyms, yoga/pilates outlets or other spaces for physical activity, particularly for children (e.g. dance studios, martial arts). These uses can often find it hard to lease space such as retail areas removed from high traffic or upper level space due to the desire to have larger spaces but pay less rent.

OTHER NON-RETAIL/COMMERCIAL USES

Potential Use	Exposure / Access	Competition	Market Alignment / Demand	Comments
Education	Good	To be determined	Excellent	The PSP may be able to respond to the trend identified earlier in this section with education representing a greater share of household spending. Beyond the provision of primary and secondary schools, there is an opportunity to incorporate the concept of "lifelong learning". While Melton East is not anticipated to be a prime location for a major higher education offer considering it is on the edge of the urban area, there is potential for smaller offers in shopfront or upper level office space such as child tutoring facilities or extension programs (e.g. Kumon), adult education providers outposts, cooking schools, English-as-a-second-language education and other small education operators.
Child care	Excellent	To be determined	Excellent	Young families will drive demand for child care facilities. Childcare centres are supported by community and education uses. The future activity centres or other locations clustered with schools are logical locations.
Hotel	Moderate	High	Challenging	Larger accommodation hotels or serviced apartments in suburban areas tend to locate in areas of high activity where supported by tourist or worker demand. With no surrounding major employment uses, large scale medical facilities (hospital) or function venues, it is unlikely the Melton East activity centres will support a hotel, although it would remain a potential use in an employment gateway to the PSP. Toolern is a more likely nearby location. The inclusion of an entertainment-focussed hotel/tavern hosting functions in the activity centres could potentially create some demand for on-site accommodation.
Small-format/Light Industrial	Moderate	Moderate	Good	Some small-format, non-sensitive light industrial uses (e.g. showroom, workshop, trades supply/storage, etc.) could be located on the edge of any town centre (e.g. on commercial or business zoned land such as Commercial 2) which could encourage cross-usage with other retail and commercial uses. However, these uses may be better suited in a dedicated precinct on the edge of the PSP as an extension of the existing Melton Homemaker and industrial precinct.

The anticipated local service role for activity centres within Melton East will limit the range of non-retail or commercial uses supported. However, there will be strong demand for local population services (e.g. childcare, local medical and education) and some peripheral uses for the PSP (e.g. large format retail, small-scale office). Some small-format, non-sensitive light industrial uses (e.g. showroom, workshop, etc.) could also be supported on the periphery of town centres leveraging cross-usage opportunities, although a dedicated industrial/employment precinct on the western edge of the PSP may better meet the critical location attributes of these types of tenants.

05

LOCATION & SCALE OF ACTIVITY CENTRES & EMPLOYMENT LAND

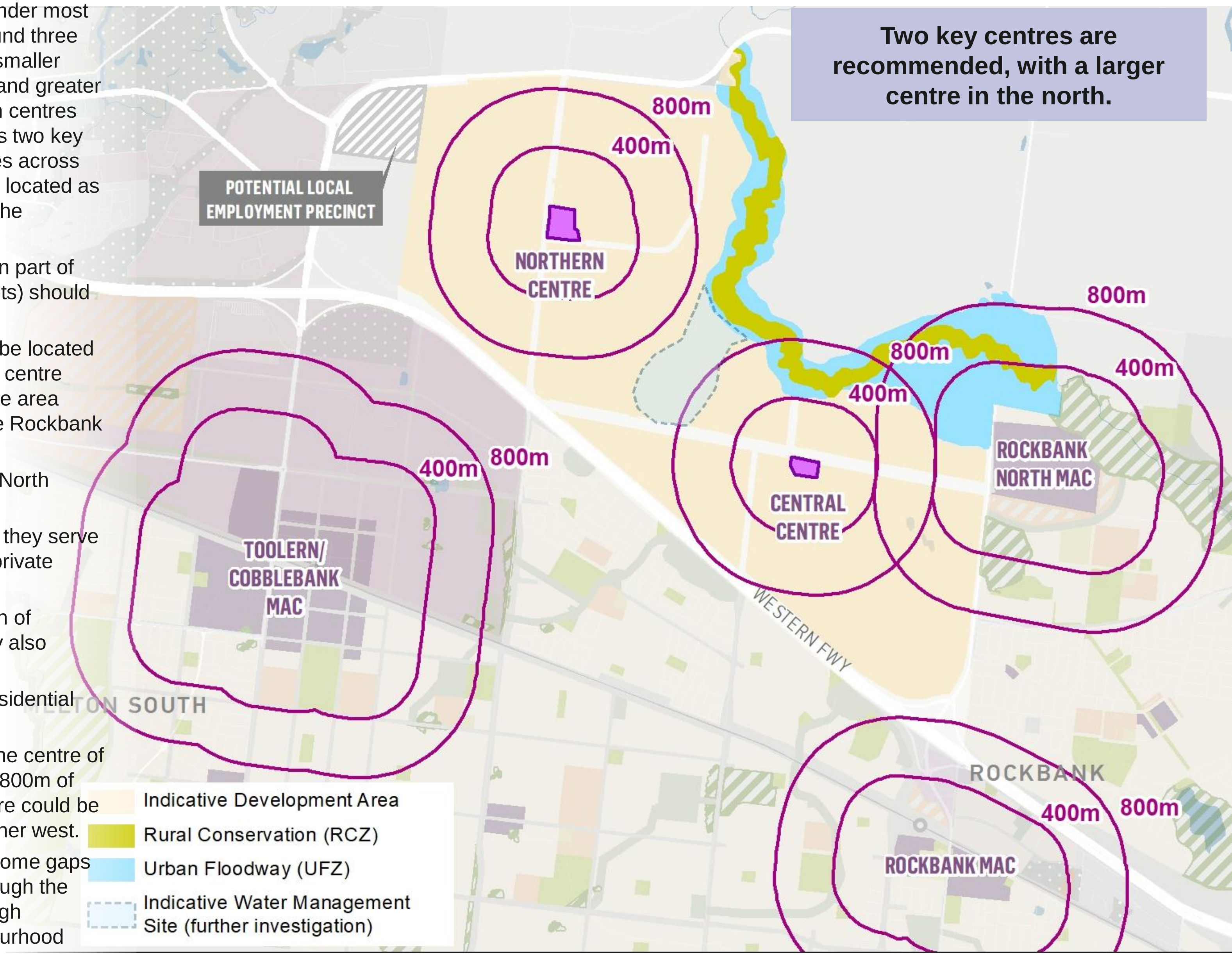
RECOMMENDED LOCATION OF FUTURE ACTIVITY CENTRES IN MELTON EAST

Based on the analysis of supermarket need, under most population scenarios, there is demand for around three full-line supermarkets and potentially another smaller format store. Given the stronger performance and greater range of retail and non-retail uses supported in centres with multiple supermarkets, Urbis recommends two key activity centres rather than splitting those stores across three or more centres. These centres could be located as shown indicatively in the map here, based on the following considerations:

- Most of the population will be in the northern part of the PSP. The larger centre (2+ supermarkets) should be central to this area.
- A smaller supermarket-based centre could be located centrally, although noting positioning of this centre impacts the extent of residential developable area within 800m given potential overlap with the Rockbank North MAC and open space areas.
- The Eastern sector is served by Rockbank North MAC.
- Centres should be central to the population they serve and along major roads to allow public and private transport access.
- Although not known at this time, the location of education and other community assets may also influence centre locations.
- Maximising the share of the developable residential area within 800m of a centre.

The potential for water management through the centre of the PSP will impact the residential area within 800m of each centre. Should this area be resolved, there could be an opportunity to move the Central Centre further west.

As considered further overleaf, there may be some gaps in the distribution that could be addressed through the location of local convenience centres, or if a high population density is achieved, a third neighbourhood centre.



** 400m & 800m radii are from the edge of the activity centre. The northern centre is based on a size of 4ha and the smaller central centre of 2ha.*
Source: Urbis

SHARE OF DWELLINGS WITHIN 800M OF AN ACTIVITY CENTRE

Targeting Dwellings Close to Centres

The VPA is targeting 80%-90% of dwellings being within 800 metres of an activity centre. In line with this aim, we have estimated the share of dwellings that are likely within this radii from the proposed key centre locations shown on the previous page. We have made allowance for increasing residential density closer to the centres, as well as taking out open space and road allowances. The potential for the north west corner to be employment land (discussed further shortly) has also been allowed for.

As currently drawn, we estimate **around 75% of dwellings will be within 800m of one of the two centres** within the PSP or the Rockbank North MAC.

If the water management area centrally within the PSP shifts, there may be potential to increase this proportion by moving the Central Centre further west.

On this basis, there may be a need for additional centres to meet the VPA target. However, Urbis does not recommend adding centres to the hierarchy for the sole purpose of meeting the target. They must be supported by the market, provide an appropriate scale and mix, and be positioned in suitable locations.

As established earlier in this report, two larger centres will perform better than splitting the retail space across three or four smaller centres that will inevitably compete with each other and serve overlapping catchments. In fact, the larger centre will support more retail and non-retail space relative to supermarket space, resulting in a superior offer to the community.

We would only recommend a third larger centre (neighbourhood centre or larger) if the dwelling density achieved can feasibly approach 30 dw/ha.

Consequently, the minor gaps in the network should be filled by local convenience centres, situated in strategic, high-exposure locations. Local centre considerations are discussed to the right.

Estimated Distribution of Residential Land (NDA) & Dwellings within 800m of an Activity Centre

Trade Area Sector	Land within 400m (ha)	Land within 400m-800m (ha)	Land Outside 800m (ha)	Total Land Area (ha)	Total Dwellings	Dwellings within 800m	
Northern	66	155	113	335	7,272	5,400	74%
Central	48	78	39	165	3,803	3,170	83%
Eastern	16	29	40	86	1,794	1,130	63%
Total PSP Residential NDA				**585**	**12,869**	**9,700**	**75%**

** Assumes density of 30 dw/ha in 400m, 22 dw/ha 400m-800m and 16.5 dw/ha outside.*
Source: Urbis, based on 2 neighbourhood centre layout shown on the previous page.

Local Convenience Centres

Local convenience centres (LCC) have a role to play in providing opportunities for residents to access day-to-day necessities, particularly where there is not a neighbourhood centre or larger in the immediate area. However, experience across Melbourne's growth areas demonstrates that filling a gap in a retail hierarchy within a PSP does not guarantee a centre will be delivered. There are many examples of designated LCCs which cannot attract the necessary tenants or market interest.

Small centres (1,000-1,500 sq.m) compete for a limited pool of anchor tenants, Independent supermarkets cannot occupy every centre. Therefore there has to be an acceptance that LCCs need to be planned with a degree of flexibility in terms of the uses that are allowed, and potentially to an extent, the scale. In some cases a small supermarket will be suitable, but in others it might be a service station with convenience store or a childcare centre adjacent to some takeaway stores.

Regardless of the mix of uses or scale of centre, the location selected will go some way to ensuring a successful centre. LCCs should be positioned in high exposure locations (e.g. main roads where they benefit from passing traffic) or high activity areas (e.g. adjacent to schools).

Given the potential gaps shown with two centres, potential locations for LCCs in Melton East would be the south-east entrance with exposure to Leakes Road, and in the south of the Northern sector, again along a main road or co-located with other activity generators. These centres should not be large, but flexible to allow a range of retail or commercial uses.

NORTHERN ACTIVITY CENTRE – INDICATIVE FLOORSPACE

The total indicative floorspace in the proposed Northern Activity Centre is shown for the three population scenarios to the right.

Based on the supermarket capacity analysis in the previous section, this centre would likely be anchored as follows:

- Two full-line supermarkets under the 20 and 22 dw/ha scenarios.
- Potentially, an additional third mid-sized supermarket (e.g. Aldi) could be supported if the dwelling density was as high as 30 dw/ha.

Those supermarkets would support total shopfront space (i.e. centre size) of in the order of 13,500 sq.m, up to over 17,000 sq.m.

Additional commercial floorspace outside (or above) the centre might be in the range of 2,500 sq.m to 5,000 sq.m depending on the population density. We note however that commercial floorspace demand is variable and can depend on which tenants or uses wish to locate in the centre over time.

With a 50% floorspace to land area ratio (allowing for car parking, loading areas circulation etc.), a site of 3.2ha up to 4.4ha should be allowed for.

These estimates are indicative only, based on the scale of the supermarket space anticipated under each scenario, and the typically supportable level of additional retail and commercial space. These estimates are not intended to represent a cap on space that could be developed, as in time, different retail concepts or preferences may see the market deliver some variation. Planning for centres needs to be adaptable to this change over the long-term delivery of PSPs and the centres within them.

Indicative Activity Centre Floorspace – Northern Centre

	Demand 20 dw./ha		**Demand 22 dw./ha**		**Demand 30 dw./ha**	
	% of Centre	Sq.m	% of Centre	Sq.m	% of Centre	Sq.m
Supermarket Floorspace	52%	7,000	52%	7,500	54%	9,200
Mini Majors & Retail Specialties	38%	5,100	38%	5,500	37%	6,300
Non Retail Specialties	10%	1,400	10%	1,500	9%	1,500
Centre Size		**13,500**		**14,500**		**17,000**
Other Commercial Floorspace		2,500		3,000		5,000
Total Activity Centre		**16,000**		**17,500**		**22,000**
Land Area Requirement - hectares (50% Floorspace to Land Area Ratio)		*3.2*		*3.5*		*4.4*

Source: Urbis

Depending on the dwelling density, and subject to market demand over the long-run, the proposed Northern activity centre should support around 13,500-17,000 sq.m of shopfront space, with 2,500-5,000 sq.m of additional commercial space.

CENTRAL ACTIVITY CENTRE – INDICATIVE FLOORSPACE

The total indicative floorspace in the proposed Central Activity Centre is shown for the three population scenarios to the right.

Based on the supermarket capacity analysis in the previous section, this centre would likely be anchored as follows:

- A single full-line supermarket under the 20 and 22 dw./ha scenarios.
- Potentially, two full-line supermarkets (e.g. Aldi) could be supported if the dwelling density was as high as 30 dw./ha.

Rather than having two supermarkets in the Central centre, it may be possible for the space allocated under the 30 dw./ha scenario to be split into two centres, although this may dilute the performance of both should their catchments overlap.

The total shopfront space (i.e. centre size) under lower densities would likely be in the order of 5,000-6,000 sq.m, or double that should a second supermarket be added to support high dwelling numbers.

Additional commercial floorspace would likely be modest in a single supermarket outcome (<1,000 sq.m).

These estimates are indicative only, based on the scale of the supermarket space anticipated under each scenario, and the typically supportable level of additional retail and commercial space. These estimates are not intended to represent a cap on space that could be developed, as in time, different retail concepts or preferences may see a the market deliver some variation. Planning for centres needs to be adaptable to this change over the long-term delivery of PSPs and the centres within them.

Indicative Activity Centre Floorspace – Central Centre

	Demand 20 dw./ha		Demand 22 dw./ha		Demand 30 dw./ha	
	% of Centre	Sq.m	% of Centre	Sq.m	% of Centre	Sq.m
Supermarket Floorspace	60%	3,200	60%	3,600	52%	6,500
Mini Majors & Retail Specialties	32%	1,700	32%	1,900	38%	4,700
Non Retail Specialties	8%	400	8%	500	10%	1,300
Centre Size		**5,300**		**6,000**		**12,500**
Other Commercial Floorspace		700		1,000		2,500
Total Activity Centre		**6,000**		**7,000**		**15,000**
Land Area Requirement (ha) (50% Floorspace to Land Area Ratio)		*1.2*		*1.4*		*3.0*

Source: Urbis

The proposed Central activity centre would likely support shopfront space of around 6,000-7,000 sq.m under lower dwelling densities, with less than 1,000 sq.m of additional commercial space. Should dwelling densities be closer to 30 dw./ha, the centre size could more than double.

RELATIVE RETAIL PROVISION IN PSP AREAS

While what is planned in other PSPs does not determine the appropriate retail provision at Melton East, we have nonetheless presented a selection of PSPs with their target population and retail provision to compare with the final outcomes recommended for Melton East.

This data indicates the following:

- On average across the PSPs considered, just over 1.3 sq.m of retail floorspace is provided per each anticipated future resident.
- Those PSPs with a higher floorspace per capita, sometimes over 2 sq.m, generally support a major town centre with a significant discretionary retail offer (e.g. a discount department store + specialties), intended to serve a wider catchment.
- PSPs neighbouring an area proposed to be supported by a large major town centre (e.g. Tarneit North, Kororoit, Shenstone Park) have a lower provision of reflecting the reliance of that population on centres nearby but outside the PSP.
- Overall, the Melton corridor PSPs will provide a typical level of floorspace per capita, even though some PSPs (Melton East included) will contribute a lower retail provision as they are served by larger centres in adjoining areas such as Toolern, Rockbank North or Mt Atkinson.
- Over time, the retail provision allowed for in PSPs has declined. This reflects population density delivered in these areas being higher than expected (2.8 people per dwelling has been typical in the past), and due to a shift in the DDS market, new stores now require a much larger population to be delivered. Some of the centres in these PSPs are now identified as having had too much retail floorspace allowed for.

Selected Greater Melbourne PSPs – Planned Retail Provision

PSP	Year Completed	Est. Population Capacity	Total Retail Floorspace (Sq.m)	Floorspace Per Capita (Sq.m p.c.)
Taylors Hill West	2010	6,720	0	0.0
Toolern/Cobblebank	2011	55,000	86,000	1.6
Toolern Park	2014	1,480	0	0.0
Paynes Road	2016	7,000	1,000	0.1
Rockbank	2016	22,800	30,000	1.3
Wollert	2017	34,900	33,200	1.0
Plumpton	2017	30,100	50,000	1.7
Mt Atkinson/Tarneit Plains	2017	22,400	30,500	1.4
Kororoit	2018	25,800	14,900	0.6
Melton East[1]	2023/24	39,900	20,400	0.5
Melton Corridor	***2016-18***	***246,100***	***266,000***	***1.1***
Tarneit North	2014	28,500	16,000	0.6
Truganina	2014	25,500	67,500	2.6
Tarneit North & Truganina	***2014***	***54,000***	***83,500***	***1.5***
Cranbourne East	2010	18,502	15,000	0.8
Thompsons Road	2014	18,200	69,500	3.8
Casey Fields South Residential	2014	4,100	1,500	0.4
Clyde Creek	2015	38,100	55,000	1.4
Cardinia Creek South	2018	28,100	17,500	0.6
Collison Estate[2]	2022	5,270	1,500	0.3
Clyde Corridor	***2010-2022***	***112,272***	***160,000***	***1.4***
Lockerbie	2012	29,000	56,900	2.0
Donnybrook/Woodstock	2017	47,700	47,000	1.0
Shenstone Park	2022	10,800	6,500	0.6
Lockerbie, Donnybrook & Shenstone Park	***2012-2022***	***87,500***	***110,400***	***1.3***
Average		***23,803***	***29,519***	***1.2***
Indicative Provision for Melton East (excludes LCCs)				
Based on 22 dw./ha		39,900	20,400	0.5
Based on 30 dw./ha		54,400	29,300	0.5

1. Assuming an average dwelling density of 22 dw./ha.
2. Based on Urbis estimate as the Collison Estate Development Plan is being finalised.
Source: Victorian Planning Authority; Urbis

While the retail provision relative to population recommended is lower than the selected PSPs (around 0.5 sq.m per future resident) this is considered appropriate given the access to several major centres immediately outside the PSP, and hence the inability to support a DDS that would elevate the discretionary retail role played by centres in the PSP.

OTHER EMPLOYMENT LAND

As analysed earlier in Section 3, there is sufficient employment land set aside within Melton to support future employment requirements. There will be no need for additional employment land to be set aside within the Melton East PSP to meet regional job requirements

However, given the location of the existing Melton Gateway light industrial and commercial precinct on the western border of the PSP (as shown in the adjacent map), there is potential for the western corner of the PSP area that fronting the Melton Highway as an extension and incorporated into the Melton Homemakers precinct. This is shown as the hatched area opposite the existing service centre at the Federation Drive/Melton Highway roundabout.

Should this be materialised, there is also a potential for a small convenience offer in this area if needed to fill the gaps in retail floorspace provision.

Generally there is no need for additional employment land to be set aside in Melton East to meet regional job requirements. However, there is opportunity for the western corner of the PSP area as a logical inclusion into the neighbouring Melton Homemaker and adjoining light industrial precinct.

SUMMARY – FLOORSPACE, LAND AREA & JOBS YIELD

The table below summarises the key statistics for the potential retail and employment uses in the PSP, including floorspace/land area and jobs yield, based on an average dwelling density of 22 dwellings/ha for the whole precinct and a range of job density assumptions. Similar calculations for the 20 dwellings/ha and 30 dwellings/ha density scenarios are included in the appendices.

Centre Floorspace/Land Area & Jobs Yield – 22 dwellings/ha scenario

Centre / Precinct	Floorspace / Land Area	Assumed Job Density	Total Estimated Jobs
Northern Activity Centre – Retail/Shopfront	14,500 sq.m	30 sq.m/job	483
Northern Activity Centre - Commercial	3,000 sq.m	20 sq.m/job	150
Central Activity Centre – Retail/Shopfront	6,000 sq.m	30 sq.m/job	200
Central Activity Centre - Commercial	1,000 sq.m	20 sq.m/job	50
Local Convenience Centres (2)	2,000 sq.m	30 sq.m/job	67
Industrial/Commercial Precinct	24 ha	30 jobs/ha	720
Total Jobs			**1,670**

Source: Urbis

APPENDICES

SUMMARY – FLOORSPACE, LAND AREA & JOBS YIELD

Centre Floorspace/Land Area & Jobs Yield – 20 dwellings/ha scenario

Centre / Precinct	Floorspace / Land Area	Assumed Job Density	Total Estimated Jobs
Northern Activity Centre - Retail	13,500 sq.m	30 sq.m/job	450
Northern Activity Centre - Commercial	2,500 sq.m	20 sq.m/job	125
Central Activity Centre - Retail	5,300 sq.m	30 sq.m/job	177
Central Activity Centre - Commercial	800 sq.m	20 sq.m/job	40
Local Convenience Centres (2)	2,000 sq.m	30 sq.m/job	67
Industrial/Commercial Precinct	24 ha	30 jobs/ha	720
Total Jobs			**1,578**

Centre Floorspace/Land Area & Jobs Yield – 30 dwellings/ha scenario

Centre / Precinct	Floorspace / Land Area	Assumed Job Density	Total Estimated Jobs
Northern Activity Centre - Retail	17,000 sq.m	30 sq.m/job	567
Northern Activity Centre - Commercial	5,000 sq.m	20 sq.m/job	250
Central Activity Centre - Retail	12,300 sq.m	30 sq.m/job	410
Central Activity Centre - Commercial	2,500 sq.m	20 sq.m/job	125
Local Convenience Centres (2)	2,000 sq.m	30 sq.m/job	67
Industrial/Commercial Precinct	24 ha	30 jobs/ha	720
Total Jobs			**2,138**

Source: Urbis

COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

The data and information that informs and supports our opinions, estimates, surveys, forecasts, projections, conclusion, judgments, assumptions and recommendations contained in this report (Report Content) are predominantly generated over long periods, and is reflective of the circumstances applying in the past. Significant economic, health and other local and world events can, however, take a period of time for the market to absorb and to be reflected in such data and information. In many instances a change in market thinking and actual market conditions as at the date of this report may not be reflected in the data and information used to support the Report Content.

The recent international outbreak of the Novel Coronavirus (COVID-19), which the World Health Organisation declared a global health emergency in January 2020 and pandemic on 11 March 2020, has and continues to cause considerable business uncertainty which in turn materially impacts market conditions and the Australian and world economies more broadly.

The uncertainty has and is continuing to impact the Australian real estate market and business operations. The full extent of the impact on the real estate market and more broadly on the Australian economy and how long that impact will last is not known and it is not possible to accurately and definitively predict. Some business sectors, such as the retail, hotel and tourism sectors, have reported material impacts on trading performance. For example, Shopping Centre operators are reporting material reductions in foot traffic numbers, particularly in centres that ordinarily experience a high proportion of international visitors.

The data and information that informs and supports the Report Content is current as at the date of this report and (unless otherwise specifically stated in the Report) does not necessarily reflect the full impact of the COVID-19 Outbreak on the Australian economy, the asset(s) and any associated business operations to which the report relates. It is not possible to ascertain with certainty at this time how the market and the Australian economy more broadly will respond to this unprecedented event and the various programs and initiatives governments have adopted in attempting to address its impact. It is possible that the market conditions applying to the asset(s) and any associated business operations to which the report relates and the business sector to which they belong has been, and may be further, materially impacted by the COVID-19 Outbreak within a short space of time and that it will have a longer lasting impact than we have assumed. Clearly, the COVID-19 Outbreak is an important risk factor you must carefully consider when relying on the report and the Report Content.

Where we have sought to address the impact of the COVID-19 Outbreak in the Report, we have had to make estimates, assumptions, conclusions and judgements that (unless otherwise specifically stated in the Report) are not directly supported by available and reliable data and information. Any Report Content addressing the impact of the COVID-19 Outbreak on the asset(s) and any associated business operations to which the report relates or the Australian economy more broadly is (unless otherwise specifically stated in the Report) unsupported by specific and reliable data and information and must not be relied on.

To the maximum extent permitted by law, Urbis (its officers, employees and agents) expressly disclaim all liability and responsibility, whether direct or indirect, to any person (including the Instructing Party) in respect of any loss suffered or incurred as a result of the COVID-19 Outbreak materially impacting the Report Content, but only to the extent that such impact is not reflected in the data and information used to support the Report Content.

This report is dated **31 August 2022** and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd's (Urbis) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of the **Victoria Planning Authority** (Instructing Party) for the purpose of an **Economic and Retail Assessment for the Melton East Precinct Structure Plan** (Purpose) and not for any other purpose or use. Urbis expressly disclaims any liability to the Instructing Party who relies or purports to rely on this report for any purpose other than the Purpose and to any party other than the Instructing Party who relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

In preparing this report, Urbis was required to make judgements which may be affected by unforeseen future events including wars, civil unrest, economic disruption, financial market disruption, business cycles, industrial disputes, labour difficulties, political action and changes of government or law, the likelihood and effects of which are not capable of precise assessment.

All surveys, forecasts, projections and recommendations contained in or made in relation to or associated with this report are made in good faith and on the basis of information supplied to Urbis at the date of this report. Achievement of the projections and budgets set out in this report will depend, among other things, on the actions of others over which Urbis has no control.

Urbis has made all reasonable inquiries that it believes is necessary in preparing this report but it cannot be certain that all information material to the preparation of this report has been provided to it as there may be information that is not publicly available at the time of its inquiry.

In preparing this report, Urbis may rely on or refer to documents in a language other than English which Urbis will procure the translation of into English. Urbis is not responsible for the accuracy or completeness of such translations and to the extent that the inaccurate or incomplete translation of any document results in any statement or opinion made in this report being inaccurate or incomplete, Urbis expressly disclaims any liability for that inaccuracy or incompleteness.

This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading bearing in mind the necessary limitations noted in the previous paragraphs. Further, no responsibility is accepted by Urbis or any of its officers or employees for any errors, including errors in data which is either supplied by the Instructing Party, supplied by a third party to Urbis, or which Urbis is required to estimate, or omissions howsoever arising in the preparation of this report, provided that this will not absolve Urbis from liability arising from an opinion expressed recklessly or in bad faith.

Urbis acknowledges the important contribution that Aboriginal and Torres Strait Islander people make in creating a strong and vibrant Australian society.

We acknowledge, in each of our offices, the Traditional Owners on whose land we stand.

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