

GREENVALE NORTH PSP (PART 2) RETAIL NEED

Response to the VPA
Feedback on Retail Provision

URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

Director	Rhys Quick
Associate Director	Mike Zhang
Project Code	MA9548A
Report Number	Final

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.

All information supplied to Urbis in order to conduct this research has been treated in the strictest confidence. It shall only be used in this context and shall not be made available to third parties without client authorisation. Confidential information has been stored securely and data provided by respondents, as well as their identity, has been treated in the strictest confidence and all assurance given to respondents have been and shall be fulfilled.

© Urbis Pty Ltd
50 105 256 228

All Rights Reserved. No material may be reproduced without prior permission.

You must read the important disclaimer appearing within the body of this report.

urbis.com.au

CONTENTS

Introduction1

1. Lack of Population to Support a Retail Centre2

2. Adequacy of Retail Floorspace Provision across Broader Catchment.....3

3. Risks of Designating a Centre to Meet the 800m Target.....6

4. Convenient Access to Centres Despite Non-compliance with PSP 2.0 Guideline7

Disclaimer8

1. INTRODUCTION

This report presents a high-level assessment of the potential need for a retail centre within the planned Greenvale North Precinct Structure Plan (PSP) (Part 2) area, in response to feedback from the Victoria Planning Authority (VPA) on your submission for the proposed residential development within the PSP.

Specifically, the VPA has raised concern about whether there would a need to provide additional retail floorspace for future residents of the PSP for the development to comply with the PSP 2.0 Guidelines on retail provision. According to Target 19 (T19) of the Guidelines, 80-90% of new dwellings in a PSP area “should be located within 800m walk of an activity centre” (pg. 91, *Precinct Structure Planning Guidelines: New Communities in Victoria, Oct. 2021*).

To address the above, analysis presented in this letter aims to assess the following key areas to demonstrate the potential support for any sizeable activity centre within Greenvale North (Part 2), as well as the implications for local residents in accessing retail facilities:

- Lack of population to support another retail centre in the subject location
- Adequacy of retail floorspace provision across the broader catchment
- Convenient access to centres despite in compliance to the Guidelines

2. LACK OF POPULATION TO SUPPORT A RETAIL CENTRE

Greenvale North (Part 2) will be a very small PSP without a sizeable resident population once fully occupied. At capacity, the PSP will only likely support a total population of just over 1,200 people with a total number of around 400 dwellings planned (applying an average household size assumption of 3.1 people as adopted by the VPA for recently gazetted residential PSPs). As demonstrated in the subsequent section, this would be too small of a local population to support any retail uses of scale (e.g. a supermarket).

Using supermarket floorspace provision benchmark as a guide for general retail need, a full-line supermarket of 3,200-3,500 m² would typically require exclusive access to a catchment population of at least 8,000-10,000 people to trade at industry average levels in the current economy. For any activity centre to be viable, securing an anchor tenant such as a supermarket is crucial to generate foot traffic and cross-shopping activities which other co-located retail specialty stores and commercial uses would rely on.

With just over 1,200 people at capacity, the PSP itself would not support a major supermarket tenant, and most likely not even a small-format convenience supermarket. Consequently, the ability to support any activity centre without an anchor would be undermined. Should a centre be required to be delivered within the subject PSP, it would inevitably be marginalised without major anchor support and facing strong competition from several nearby surrounding centres (discussed further below). In an area where both existing and planned supermarket space is sufficiently large to service the local resident market, adding another centre would not only be unviable, but it would impact the trading performance of nearby competing centres.

An estimate of the local supermarket floorspace provision is provided below to demonstrate its adequacy and importantly the lack of market support for a centre within the subject PSP.

3. ADEQUACY OF RETAIL FLOORSPACE PROVISION ACROSS BROADER CATCHMENT

As an indication of retail provision in the area, we have estimated the population capacity within the PSPs in the Greenvale/Craigieburn growth corridor, as well as the total supermarket floorspace along this corridor that will be ultimately accessible by this population base. As shown on Map 1, the defined Greenvale/Craigieburn growth corridor for the purpose of this analysis comprises PSP areas south of Craigieburn Road. These PSPs are presented in Table 1, along with their respective estimated population capacity. Existing and proposed centres in the broader area are also shown on Map 1.

Regarding the population capacity estimates, it is noted that:

- For PSP areas where residential land is currently developed (i.e. Craigieburn R2 area south of Craigieburn Road), resident population figure is sourced from the 2021 ABS Census for statistical small areas within that PSP area.
- For all other PSPs, population is estimated based on land/dwelling capacity, using either net developable area (NDA) figure sourced from each of the PSP documents or Urbis' own estimate where NDA data isn't readily available, and applying an average dwelling density assumption of 18.5 dwellings/ha and a household size assumption of 3.1 people.
- Note that both of these assumptions have been adopted by the VPA in greenfield PSPs recently gazetted to reflect the more realistic development outcome in today's market. They are above those applied in the official PSP documents for these areas approved around a decade ago (i.e. 14-16 dwellings/ha and 2.8 residents/household), suggesting a larger population that will likely be supported than originally projected.

Table 1 Estimated Population Capacity for PSPs within the Defined Greenvale/Craigieburn Corridor

Greenvale/Craigieburn Corridor PSP	Est. Population Capacity	Note
Craigieburn R2 - South of Craigieburn Rd	6,400	Residential land developed. Figure based on 2021 ABS stats.
Craigieburn West - South of Craigieburn Rd.	5,400	Urbis estimate
Greenvale Central	9,700	Urbis estimate
Greenvale North Part 2	1,200	Urbis estimate
Greenvale North R1	5,300	Urbis estimate
Greenvale West R3	4,800	Urbis estimate
Providence Estate	1,700	Urbis estimate
Somerton Rd (unprogrammed)	700	Urbis estimate
Total	35,200	

Source: ABS; Various PSPs; Urbis

Supermarkets considered to be servicing the above corridor area are summarised below in Table 2. Floorspace data for existing stores is sourced from Urbis' in-house database, whereas for proposed stores assumes a typical size for either a full-line (3,200 m²) or a convenience supermarket (1,200 m²). Total floorspace capacity is then estimated at close to 14,000 m².

Table 2 Existing & Proposed Supermarkets Along Greenvale/Craigieburn Corridor

Supermarket	Activity Centre	Supermarket Status	Floorspace (sq.m)
Woolworths Greenvale Lakes	Greenvale Lakes NAC	Existing	3,300
Coles Greenvale	Greenvale NAC	Existing	3,000
Aston Village Supermarket (p)	Aston Village NAC	Proposed Full-line	3,200
Providence Village Supermarket (p)	Providence Village NAC	Proposed Full-line	3,200
Greenvale Central Convenience Supermarket (p)	Greenvale Central LCC	Proposed Convenience	1,200
Total			13,900

Source: Urbis

At capacity, the Greenvale/Craigieburn growth corridor would have an average supermarket floorspace provision of around 39.5 m² per 100 people (13,900 m²/ 35,200 people x 100). Note that this level of provision hasn't allowed for the share of stores beyond, but serving this corridor (e.g. Craigieburn Central, Roxburgh Park, etc.). In reality, the actual provision will be even higher.

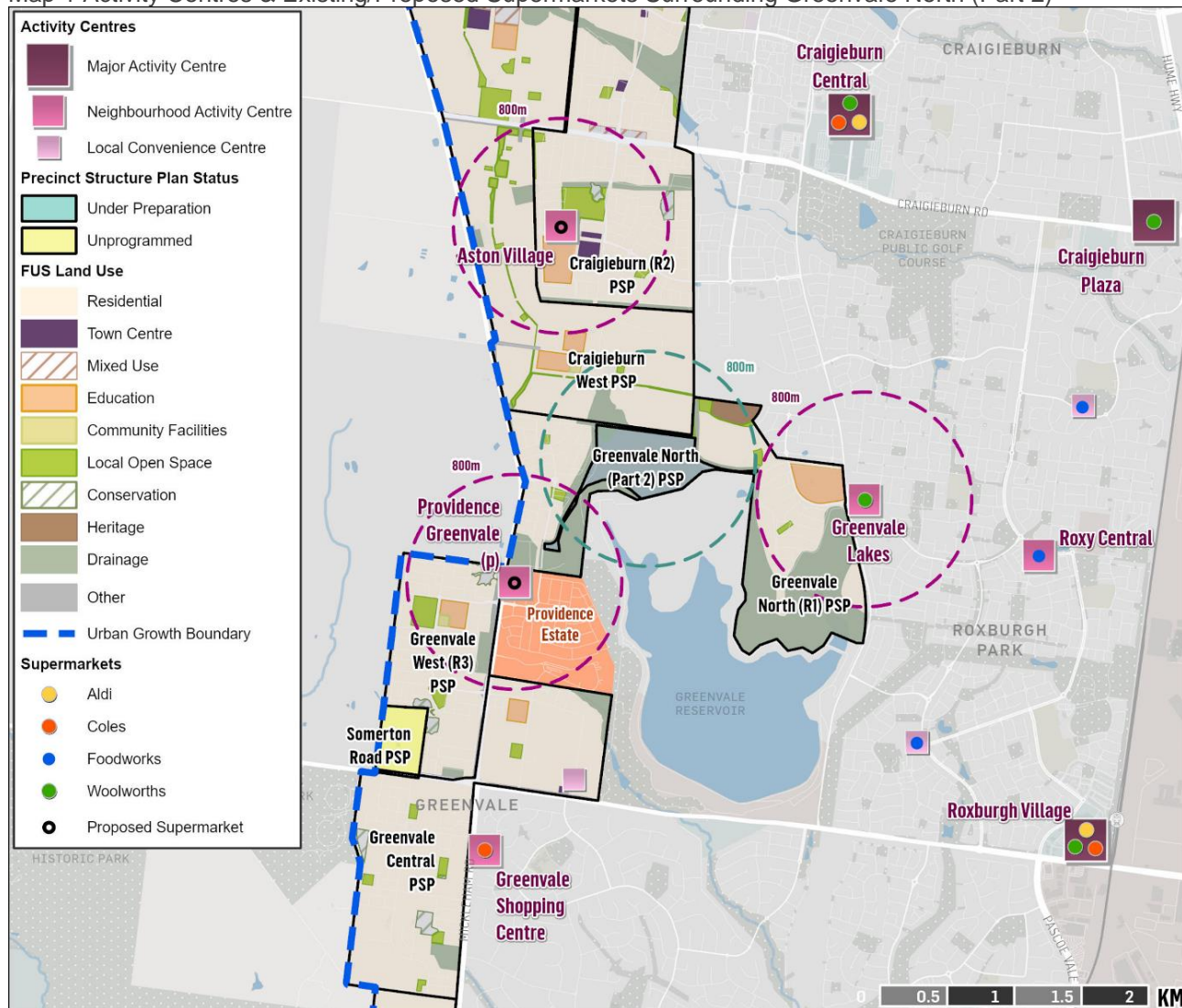
Regardless, local supermarket provision would be well above the metropolitan average of approximately 32 m² per 100 people, implying a potential over-supply of retail space should all centres be delivered as planned (specifically, the designated neighbourhood centres of Aston Village and Providence Village where full-line stores are planned). At the very least, the area will not be undersupplied, with all residents having ready access to larger, sustainable activity centres, even if some need to travel slightly beyond an 800m distance.

Consequently, at a corridor level, there will be no need or indeed little market support for another centre to be designated within the subject PSP.

The distribution of existing and proposed centres around Greenvale North highlights the challenges in supporting another centre in this vicinity, as well as the convenient access residents will have to centres in any event. Greenvale North (Part 2) does sit outside 800m from other proposed centres however:

- It is surrounded by three large activity centres, each of which are within 1-1.5km. Centres with full-line supermarkets readily serve areas beyond an 800m walking catchment, and hence the influence of these centres will extend well beyond the radii shown.
- Even putting aside the wider catchment of these larger centres, the 800m radius from Greenvale North (Part 2) overlaps or touches 800m radii from the Greenvale Lakes and Providence Greenvale centres. This means firstly, the catchment for a new centre will be restricted in those directions given the presence of full-line supermarkets. Secondly, the addition of new retail space will undermine the performance and role of centres already designated to serve this area.
- A large part of the 800m radius around Greenvale North (Part 2) is undevelopable, resulting in a limited and one-sided catchment. In line with the population discussion earlier, the future population will not be sufficient in a natural catchment around a future centre to support an anchor tenant needed to sustain a viable activity centre.

Map 1 Activity Centres & Existing/Proposed Supermarkets Surrounding Greenvale North (Part 2)



Source: VPA; Urbis

4. RISKS OF DESIGNATING A CENTRE TO MEET THE 800M TARGET

With a high level of nearby competition and limited population in the natural catchment, Greenvale North (Part 2) will not support a full-line supermarket, and is unlikely to attract a smaller format store. While theoretically the population will generate some trade for a smaller store, simply designating a centre will not ensure it is delivered. Given the challenges of competition and a small catchment, rational and experienced operators, such as those under the IGA banner, would not readily choose to establish a smaller format store here. That would leave the centre without even a small format anchor.

While the target of ensuring a large share of the population in new growth areas has ready access to activity centre facilities is important for achieving good access to services, in this situation it is likely to result in poor performance, vacancy and a poor community offer, without the critical mass to be sustained.

There are numerous examples of designated centres in Melbourne's growth areas which are either struggling with poor usage and hence high vacancy which is a poor community outcome, or they remain undeveloped as the anticipated return with very low rents and end property value make it unviable to deliver them. Examples of small centres that are apparently successful without an anchor tenant can be found. However, these centres trade off the back of other activity generators. In the absence of a major supermarket, commercial activity has to be supported by other uses that bring people to the location, such as a school, recreation facilities or other community uses. The closure of milk bars and the like across metropolitan areas is evidence that single convenience stores and/or stand-alone cafes are challenging to sustain sufficient trade without surrounding activity.

Localised activity drivers will not be present in Greenvale North (Part 2) and therefore any centre will be reliant on generating trade from the limited surrounding population only.

There are local examples within the Craigieburn/Greenvale/Roxburgh Park areas which demonstrate both successful and less successful centre development outcome. For example, the local centre on Hothlyn Drive presents as a rather dated, stand-alone centre with only a convenience style Foodworks store (only 200 m²) and 3-4 food and beverage outlets, some appearing apparently under-utilised. It is only co-located with a charity centre (Anglicare Victoria), and is removed from other activity generators (it is 150m from the Craigieburn Secondary College to the north and 150m from a local childcare centre to the west).

In comparison, the local centre at the corner of Roxburgh Park Drive and Ravenhill Boulevard appears to be much better performing. It is anchored by a small-format IGA and a range of food and non-food shops, with the Homestead community centre and Roxburgh Homestead Primary School being immediately adjacent. The high pedestrian activities that are able to be generated from these co-located community uses have provided the necessary support for the centre to establish and sustain.

While mindful of the VPA's target to provide 80-90% of dwellings within 800m of an activity centre this is not essential to provide residents with convenient access to sustainable centres that meet their needs. In general, Greenvale residents would only be required to travel between 1,600m to 2,000m to access a supermarket from any of the three surrounding town centre locations. This will not significantly disadvantage the residents.

5. CONVENIENT ACCESS TO CENTRES DESPITE NON-COMPLIANCE WITH PSP 2.0 GUIDELINE

Based on the above analysis there is no need, nor market support for retail and other commercial facilities in the Greenvale North (Part 2) PSP:

- There will be no shortage of retail provision for areas surrounding the subject PSP.
- The low-density nature of the site and location in a central proximity between 3 large existing centres justifies the application of flexibility in the application of the 800m walkable target.
- While the subject PSP falls outside of any walkable catchment from a centre nearby and this may suggest a potential supply gap, in reality, residents would nonetheless have convenient access to several surrounding centres via a short drive of just over 1km (for most future residents, it would only take 5-10 minutes).
- It is unlikely that an operator would choose to run a store in a location that is almost certain to be marginalised given strong competition from centres in close proximity and access to a limited population. Should any centre be developed, not only would it be unviable, but it would impact the sustainability of other designated centres.
- In the absence of an anchor tenant such as a supermarket, an activity centre comprising only small retailers would almost inevitably underperform or even fail in the shadow of larger centres nearby. It is observed that some of the local centres without a sizeable anchor appear to have been struggling, such as the local centre on Hothlyn Drive mentioned earlier.
- For such a local centre to be viable, certain location attributes need to be met, most critically the co-location with other uses capable of generating high activities such as schools, community centre, etc. The Greenvale North (Part 2) PSP will not offer these other activity drivers.
- 'Convenience shop' is a permissible use within the Hume Planning Scheme General Residential Zone. The PSP can be updated to communicate to council at homebased business which offer retail services to the surrounding area should be strongly encouraged within the PSP area.

6. DISCLAIMER

This report is dated 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 (**Urbis**) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of Satterley (**Instructing Party**) for the purpose of Retail Need Assessment (**Purpose**) and not for any other purpose or use. To the extent permitted by applicable law, Urbis expressly disclaims all liability, whether direct or indirect, to the Instructing Party which relies or purports to rely on this report for any purpose other than the Purpose, and to any other person which 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, the likelihood and effects of which are not capable of precise assessment.

All surveys, forecasts, projections and recommendations contained in 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, and upon which Urbis relied. 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.

In preparing this report, Urbis may rely on or refer to documents in a language other than English, which Urbis may arrange to be translated. Urbis is not responsible for the accuracy or completeness of such translations and disclaims any liability for any statement or opinion made in this report being inaccurate or incomplete arising from such translations.

Whilst Urbis has made all reasonable inquiries it believes necessary in preparing this report, it is not responsible for determining the completeness or accuracy of information provided to it. Urbis (including its officers and personnel) is not liable for any errors or omissions, including in information provided by the Instructing Party or another person or upon which Urbis relies, provided that such errors or omissions are not made by Urbis recklessly or in bad faith.

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 reasonable belief that they are correct and not misleading, subject to the limitations above.

