

From: Asok Rao
Sent: Fri, 15 Apr 2016 10:46:19 +1000
To: t1connect
Subject: FW: Urbis Fountain Gate MAC Final Economic Report
Attachments: Fountain Gate MAC Retail & Land Use Assessment_March 2016.pdf

#ECMBODY

From: Rhys Quick [mailto:rquick@urbis.com.au]
Sent: Friday, 18 March 2016 3:45 PM
To: Asok Rao
Cc: Anthony Calthorpe
Subject: Urbis Fountain Gate MAC Final Economic Report

Hello Asok,

Please see attached our finalised economic report in relation to Fountain Gate MAC.

Should you have any queries or wish to discuss this document, please do not hesitate to contact this office.

Regards,

Rhys Quick

DIRECTOR – ECONOMICS AND MARKET RESEARCH



AUSTRALIA . ASIA . MIDDLE EAST

t 03 8663 4888 d 03 8663 4937 m 0413 565 571

e RQuick@urbis.com.au w urbis.com.au

LEVEL 12 | 120 COLLINS STREET | MELBOURNE VIC 3000 | AUSTRALIA

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Fountain Gate-Narre Warren MAC

Background Economic Report

March 2016



URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:

Director	Rhys Quick
Senior Consultant	Tim Stephen
Research Analyst	Mark Nothdurft
Job Code	MA9822

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Executive Summary

Urbis has been commissioned by the City of Casey to undertake a refresh of the Fountain Gate-Narre Warren Metropolitan Activity Centre Incorporated Plan. In order to inform this research, an assessment of potential future uses at the site was undertaken, including retail, residential, commercial office, hotel/short stay and other uses.

The Fountain Gate-Narre Warren MAC services a wide catchment that broadly spans the City of Casey and the western portion of the Shire of Cardinia, including the main urban areas of that municipality. The main catchment population is estimated at 355,000 in 2016. The importance of the Fountain Gate-Narre Warren MAC to the south east growth corridor will increase over time as rapid population growth occurs. The main catchment for the activity centre is forecast to contain 584,000 people by 2036.

This report forms the economic assessment project, considering the underlying market conditions that will shape the future development of the Activity Centre. The purpose of the economic assessment is to advise the City of Casey on the position of the Fountain Gate MAC in the local and regional economy, and to look forward at how this may change as the catchment grows and evolves over time.

RETAIL

Key findings of the retail assessment are as follows:

- Retail is the predominant use in the Fountain Gate-Narre Warren MAC currently, and the activity generated by the retail elements is one of the key reasons it has been designated as having a role of regional significance. Continued strong population growth will generate significant demand for more retail floorspace.
- The current indicative demand for floorspace across the catchment is estimated at 745,000 sq.m, based on a benchmark ratio of 2.1 sq.m of retail space per capita, which is the approximate average across metropolitan areas in Australia. The Fountain Gate-Narre Warren MAC currently holds approximately 26% of this space.
- Indicative demand across the catchment based on the benchmark ratio and population growth is forecast to increase to 1.23 million sq.m by 2036, growth of approximately 482,000 sq.m. Using an indicative range of 22% to 28% of future retail floorspace demand to be accommodated in the MAC, the volume of retail space supportable at the activity centre is forecast to grow from 193,000 sq.m in 2016 to between 270,000 sq.m and 345,000 sq.m by 2036.
- In order to consolidate the retail offer and to maximise the level of activity generated by the retail elements, core retail facilities should be concentrated around the existing retail core on the Westfield Fountain Gate site. The interaction between retail uses maximises retail potential and activity. Bulky goods uses may still be located in peripheral locations; however, given the substantial bulky goods offer that already exists, we suggest the ability for this to be expanded significantly is modest.

Retail Floorspace Summary

FOUNTAIN GATE-NARRE WARREN MAC & TOTAL CATCHMENT, 2016 VS 2036

TABLE i

Year	Main Catchment Population	Indicative Per Capita Floorspace Demand	Trade Area Retail		% Demand in Fountain Gate MAC
			Floorspace Demand	Fountain Gate MAC Retail Floorspace	
2016	354,605	2.1	744,700	193,000	26%
2036	584,089	2.1	1,226,600	270,000 - 345,000	22% - 28%
Change	229,484		481,900	77,000 - 152,000	

Source: Urbis

RESIDENTIAL ASSESSMENT

The findings of the residential assessment are summarised as follows:

- The total number of dwellings within the Activity Centre is expected to grow from around 500 in 2011 to over 2,700 by 2036. The population living with the Activity Centre is forecast to grow from 1,360 to 4,960 over the same period.
- The proportion of detached houses in the Activity Centre is expected to decline and townhouses become the dominant dwelling type, as is appropriate in this sort of location.
- The new dwelling activity in the centre will be focused around the southern portion, precinct J, which is largely empty land at present, and precinct M within the area currently occupied by Casey Gardens Caravan Park. These focal points for development are suitable not only because the land is available, but because it is close to Narre Warren train station and to the amenity provided at the Town Centre.

Population & Housing Forecasts – 5 Yr Change

NARRE WARREN & FG-NW ACTIVITY CENTRE, 2011-2036

TABLE ii

	2016 - 2021	2021 - 2026	2026 - 2031	2031 - 2036
5 yr Change				
Population - Narre Warren	2,029	1,826	1,677	1,806
Population - FG-NW Activity Centre	567	833	969	1,109
% population growth captured by Activity Centre	28%	46%	58%	61%
Dwellings - FG-NW Activity Centre	287	418	482	558
Detached houses	-6	-6	-5	-15
Townhouses	205	313	372	432
Apartments	88	112	115	141

Source: forecast.id, ABS, Urbis

COMMERCIAL OFFICE

Findings from the office assessment are summarised below:

- Precinct F, which currently contains the business park, is poorly connected to public transport and poorly located with regards to amenity provided by the shopping centre. More local service amenity is required to be provided here to support commercial development.
- Office space at the Fountain Gate-Narre Warren MAC is projected to grow by 29,000-47,000 sq.m in the next 20 years. If the volume of space is added annually to suburban markets is similar to the 50,000-60,000 sq.m seen recently, this implies Fountain Gate will capture approximately 2.5% to 4% of total suburban office space added across Melbourne.

Supportable Office Space

FOUNTAIN GATE-NARRE WARREN MAC

TABLE iii

Year	Population	Indicative Supportable Office Space		
		Catchment (sq.m)	% Within FG-NW MAC	Within MAC (sq.m)
2016	354,605	106,000	30%	32,000
2036	584,089	175,000	35% - 45%	61,000 - 79,000
Change	229,484	69,000	5% - 10%	29,000 - 47,000

Source: Urbis

- Many tenants select an office location because of either cost or location, and in order to attract strong demand for office space, the Fountain Gate-Narre Warren MAC must have an advantage over competing precincts in one of these criteria.

- Low-rent office/business park precincts such as the Caribbean Business Park make price-based competition difficult for Fountain Gate.
- In terms of location, the Fountain Gate-Narre Warren MAC's key advantage is the presence of Westfield Fountain Gate, one of the largest shopping centres in Australia. Co-location of future office development within walking distance of Westfield Fountain Gate would have a number of advantages in attracting workers and potential tenants. The centre also has stronger connectivity to bus and rail transport than the business park in precinct F, which further enhances its attractiveness to prospective office tenants.
- Areas between the shopping centre and the train station to the south could be considered for future office development, including the redevelopment of areas that are currently occupied by large format retailers and other underutilised sites.

HOTEL AND SHORT STAY ACCOMMODATION

- There is currently limited supply of hotel or short stay in and around the Activity Centre, but there is no indication that supply is lacking at this stage. The Quest Serviced Apartments within the centre has 35 one, two and three bedroom apartments. There are no large facilities outside of this around the centre.
- There may be potential in the future for a small to medium-sized accommodation provider that can service the wider catchment. As population continues to grow, increasing demand will be generated from people visiting family and friends, while growth in office space could also grow demand from the business sector. A local hotel may in turn also improve the value proposition for prospective office tenants at the MAC.

EDUCATION

- The demographics of the catchment show an increasing proportion of tertiary students as well as growing educational attainment.
- The wider Fountain Gate-Narre Warren MAC catchment is serviced by Monash University's Berwick campus, which has an annual enrolment of approximately 1,900. Residents also have convenient train and road access to Monash University's Clayton and Caulfield campuses. This could make dwellings located in proximity to Narre Warren train station attractive to university students.
- TAFE education is important to the catchment, which has a high proportion of blue collar workers and is in proximity to blue collar employment hubs in Hallam, Dandenong, Clayton and Mulgrave.
- There is potential for education uses at the Fountain Gate-Narre Warren MAC, particularly if located within walking distance of Narre Warren train station. However, given the potential for future residential development at the MAC, expansion of the centre's retail floorspace and a growing provision of office space to support local jobs, education may not be among the highest priority land uses.

HEALTH AND OTHER USES

- The area around Monash Berwick and Casey Hospital is the key health precinct for the outer south east. Given this, any significant expansion of medical services aimed at the broader catchment is best suited to occur at this precinct, rather than Fountain Gate-Narre Warren. While demand for smaller local medical centres will continue to grow, it is unlikely that demand will exist for any significant increase in medical services located at Fountain Gate, and any such provision is likely to serve only locals.
- Other land uses at the activity centre that are likely to increase activity while representing a productive use are likely to be those that leverage the centre's core retail offering. For example, entertainment and leisure uses that complement the offering at Westfield Fountain Gate may encourage increased visitation from across the catchment, benefiting the existing retail. Such uses may include restaurants, clubs, galleries, convention centres or concert halls.

OVERALL CONCLUSIONS

- In the short to medium term, the expansion of floorspace at the MAC will continue to be largely retail-focused. Westfield Fountain Gate and the Urban Heart should remain the focus for retail and entertainment development.
- There is potential for growth in office space at the Activity Centre. The area around the retail heart and linking to the train station is the most desirable location from a tenant perspective, although available land in the business park precinct will still satisfy some level of demand. However, any substantial increase in demand for office space may be long-term as the Fountain Gate-Narre Warren MAC doesn't currently exhibit many of the fundamental traits required to support a major office provision. This could require government support or attraction of a major office space user.
- The potential for high density residential apartment development around the MAC is limited at present, due primarily to catchment demographics and availability of relatively cheap detached housing. However, as the area evolves and available land within the MAC is developed, a higher density housing market is expected to emerge, particularly near the train station.
- The opportunity for hotel or short stay accommodation is limited at present. Available data does not indicate a shortage of supply in the catchment. However, given the rapid population growth occurring in the south east growth corridor, there may be an opportunity for an increase in hotel beds or short stay accommodation, which would have the added benefit of improving the value proposition of the MAC for office uses.
- Ancillary uses such as health, education and community facilities will support the Activity Centre's growth but not drive it. Space for cultural centres (such as Bunjil Place), healthcare and education will reinforce the centre's position as one of regional significance that can satisfy the many of the needs of the catchment's population.

Introduction

Urbis has been commissioned by the City of Casey to undertake a refresh of the Fountain Gate-Narre Warren Metropolitan Activity Centre Incorporated Plan. Urbis appreciates the importance of this piece of work in informing the next stage of strategy and, therefore, contributing to the evolution of the Fountain Gate-Narre Warren Metropolitan Activity Centre (MAC), which represents an activity centre of state significance as designated by Plan Melbourne.

This report forms the economic assessment project, considering the underlying market conditions that will shape the future development of the activity centre. The purpose of the economic assessment is to advise the City of Casey on the position of the Fountain Gate MAC in the local and regional economy, and to look forward at how this may change as the catchment grows and evolves over time. This includes considering the various land uses that may be supported within the MAC as this evolution occurs.

This report is structured as follows.

- **Part 1: Background.** This section provides relevant background information on the Fountain Gate MAC and broader catchment, including defining the catchment for the MAC and analysing population trends.
- **Part 2: Retail Assessment.** The retail assessment provides analysis of the volume and mix of current retail space at the MAC as well as projections of what may be supportable as the catchment grows and evolves.
- **Part 3: Residential Assessment.** This assessment examines the current and future of residential development in the activity centre, inducing considerations of the attributes of the area for higher density development, the need for dwellings to meet future population growth and a review of Housing Market Assessment previously undertaken by Charter Keck Cramer for the City of Casey.
- **Part 4: Commercial Assessment.** An assessment of commercial floorspace at the MAC is undertaken in this section. This comprises a summary of the current volume and mix of office space, an assessment of the locational drivers of office space and examines the potential for commercial space in the MAC moving forward.
- **Part 5: Hotel, Short Stay and Other Uses.** This section analyses other uses that could be expected to locate in a broad-based activity centre such as Fountain Gate-Narre Warren, such as hotel, education, health and community/cultural uses.

Throughout the report, case studies on other MACs and activity centres will be raised in order to provide real-world context on successful and failed development strategies in so far as this assists in educating the City of Casey on planning the future of the Fountain Gate-Narre Warren MAC.

1 Background

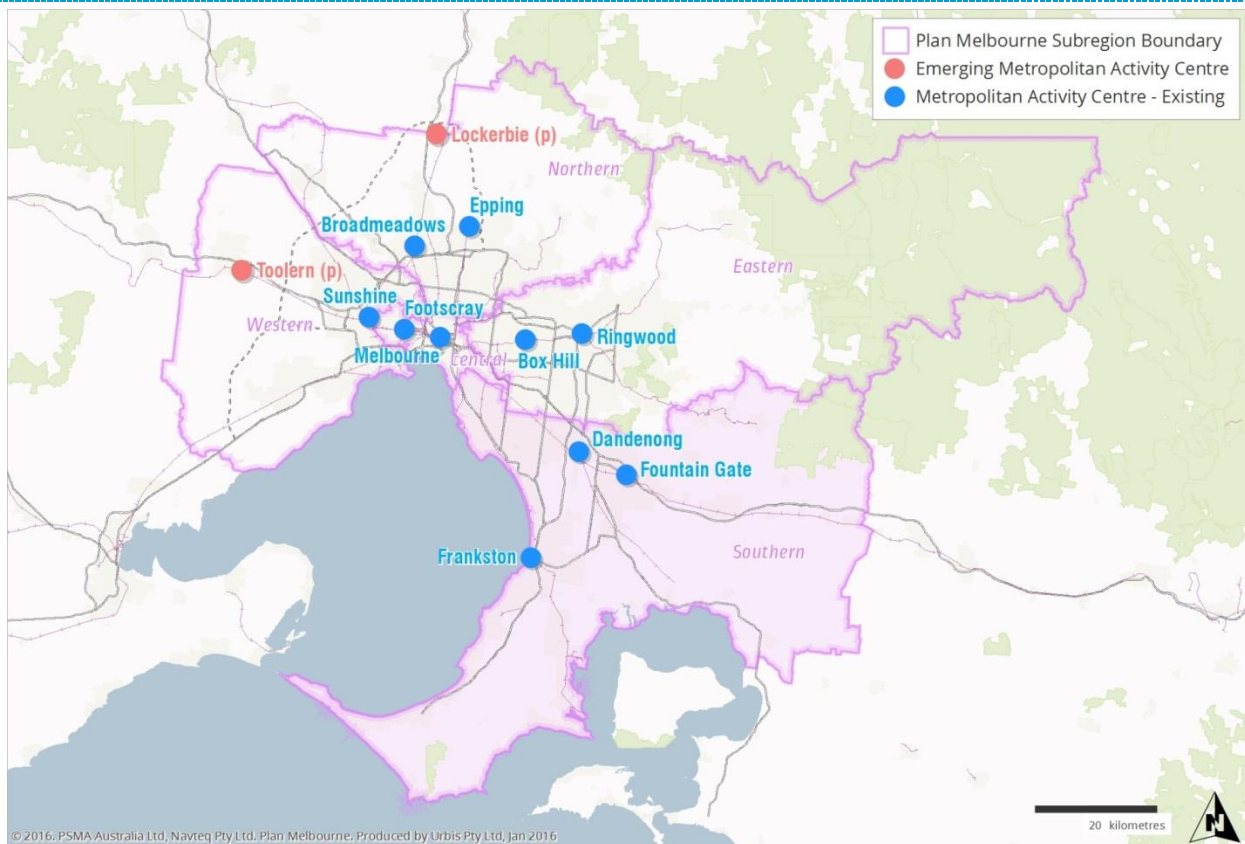
1.1 METROPOLITAN ACTIVITY CENTRES

The Fountain Gate-Narre Warren activity centre is one of nine established MACs across Melbourne. Metropolitan Activity Centres are designated by Plan Melbourne to be activity centres of state significance, playing a strategically important role for their subregion. MACs typically house retail and services, community and cultural facilities, government services, employment opportunities, entertainment and transport. MACs play a vital role in ensuring residents across all areas of Greater Melbourne have access to a broad range of services as the city continues to grow.

The network of MACs as designated by Plan Melbourne is illustrated in Map 1.1, highlighting the position of the Fountain Gate-Narre Warren MAC in the Southern Subregion.

PLAN MELBOURNE: METROPOLITAN ACTIVITY CENTRES

MAP 1.1



1.2 FOUNTAIN GATE-NARRE WARREN ACTIVITY CENTRE

The Fountain Gate-Narre Warren MAC plays an important role in Melbourne's Southern Subregion. This is one of five subregions that together comprise Greater Melbourne. The Southern Subregion covers a broad region from the Mornington Peninsula around to Melbourne's Eastern Subregion. The area has a population of approximately 1.2 million and is the largest of the five subregions. It houses three MACs: Fountain Gate/Narre Warren, Dandenong and Frankston.

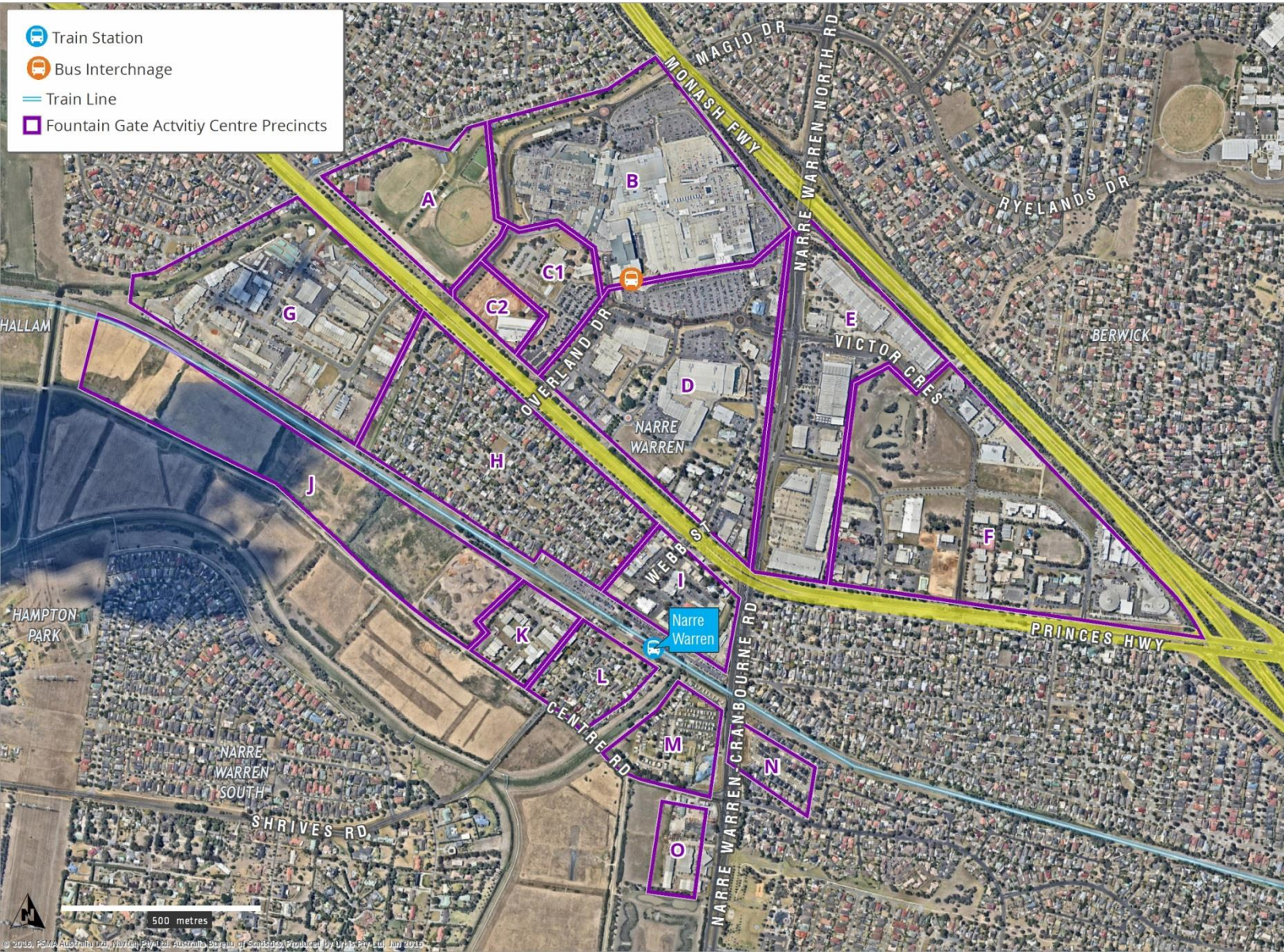
Fountain Gate-Narre Warren MAC services a broad catchment that broadly spans the City of Casey and the western portion of the Shire of Cardinia, including the main urban areas of that municipality. The catchment as defined by Urbis does not extend far into the areas to the north and west of the Casey LGA, as residents in this area are pulled towards other activity centres. Primarily they are drawn to the Dandenong and Frankston MACs. However, the wider catchment extends some distance to the east into Pakenham, as the range of services at the Officer and Pakenham activity centres is limited in comparison to the Fountain Gate-Narre Warren at this time. This highlights the importance of the Fountain Gate-Narre Warren MAC to Melbourne's south east growth area.

The MAC is broken down into several distinct precincts, as outlined in Map 1.2. The precincts are summarised below:

- **Precinct A** encompasses Max Pawsey Reserve.
- **Precinct B** is dominated by Westfield Fountain Gate Shopping Centre.
- **Precinct C1** houses the Town Centre, including the City of Casey council offices.
- **Precinct C2** is the cultural precinct and will also be the location for the future Bunjil Place.
- **Precinct D** is the Urban Heart. This is primarily a retail precinct with a mix of large format retail, strip retail, community facilities, car parking and public open space.
- **Precinct E** is a bulky goods precinct with a range of large format retailers, including Bunnings.
- **Precinct F** is the business park, which is a mixed commercial precinct and includes the Casey Cardinia Business Hub. There is a large portion of open space in the centre of the precinct; a retarding basin around which the council is seeking to intensify development. There are motor vehicle retailers in the eastern portion of the precinct close to the intersection of Monash Freeway and Princes Highway, along with take away food, peripheral retail and a Quest Apartments along the Princes Highway frontage.
- **Precinct G** currently contains a range of industrial businesses and facilities.
- **Precinct H** contains detached residential housing.
- **Precinct I** is Narre Warren Village, a large strip shopping precinct that lies between the Narre Warren train station and Princes Highway. This contains an IGA and a range of food services and other small retailers, with at-grade parking between shopfronts and the road.
- **Precinct J** has been identified as a future medium/high density residential development area. It is currently largely unused land.
- **Precinct K** houses several small industrial buildings.
- **Precinct L** contains detached housing.
- **Precinct M** currently contains Casey Gardens Caravan Park but is designated for future higher residential development.
- **Precinct N** is a new housing area with detached housing and townhouses.
- **Precinct O** contains a range of light industrial and industrial services businesses.

FOUNTAIN GATE-NARRE WARREN MAC

MAP 1.2



1.3 PUBLIC TRANSPORT PROVISION

While the Fountain Gate-Narre Warren MAC is well connected by road, in terms of public transport, the MAC is poorly serviced compared to many of Melbourne's other designated MACs. There is a train station located to the south of the activity centre; however, it is an uphill 1km walk to the main areas of activity at Westfield Fountain Gate.

The centre is primarily serviced by buses. There are a number of bus lines that stop at the bus terminal within the centre, including the 895 which runs from Narre Warren South to Fountain Gate via Narre Warren train station, the 926 which runs from Pakenham Station to Fountain Gate, the 838 which runs from Emerald to Fountain Gate, and the 891 which runs from Lynbrook to Fountain Gate. There is a bus interchange at Westfield Fountain Gate, but is in a suboptimal position away from main entrances.

1.4 CATCHMENT AREA DEFINITION

The main catchment for the MAC has been defined by Urbis for the purposes of this analysis to include three areas. The core catchment area for the centre comprises the northern portion of the Casey LGA. The wider catchment includes the southern portion of the Casey LGA as well as portions of Cardinia to the east, including Pakenham.

The Fountain Gate-Narre Warren MAC is the most significant activity centre in this region, which at this stage includes the Officer-Pakenham corridor, which has easy access to the MAC along the Monash Freeway. Over time this rapidly growing area will provide more significant activity centres; however, for the foreseeable future, Fountain Gate-Narre Warren MAC will be the highest order centre for the region.

FOUNTAIN GATE-NARRE WARREN MAC CATCHMENT

MAP 1.3



1.5 CATCHMENT AREA POPULATION

Population statistics, including forecasts, have been sourced from forecast.id, which publishes the official population forecasts for the City of Casey (as well as the Shire of Cardinia).

1.5.1 NARRE WARREN & THE CORE CATCHMENT

The core catchment, covering the northern portion of the City of Casey, is estimated to have a resident population of approximately 197,000 in 2016. This is forecast to rise by approximately 14,000 in the next 20 years to reach almost 211,000. This represents annualised growth of just 0.3%, indicating a fairly stagnant population in the core catchment due to the largely established nature of the region.

The Fountain Gate-Narre Warren MAC itself is located within the suburb of Narre Warren. The population of Narre Warren is estimated at 27,500 in 2016, and is projected to grow by 20% in the next 20 years to 33,000. While growth in the overall core catchment is forecast to measure just 0.3% per annum over the next two decades, Narre Warren's population is forecast to grow at a rate of 0.9%, second only to the Berwick South area.

This indicates that Narre Warren is expected to capture 39% of all new residents in the core catchment despite currently having just 14% of residents, which highlights the notion that activity centres are focal points for growth and development in a region. This will be driven in part by densification which is reflected in forecasts of average household size. The average Narre Warren household is estimated to have 2.85 residents in 2016, and this is projected to drop to 2.77 in the next 20 years, as medium and high density development occurs. This is in line with the trend of development in and around activity centres and public transport.

1.5.2 WIDER CATCHMENT

The wider catchment, covering Casey South and Cardinia West, is forecast to have a population of 158,000 in 2016. Of these residents, 100,000 are in the Casey South catchment and the remainder in the Cardinia West catchment. By 2036, Casey South is forecast to grow to 248,000 residents, representing growth of 147% in absolute terms and 4.6% in annualised terms. This is far above growth projected in the core catchment and is typical of a growth region. The Cardinia West region is projected to reach 125,500 residents, representing growth of 118% in absolute terms or 4.0% per annum. In the short to medium term, Fountain Gate-Narre Warren will be the key higher order centre servicing this growth to the south and east.

1.5.3 MAIN CATCHMENT

The main catchment – incorporating the Casey North core catchment and Casey South and Cardinia West wider catchments – has a total population estimated at 354,500 in 2016. 56% of whom are within the core catchment. By 2036 the main catchment is expected to reach 584,000 residents, with just 36% located within the core catchment.

The patterns of population growth illustrate that while the core catchment around the Fountain Gate-Narre Warren MAC is more established, the wider catchment area still has significant population growth yet to occur. As Casey and Cardinia each continue to populate, the importance of Fountain Gate to its wider catchment area will grow, and the MAC will represent a vital centre for retail and services for these new residents.

Population Forecasts

FOUNTAIN GATE-NARRE WARREN MAC CATCHMENT AREA, 2011-2036

TABLE 1.1

Population	2011	2016	2021	2026	2031	2036	Growth 2016-36 (p.a.)
Endeavour Hills	25,753	25,720	25,281	24,900	24,681	24,742	0%
Casey Foothills	9,750	10,406	10,776	10,841	10,948	11,227	0%
Doveton - Eumemmerring	10,764	11,413	12,204	12,408	12,545	12,707	1%
Narre Warren	26,766	27,439	29,175	30,667	31,852	32,874	1%
Berwick Township - Beaconsfield	22,303	22,880	23,273	23,680	23,923	24,812	0%
Narre Warren South	29,548	29,610	29,207	28,635	28,053	27,635	0%
Hampton Park	24,450	25,133	25,023	24,681	24,439	24,296	0%
Berwick (South)	22,493	24,011	26,841	29,757	30,468	29,957	1%
Lynbrook	6,919	8,790	10,359	10,355	10,105	9,879	1%
Hallam	10,720	11,449	11,746	11,979	12,303	12,659	1%
Total Core Catchment	189,466	196,851	203,885	207,903	209,317	210,788	0%
Lyndhurst	5,008	6,592	8,023	8,097	8,053	7,931	1%
Clyde North	91	1,302	6,325	12,116	17,200	19,101	14%
Clyde Growth Area	858	855	1,772	13,923	39,183	68,747	25%
Cranbourne	19,130	20,094	21,860	23,434	24,406	26,089	1%
Cranbourne East	8,218	22,255	31,226	35,423	38,937	41,518	3%
Cranbourne North	14,912	18,462	21,664	26,057	28,088	27,887	2%
Cranbourne West	8,982	13,682	19,996	24,834	26,241	26,815	3%
Botanic Ridge - Junction Village	2,907	5,964	8,833	13,479	17,117	18,149	6%
Casey Farm - Cranbourne South	3,434	3,456	3,450	3,451	3,531	3,627	0%
Pearcedale	3,725	3,755	3,754	3,785	3,872	3,986	0%
Casey Coast	3,673	3,766	3,879	3,939	3,969	4,005	0%
Total Casey South Catchment	70,938	100,183	130,782	168,538	210,597	247,855	5%
Total Casey LGA	260,404	297,034	334,667	376,441	419,914	458,643	2%
Beaconsfield Precinct	4,218	4,220	4,602	4,774	4,922	5,024	1%
Officer Precinct	1,860	3,824	9,299	17,268	27,069	34,043	12%
Cardinia Road Precinct	8,330	17,544	23,846	27,926	28,718	28,308	2%
Pakenham Precinct	26,103	31,900	37,745	40,160	40,870	41,626	1%
Pakenham East Precinct	76	83	1,051	4,020	9,889	16,445	30%
Total Cardinia West Catchment	40,587	57,571	76,543	94,148	111,468	125,446	4%
Total Wider Catchments	111,525	157,754	207,325	262,686	322,065	373,301	4%
Total Main Catchment	300,991	354,605	411,210	470,589	531,382	584,089	3%

Source: forecast.id

1.6 POPULATION FORECAST COMPARISON

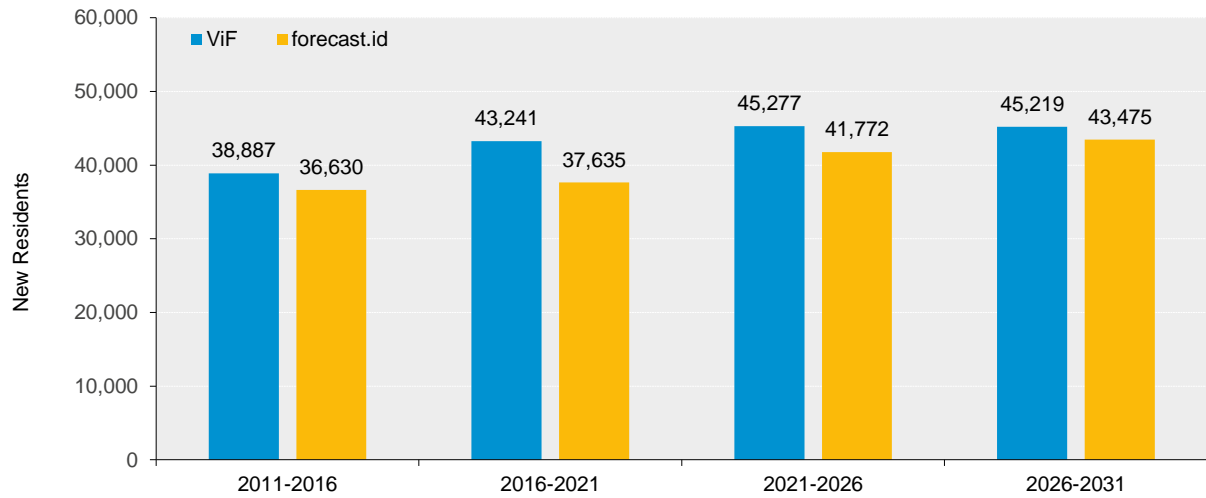
It should be noted that these forecasts show slightly lower population growth across both the Casey and Cardinia LGAs when compared to Victoria in Future 2015 (ViF), the official population forecasts of the Victorian State Government. Between 2011 and 2031, forecast.id statistics show growth of 61% for the Casey LGA and 110% for the Cardinia LGA. Comparatively, ViF forecasts show the City of Casey is projected to grow by 66% over the same period, while the Shire of Cardinia is projected to grow 113%.

While this report has relied on the lower forecast.id figures, it should be recognised that the Victorian State Government is using higher growth figures. Given the volume of growth forecast to occur in the growth areas within each of the Casey and Cardinia LGAs, it is unsurprising that there are variations in the forecasts, and any updates to population forecasts for these LGAs are likely to vary again and, therefore, should be monitored. At this stage, however, the differences are minor and do not impact the findings of this report.

Population Growth Forecast Comparison

CASEY LGA, 2011-2031

CHART 1.1

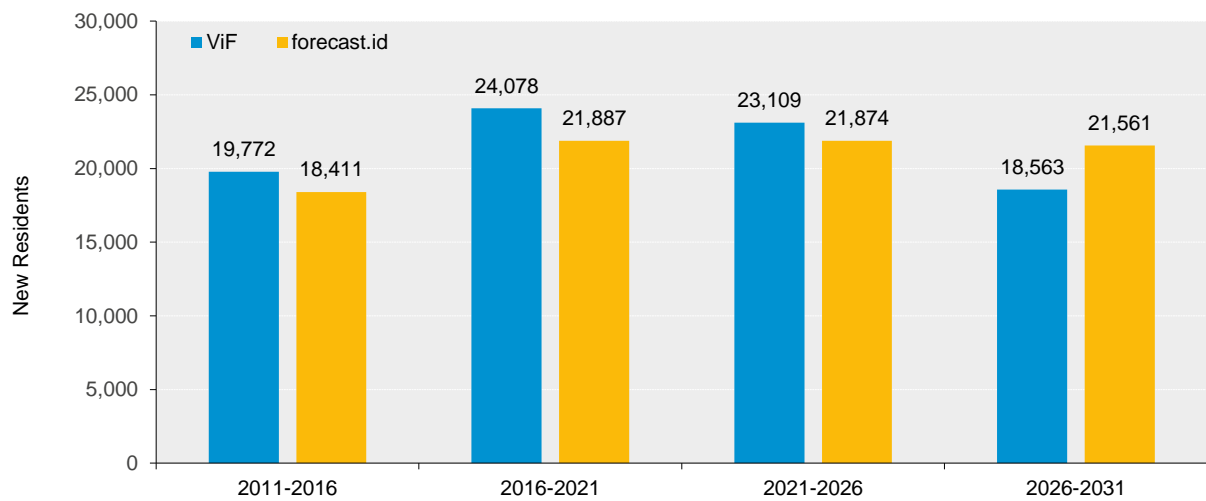


Source: forecast.id, Victoria in Future 2015

Population Growth Forecast Comparison

CARDINIA LGA, 2011-2031

CHART 1.2



Source: forecast.id, Victoria in Future 2015

1.7 CATCHMENT DEMOGRAPHICS

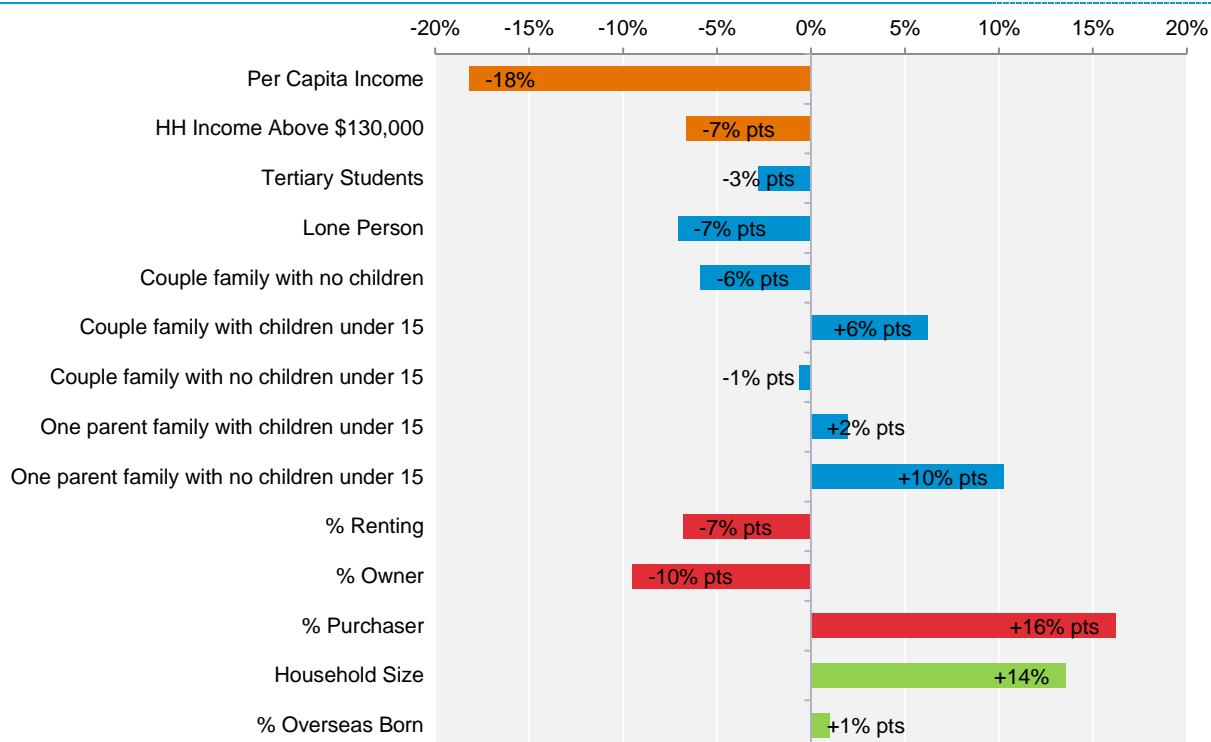
Chart 1.3 outlines the variation in income, family composition and home owner status statistics of the total trade area from Greater Melbourne. The Chart demonstrates that:

- The total catchment's per capita income is 18% lower than the average for Greater Melbourne. There is also a -7 percentage point variation in the number of households with income above \$130,000.
- There are a higher percentage of young families in the catchment. Specifically, the percentage of couple families with children under 15 is 6 percentage points higher than the Greater Melbourne benchmark. Moreover, the household size is significantly larger.
- The housing market appears to be favourable to people looking to purchase new homes given a large supply of comparatively affordable land. There are significantly less people renting in the catchment and 16 percentage points more households that are currently purchasing.

Key Demographics

TOTAL CATCHMENT VS GREATER MELBOURNE

CHART 1.3



Source : ABS, Urbis

1.7.1 LABOUR MARKET DEMOGRAPHICS

A number of key demographics relating to the labour market are displayed in Chart 1.4. This refers to residents of the catchment regardless of whether they work within the catchment or outside, rather than only those that work in the catchment.

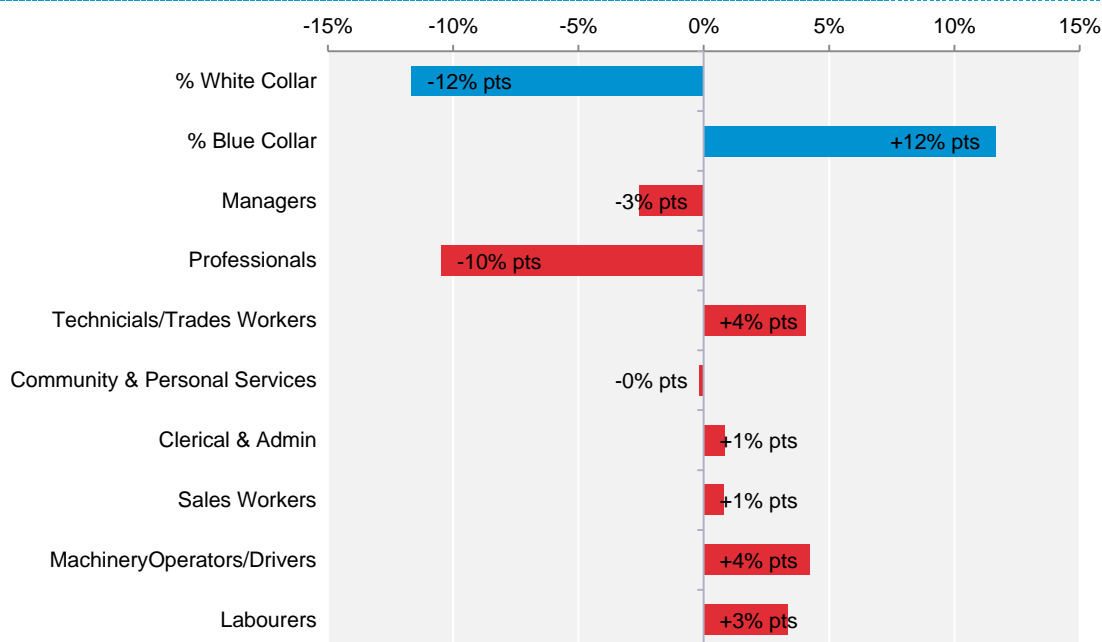
A number of these statistics reflect the fact that the catchment has a limited income capacity. Specifically:

- The percentage of white collar workers is 12 percentage points lower than the Greater Melbourne average. These variations may be a result of the sizable distance between the catchment and Melbourne's central business district.
- The most notable variation from the Greater Melbourne average is the amount of professional workers. The total catchment has fewer professionals and managers. A critical mass of these workers is ultimately necessary to support a major office provision in an area.
- On the other hand, there are more technical/trades workers, machinery operators/drivers and labourers than Greater Melbourne. This aligns with the greater proportion of blue collar workers.

Labour Market Demographics

TOTAL CATCHMENT VS GREATER MELBOURNE

CHART 1.4



Source : ABS, Urbis

2 Retail Assessment

The current mix of retail floorspace within the Fountain Gate-Narre Warren MAC is spread across several precincts. The key retail precincts with the MAC are Westfield Fountain Gate in precinct B, the Urban Heart in precinct D, bulky goods in precinct E and Narre Warren Village in precinct I.

2.1 WESTFIELD FOUNTAIN GATE

Table 2.1 compares the provision of gross leasable area (GLA) of shopping centres around Australia. This shows that Westfield Fountain Gate is Australia's largest shopping centre by GLA. With a GLA of about 178,000 sq.m, it is ranked slightly ahead of Westfield Sydney, noting that the floorspace figure quoted here is understood to include the large format uses owned by Scentre Group in precinct D. Among Victorian Centres it is ranked above Chadstone, though Chadstone has far higher turnover, approximately 54% above Fountain Gate. This reflects the indicative floorspace mix of Westfield Fountain Gate including more lower productivity large format uses, and the fact that Chadstone is more advanced in terms of the number of people in its catchment and the extent of other activity generators such as office space. It also points to the future capacity of the Fountain Gate-Narre Warren MAC to grow its retail performance in line with the high volume of population growth set to occur within the catchment.

Nonetheless, at this stage Fountain Gate is ranked second and third in Victorian and Australian revenue by shopping centre, indicative of the importance and significance of the shopping centre as the key element of the MAC at this point in time.

Australian Shopping Centres

RANKED BY GLA, 2015

TABLE 2.1

Centre Name	State	GLA	Annual Turnover (\$m)
Westfield Fountain Gate	VIC	177,755	918
Westfield Sydney	NSW	167,911	950
Chadstone	VIC	167,588	1,415
Highpoint*	VIC	152,600	893
Westfield Chermside	QLD	150,733	848
Westfield Garden City	QLD	142,835	500
Westfield Knox	VIC	141,492	687
Macquarie Centre	NSW	138,500	n.a.
Westfield Parramatta	NSW	137,183	729
Westfield Carindale	QLD	136,373	914

Source: Shopping Centre News

Victorian Shopping Centres

RANKED BY GLA, 2015

TABLE 2.2

Centre Name	State	GLA	Annual Turnover (\$m)
Westfield Fountain Gate	VIC	177,755	918
Chadstone	VIC	167,588	1,415
Highpoint	VIC	152,600	893
Westfield Knox	VIC	141,492	687
Westfield Southland	VIC	129,180	807
Westfield Doncaster	VIC	123,026	888
Northland	VIC	96,554	506
Bayside	VIC	89,313	392
Eastland S/Centre	VIC	79,504	n.a.
Pacific Epping	VIC	73,375	417

Source: Shopping Centre News

Compared to other centres around Victoria and Australia, Fountain Gate has a large bulky goods precinct which falls within the centre's defined boundary and contributes to its large GLA. Myer is the largest tenant with a GLA of 12,000 sq.m. This is the only department store in the outer south east since Myer at Dandenong Plaza closed permanently in late 2013.

The centre's food and entertainment and leisure offering is broad, with a Village Cinema, successful tavern and the centre's food catering tenants together occupying GLA of approximately 25,000 sq.m.

2.2 OTHER RETAIL SPACE

The Urban Heart, Town Centre and bulky goods precinct also have significant provisions of retail space. The total provision of retail floorspace across the Activity Centre is summarised below:

Retail Floorspace Provision

FOUNTAIN GATE-NARRE WARREN MAC BY PRECINCT, 2016

TABLE 2.3

Precinct	GLA (sq.m)
Bulky goods (precinct E)	45,000
Town Centre (precinct I)	8,500
Westfield Fountain Gate (in precinct B)	98,000
Urban Heart (precinct D, incl. part of Westfield)	37,000
Other precincts	<u>4,500</u>
Total Fountain Gate-Narre Warren MAC	193,000

Source: Urbis, Large Format Retail Association, Shopping Centre News

2.3 SUPPORTABLE FLOORSPEACE SUMMARY

Over the next 20 years the provision of floorspace within the Fountain Gate-Narre Warren MAC and across the main catchment is projected to increase significantly. This will occur in line with strong population growth within the main catchment.

The exact form of retail floorspace change over time is difficult to predict. The retail industry is dynamic and new concepts can result in changing floorspace requirements. For example, the 1990s saw strong growth in large format bulky goods retailers, which increased retail floorspace provisions. More recently we have seen changed space demands from larger international fast fashion retailers and the likes of big box uses such as Costco. Consequently, any retail floorspace estimation over a longer timeframe needs to be considered indicative, with a degree of flexibility maintained to accommodate new concepts or floorspace requirements over time.

The current indicative demand for floorspace on a per capita basis across the catchment is estimated at 745,000 sq.m. This is based on a benchmark ratio of 2.1 sq.m of retail space per capita, which is the approximate average across metropolitan areas in Australia. The Fountain Gate-Narre Warren MAC currently holds approximately 26% of this space.

Indicative demand across the catchment based on this ratio and population growth is forecast to increase to 1.23 million sq.m by 2036, an increase of 482,000 sq.m. As population growth occurs within the catchment area and the Fountain Gate-Narre Warren MAC develops, it is possible that more neighbourhood activity centres will emerge and the proportion of retail floorspace at the MAC will decline below 26%, while still increasing nominally. Using an indicative range of 22% to 28% of future retail floorspace demand to be accommodated in the MAC, the volume of retail space supportable at the activity centre is forecast to grow from 193,000 sq.m in 2016 to between 270,000 sq.m and 345,000 sq.m by 2036.

Retail Floorspace Summary

FOUNTAIN GATE-NARRE WARREN MAC & TOTAL CATCHMENT, 2016 VS 2036

TABLE 2.4

Year	Main Catchment Population	Indicative Per Capita Floorspace Demand	Trade Area Retail		% Demand in Fountain Gate MAC
			Floorspace Demand	Fountain Gate MAC Retail Floorspace	
2016	354,605	2.1	744,700	193,000	26%
2036	584,089	2.1	1,226,600	270,000 - 345,000	22% - 28%
Change	229,484		481,900	77,000 - 152,000	

Source: Urbis

2.4 RETAIL CONCLUSIONS

Retail is the predominant use in the Fountain Gate-Narre Warren MAC currently, and the activity generated by the retail elements is one of the key reasons it has been designated as having a Major centre status. Westfield Fountain Gate is currently the largest shopping centre in the country. Going forward, continued strong population growth will generate significant demand for more retail floorspace. Given the important role played by Fountain Gate-Narre Warren across a broad region, it would be expected the centre continues to attract a sizeable share of the future floorspace requirement, which could be up to 150,000 sq.m of additional space over the next 20 years.

In terms of the location of that retail space, in order to consolidate the retail offer and to maximise the level of activity generated by the retail elements, core retail facilities and major entertainment and dining precincts should be concentrated around the existing critical mass on the Westfield Fountain Gate site. The interaction between retail uses maximises retail potential and activity. Bulky goods uses may still be located in peripheral locations, however given the substantial bulky goods offer that already exists, we suggest the ability for this to be expanded significantly is modest. Retail facilities in other precincts of the activity centre should predominantly be focussed on providing service retail for workers or residents who may be in those precincts in future (e.g. cafes/restaurants in the business park precinct, small convenience retailing offers in new higher density residential precincts).

3 Residential Assessment

This section examines the potential for further residential development at the Fountain Gate-Narre Warren MAC, particularly the potential for higher density development. This is an increasingly common area of interest for shopping centre operators and other land owners in activity centres seeking to create a well-integrated mixed-use precinct.

This includes an analysis of the fundamental locational characteristics that support higher density residential development and how the Fountain Gate area rates against these. A recent study pertaining to residential development in the City of Casey was commissioned by Council, and Urbis has leveraged this as part of the residential assessment.

3.1 RESIDENTIAL MARKET PROFILE

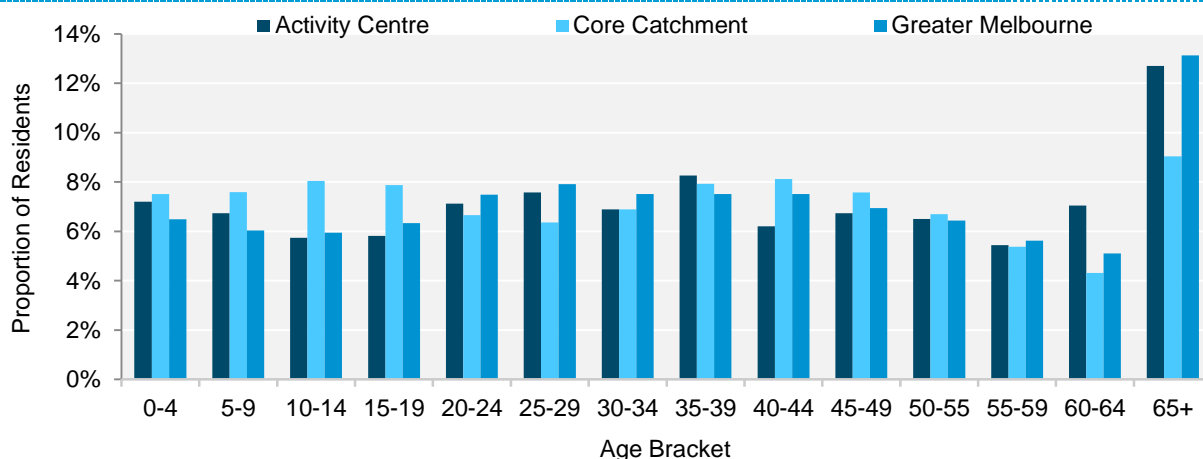
Charts 3.1 to 3.6 compare key characteristics of the residential market for the activity centre, the core catchment and Greater Melbourne. The Charts demonstrate the differences between the areas in age profile, household income, family composition, dwelling structure, dwelling tenure and dwelling by bedroom number. The demographic comparison highlights that:

- The age profile of the activity centre and the core catchment are similar to the age profile of Greater Melbourne. However, there appears to be a higher proportion of residents aged 5-19 in the core catchment. This is indicative of the higher number of families in the core catchment, whereas the activity centre has a greater proportion of residents in their 20s and those over 55.
- Furthermore, Chart 3.1 shows that lone persons make up 36% of the household composition in the activity centre whereas the core catchment attracts more families with children and couples.
- Despite being lower than the Greater Melbourne benchmark, average household income in the activity centre and the core catchment have grown at a comparable rate to Melbourne's income levels.

Age Profile

ACTIVITY CENTRE, CATCHMENT & GREATER MELBOURNE, 2011

CHART 3.1

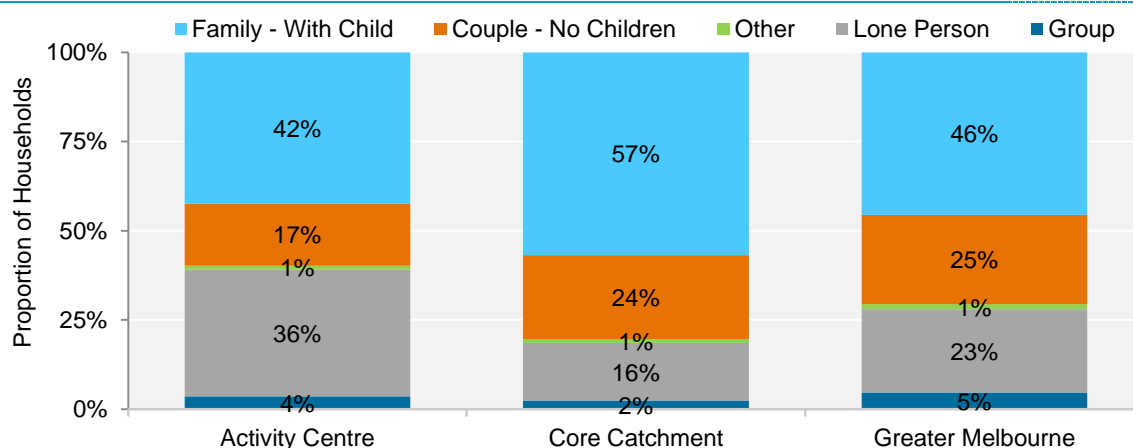


Source: ABS, Urbis

Household Structure

ACTIVITY CENTRE, CATCHMENT & GREATER MELBOURNE, 2001 VS 2011

CHART 3.2

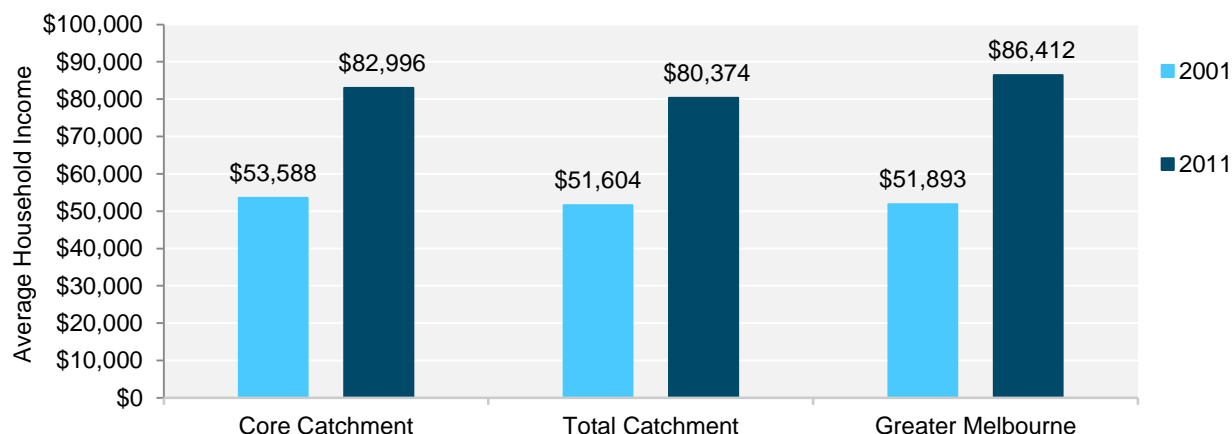


Source: ABS, Urbis

Household Income

ACTIVITY CENTRE, CATCHMENT & GREATER MELBOURNE, 2001 VS 2011

CHART 3.3



Source: ABS, Urbis

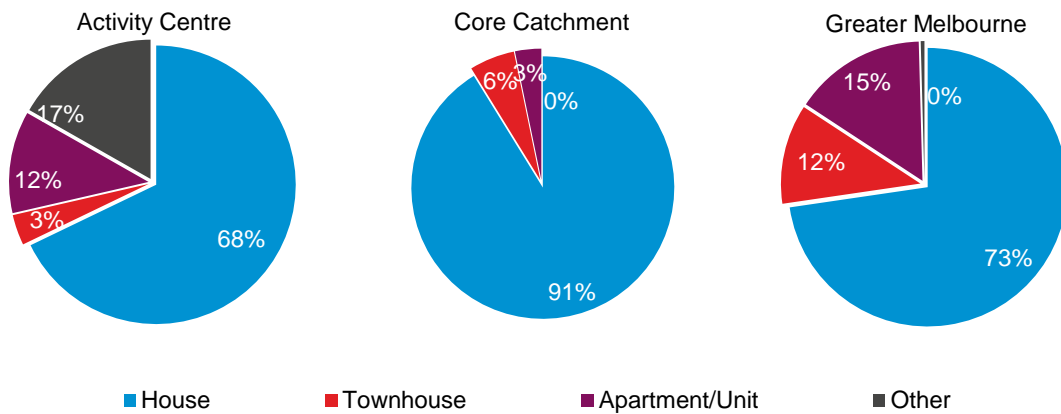
The following charts summarise the dwelling characteristics in the activity centre, core catchment and Greater Melbourne. They demonstrate that:

- The dwelling structure of the activity centre contains significantly smaller proportion of Houses than the core catchment area. Importantly, there are 17% "other" dwellings in the activity centre compared to few (close to 0%) in Greater Melbourne and the core catchment. Other dwellings are primarily comprised of houses or flats that are attached to a shop, office, etc. These types of dwellings match the needs of lone residents and people who are renting.
- There is a greater proportion of apartments in the activity centre relative to the core catchment, but still a lower proportion than Greater Melbourne.
- The conclusions drawn from the dwelling structure comparison are confirmed in Chart 3.5. The activity centre has a significantly higher proportion of renters than the core catchment and Greater Melbourne. Moreover, the proportion has grown markedly between 2001 and 2011.
- The dwellings by bedroom data tells a similar story. Only 1% of one bedroom dwellings in the core catchment compared to 14% in the activity centre. Just 6% of dwellings across Greater Melbourne are one bedroom dwellings.

Dwelling Structure

ACTIVITY CENTRE, CATCHMENT & GREATER MELBOURNE, 2011

CHART 3.4

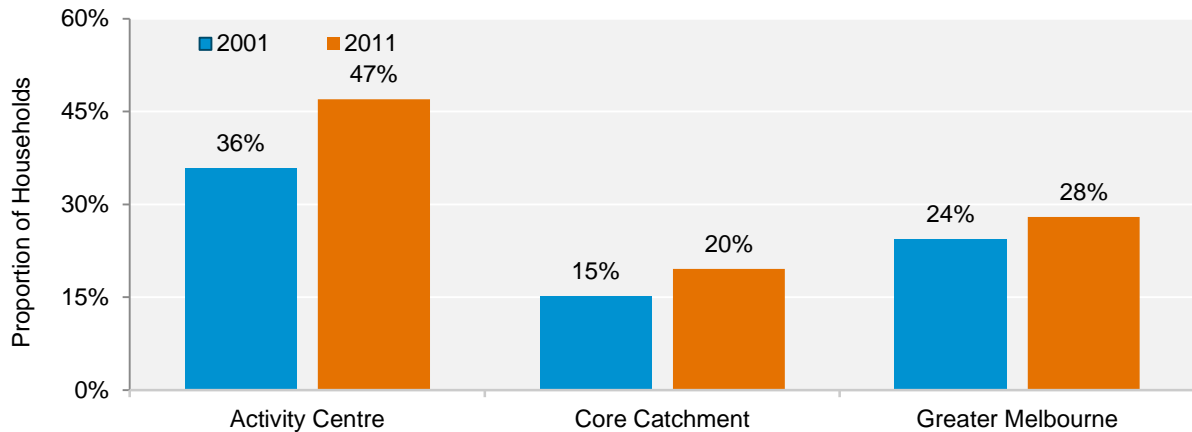


Source: ABS, Urbis

Dwelling Tenure – Proportion Renting

ACTIVITY CENTRE, CATCHMENT & GREATER MELBOURNE, 2001 VS 2011

CHART 3.5

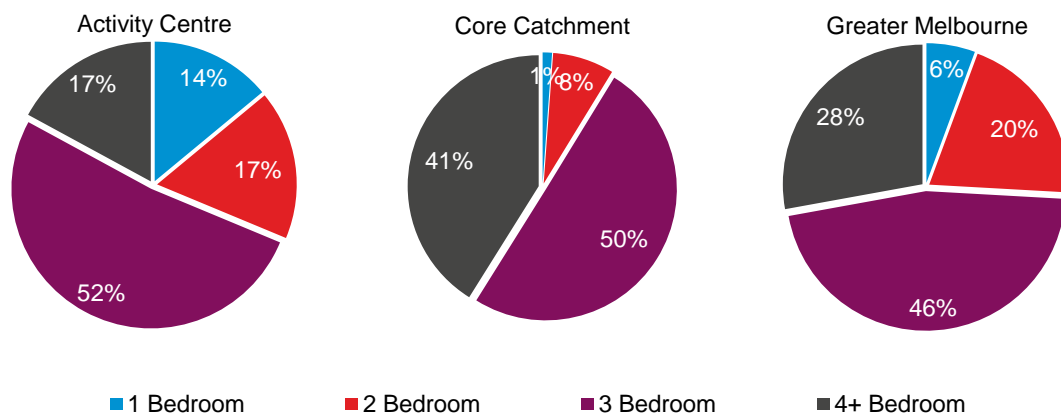


Source: ABS, Urbis

Dwelling by Bedroom No.

ACTIVITY CENTRE, CATCHMENT & GREATER MELBOURNE, 2011

CHART 3.6



Source: ABS, Urbis

3.2 HOUSING MARKET ASSESSMENT 2015

In March 2015, Charter Keck Cramer (CKC) undertook a housing market assessment for the City of Casey in order to inform the Council's housing diversity strategy. The purpose of this was to determine the appropriate mix of housing to meet the changing needs of the populace within the Casey LGA, including demand for different dwelling types. The findings and conclusions of the research have been investigated and assessed in order to determine the appropriateness of these findings to the future development of the Fountain Gate-Narre Warren MAC.

3.3 CHARACTERISTICS OF A HIGH DENSITY RESIDENTIAL SITE

Urbis assesses the appropriateness of a site for higher density development based on set of predetermined criteria. These have been developed and refined over time as we have undertaken site assessments and reviewed the drivers of success for high density development. A description of each criterion is as follows:

1. **Proximity to CBD/Employment.** A key factor in determining demand for a high density development, particularly apartments, is distance from the CBD. People seeking to live close to the city with its attendant amenities such as employment, entertainment and retail are willing to trade off smaller dwelling size for proximity to such amenity.
2. **Proximity to transport.** Sites located within proximity of a train station or other convenient mode of transport support more intensive forms of development. Being within walking distance of a train station is particularly attractive to workers commuting to the CBD or other employment clusters. Minimal commuting times and ease of access are key considerations in the decision to move to higher density developments. An apartment location in close proximity to transport is a key decision criterion for both owner occupiers and renters/investors. In the absence of strong connectivity, the product is likely to be attractive to a much reduced segment of the market.
3. **Retail / Entertainment Amenity.** One benefit of higher density dwelling types is often improved access to a wide variety of entertainment, recreation, retail and service facilities. This is due to the critical mass of the denser population being able to support a wider range of facilities that may not be viable in a low-density area. This benefit generally extends to the ability to access these amenities without having to get into a car – which is generally captured within 400m walking distance. It is also important to offer a range of activities, such as a variety of retail as well as entertainment facilities such as cinemas, cafes and restaurants.
4. **Education/Other Amenity.** Those in a younger demographic, and in particular students, who are typically lower income earners, are attracted to higher density living. It is more suitable to smaller households consisting of singles or couples and provides a more affordable option than detached housing. Given this, access to education amenity, in particular tertiary education, is a key driver of demand for high density dwellings in an area.
5. **Views/Aspects.** Medium to high density developments are often more successful when they can provide water, park or city views. Well elevated sites or sites that have significant views such as beach, river, golf courses or scenic vistas are often attractive for higher density living. These views are expected to be available in perpetuity and not likely to be built out or obscured. A favourable aspect (i.e. north facing) is particularly desirable as it allows for solar access throughout the year. This is increasingly the case with environmentally sustainable development requiring passive solar design.
6. **Access to Open Space.** One of the attractions of medium to high density living is the reduced level of maintenance involved, mainly from smaller lot sizes/lack of garden. To counter the lack of private outdoor space, access to public open space can be a decisive factor in the choice to move to a high density environment. The loss/reduction of a backyard or courtyard can be compensated by a high quality public space that is within comfortable walking distance. The open spaces should be able to accommodate a range of functions. They should also provide a feeling of personal comfort and safety.

- 7. Site Positioning.** This refers to the ease of access to the site and the positioning of the site with respect to its immediate surroundings. This includes ease of access to car parks, space for casual and guest parking, and space away from main roads and heavy traffic.
- 8. State of Supply.** This criteria assesses the balance of supply and demand, and the volume of demand that can be met by current levels of supply. This is important in identifying any supply risk that may exist in the area, which can affect market absorption and prices.

In addition to these site specific factors, the demographic and growth profile of the suburb is taken into account in reaching a conclusion as to the appropriateness of the proposed development.

The Fountain Gate-Narre Warren MAC is assessed below in Table

TABLE 5 – FOUNTAIN GATE-NARRE WARREN MAC HIGHER DENSITY CRITERIA ASSESSMENT

FACTOR	FOUNTAIN GATE-NARRE WARREN MAC	RATING (EXCELLENT / GOOD / AVERAGE / POOR / VERY POOR)
Proximity to CBD/employment	43km to CBD. Employment hubs in nearby Dandenong and Mulgrave.	Average
Proximity to transport	Convenient from the southern portion of the MAC where any residential development is likely to be concentrated.	Good
Retail/entertainment amenity	Strong retail and entertainment offering at Westfield Fountain Gate and remainder of the MAC.	Good
Education/other amenity	There are some local schools but provision overall is average. Limited range of other nearby amenity outside of retail and entertainment. Train provides access to Monash Clayton/Caulfield/CBD universities.	Average
Views/aspects	Limited, especially considering limited potential for high rise.	Poor
Access to open space	Max Pawsey Reserve, creek walking paths	Good
Site positioning	The large site on Centre Rd in the southern portion of the MAC is positioned well with regards to the train and the Town Centre, but is not convenient with respect to Westfield Fountain Gate	Average
State of supply	Limited current supply of medium/high density around the site; however, the catchment's demographic suitability to living in higher density is limited, which constrains demand.	Average

3.4 RECENT DEVELOPMENT APPLICATIONS

Table 3.1 below summarises a number of major residential development projects in the City of Casey. The area is showing early signs of a shift to higher density living with a large number of townhouses having already gained development approval, with some limited apartment proposals in the pipeline.

The biggest project is the Centre Road Residential Development. The project has already gained development approval and includes the construction of 93 units in Narre Warren. The site's location is near the southern edge the metropolitan activity centre, close to the train line. Given this project is already scheduled, it suggests that there is already some interest amongst developers in the construction of higher density dwellings.

Recent Development Applications

CURRENT MEDIUM & HIGH DENSITY RESIDENTIAL DEVELOPMENT PROJECTS IN THE CITY OF CASEY

TABLE 3.6

Project Name	Project Address	Suburb	Units	Project Stage	Estimated Completion	Notes
Centre Road Residential Development	96-166 Centre Rd	Narre Warren	93	Development Approval	2019	Construction of a 3 storey building consisting of 17 apartments & 76 dwellings.
Young Road Townhouses	20-22 Young Rd	Hallam	43	Development Approval	2018	Construction of a total of 43 townhouses, comprising 9 single storey and 37 double storey.
Belgrave-Hallam Road Townhouses	20-22 Belgrave-Hallam Rd	Hallam	41	Development Approval	2018	Construction of 41 double storey townhouses with garages & courtyards. Landscaping.
Belgrave-Hallam Road Residential Development	59 Belgrave-Hallam Rd	Hallam	34	Development Approval	2018	Construction of twenty seven (27) double storey townhouses and seven (7) single storey units.
Paxford Drive Mixed Use Development	2S Paxford Dr	Cranbourne North	41	Development Approval	2017	Construction and subdivision of 25 double storey townhouses, 11 apartments & 5 retail shops.
Dandenong-Hastings Road Residential Development	310-312 Dandenong-Hastings Rd	Lyndhurst	34	Construction	2016	Construction of 28 double storey, 5 single storey townhouses and the extension and conversion of the historic State School building into a three bedroom dwelling.
Melzak Way Townhouses	125S Melzak Wy	Berwick	49	Development Approval	2018	Construction of 49 x 2-storey townhouses. Face brickwork, concrete tiled roofs & weatherboard upper level.
Harkaway Road Dwellings	8 & 16-18 Harkaway Rd	Berwick	34	Development Approval	2018	Construction of 34 dwellings. Associated car parking & landscaping.
Ormond Road Dwellings	121-135 Ormond Rd	Hampton Park	34	Development Application	2018	Construction of (34) dwellings.
Pound Road Townhouses	365 Pound Rd	Hampton Park	30	Development Approval	2017	Construction of 30 double storey townhouses with garages, private open space, storage areas & landscaping.
Linsell Boulevard Residential Development	220S Linsell Bvd	Clyde North	29	Development Approval	2017	Construction of 16 double storey townhouses & 13 single storey units.
Mackillop Chase - Austin And Revere Residential Development	265 Berwick-Cranbourne Rd	Clyde North	26	Development Approval	2016	Construction of fifteen single storey units and eleven double storey townhouses.

Source: Cordell Connect; Urbis

3.5 FORECAST HOUSING IN THE MAC

The following tables summarises an indicative approach to estimate the future dwelling structure for the Narre Warren and Fountain Gate Activity Centre. Forecast population is drawn from forecast.id and the forecast number of detached houses, townhouses and apartments is derived from historical trends, new dwelling approvals, availability of space and demographic shifts.

The housing forecast suggests that the proportion of detached houses in the activity centre is likely to decline between 2011 and 2036. As older detached houses are demolished to make way for higher density development the proportion of townhouses and apartments are likely to increase over time. Specifically, the percentage of detached houses and townhouses are expected to change from 68% to 13% and 4% to 60% respectively. The change in dwelling structure reflects the area's expanding focus on higher density living.

Additionally, the current demographic characteristics of the activity centre are aligned with the increasing number of townhouses and apartments. The relatively high percentage of lone persons compared to families with children and the current number of one bedroom dwellings in the activity centre indicates that demand for dwellings will be primarily directed towards smaller and denser living. Therefore, given the supply of dwellings is likely to be dictated by market demand, it follows that there will be fewer detached houses in the activity centre in the future.

Moreover, a large number of residents in the activity centre are currently renting. Due to the significant growth in the percentage of renters in the area, it is reasonable to assume that the number of renters will continue to grow in the future. In light of this, the activity centre is likely to have a denser resident population by 2036 because households who rent generally target townhouses, apartments and smaller premises with reduced garden and general maintenance compared with detached houses.

Population & Housing Forecasts

NARRE WARREN & FG-NW ACTIVITY CENTRE, 2011-2036

TABLE 3.7

Population	2011	2016	2021	2026	2031	2036
Population - Narre Warren	26,766	27,492	29,521	31,348	33,024	34,830
Population - FG-NW Activity Centre	1,356	1,486	2,053	2,886	3,855	4,964
% Population in AC	5%	5%	7%	9%	12%	14%
Dwellings						
Dwellings - FG-NW Activity Centre	507	569	856	1,274	1,756	2,314
Detached houses	344	344	338	332	327	312
Detached houses %	68%	60%	40%	26%	19%	13%
Townhouses	18	78	283	596	968	1,400
Townhouses %	4%	14%	33%	47%	55%	60%
Apartments	60	62	150	262	377	518
Apartments %	12%	11%	17%	21%	21%	22%
Other	85	85	85	85	85	85
Other %	17%	15%	10%	7%	5%	4%
Household density (residents per household)	2.67	2.61	2.40	2.27	2.19	2.15

Source: forecast.id, ABS, Urbis

Population & Housing Forecasts – 5 Year Change

NARRE WARREN & FG-NW ACTIVITY CENTRE, 2016-2036

TABLE 3.8

5 yr Change	2016 - 2021	2021 - 2026	2026 - 2031	2031 - 2036
Population - Narre Warren	2,029	1,826	1,677	1,806
Population - FG-NW Activity Centre	567	833	969	1,109
% population growth captured by Activity Centre	28%	46%	58%	61%
Dwellings - FG-NW Activity Centre	287	418	482	558
Detached houses	-6	-6	-5	-15
Townhouses	205	313	372	432
Apartments	88	112	115	141

Source: forecast.id, ABS, Urbis

3.6 FOCAL POINTS FOR HIGHER DENSITY DEVELOPMENT

Data on new dwelling approvals in the past five years (illustrated overleaf in map 3.1) provides insight into the geographic spread of where particular types of new dwellings are likely to be built. The data shows a concentration of townhouse dwelling approvals around the Princes Highway in Hallam. While Hallam is dominated by industrial land, the section along the north side of the Princes Highway around the Hallam activity centre is well suited to medium density housing. This area also has the benefit of being close to Hallam train station, which is attractive to higher density development.

Approvals for apartments have been concentrated in Lynbrook, between the South Gippsland Highway and Western Port Highway, as well as around Parkhill Plaza just to the north east of Fountain Gate and then some through the older areas of Berwick.

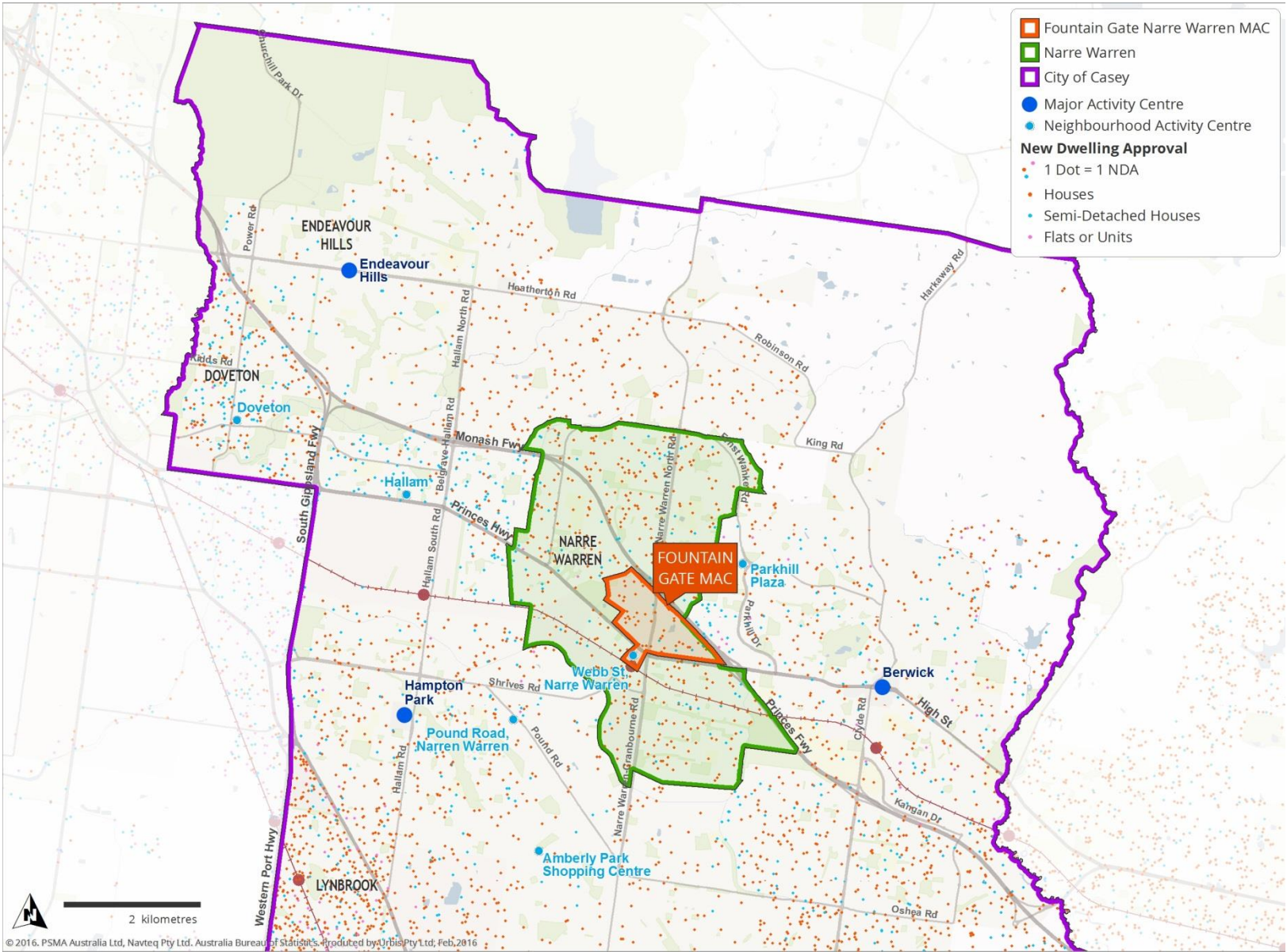
3.7 RESIDENTIAL CONCLUSIONS

Key conclusions from the residential assessment are as follow:

- Detached housing dominates the residential market across Casey, Narre Warren and within the MAC itself. However, there is some evidence of townhouse and apartment development emerging in areas around activity centres and within proximity of rail, including Hallam neighbourhood centre, Parkhill Plaza in Berwick and Lynbrook Village.
- It is estimated that the activity centre could accommodate almost 5,000 residents in 2,300 dwellings by 2036. Some 60% of these dwellings are expected to be townhouses.
- The new dwelling activity in the centre will be focused around the southern portion, precinct J, which is largely empty land at this stage. Development is also expected to occur at precinct M within the area currently occupied by Casey Gardens Caravan Park. These focal points for development are suitable not only because the land is available, but because it is close to Narre Warren train station and to the amenity provided at the Town Centre.

NEW DWELLING APPROVALS

MAP 3.1



4 Commercial Office Assessment

Based on population growth alone, the Fountain Gate-Narre Warren MAC has the potential to support a growing volume of office space as the catchment's population growth continues. With this growth, the importance of the MAC as a centre for services and retail, and subsequently also for employment, will also grow. The volume of office space supportable in the future is assessed in this section, including background on suburban office development and case studies of office development at other outer suburban activity centres, a summary of the current provision of space and an assessment of the future commercial office space development in the MAC.

4.1 CURRENT WORKFORCE AND OFFICE DEVELOPMENT

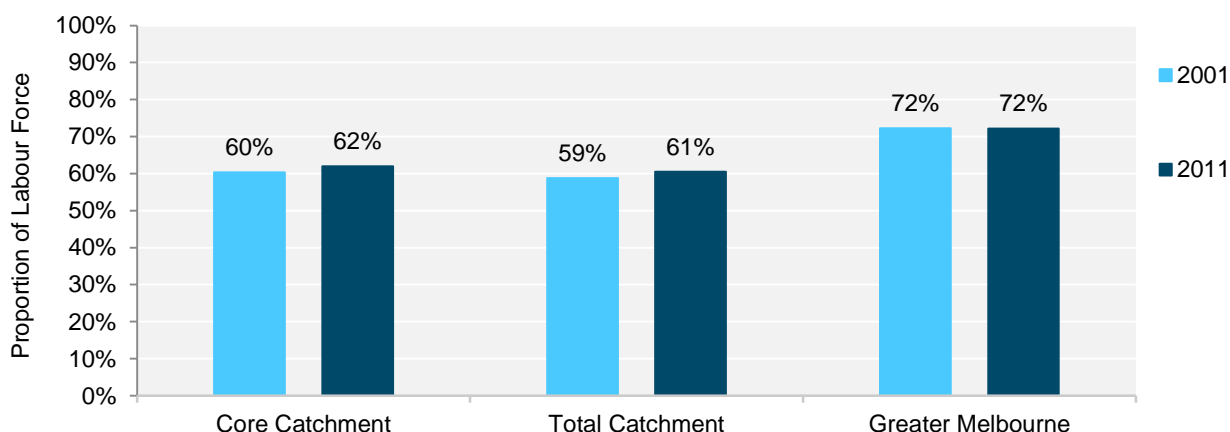
4.1.1 RESIDENT WORKFORCE

Both the core and wider catchment areas have a lower proportion of white collar workers than the Greater Melbourne average. This is unsurprising given the catchment is some distance from the Melbourne CBD, and is in proximity to industrial employment hubs such as Dandenong and Clayton. The proportion of white collar workers is growing, and lifted from 60% in 2001 to 62% in 2011. This trend is typical of many outer suburbs, with commuters being pushed further from the CBD due to population growth and affordability constraints, while the number of jobs within Melbourne's CBD continues to grow. In future, however, more of these white collar jobs will need to be accommodated locally.

White Collar Workers

ACTIVITY CENTRE, CATCHMENT & GREATER MELBOURNE, 2001 VS 2011

CHART 4.1



Source: ABS, Urbis

4.1.2 WORKERS AT FOUNTAIN GATE ACTIVITY CENTRE

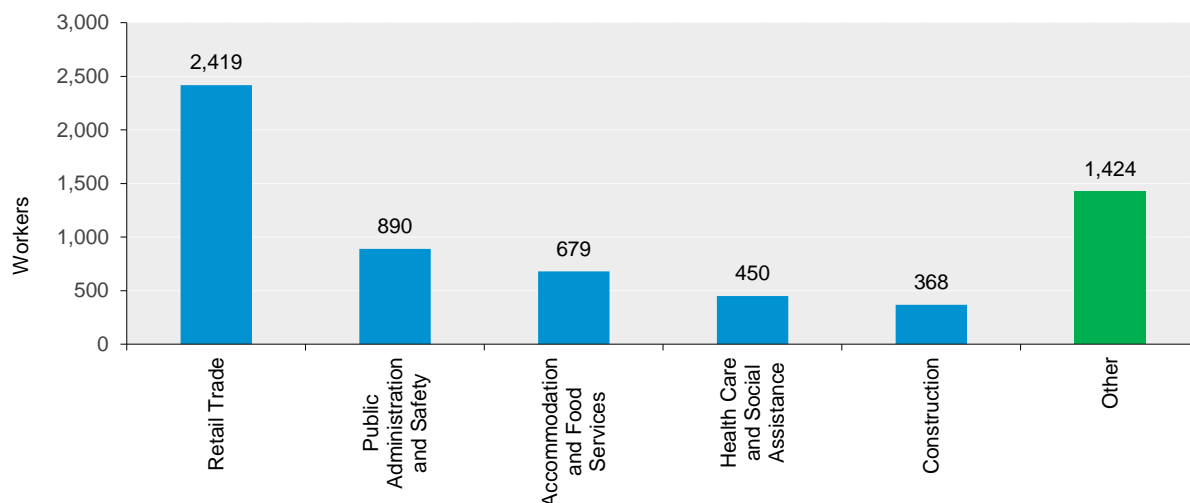
Chart 4.2 contains data on workers at the activity centre. These are not necessarily local residents and may commute from outside the catchment. In total, in 2011 the activity centre provided approximately 6,200 jobs.

The chart illustrates that the highest number of jobs are in the retail industry, which employs 39% of people at the activity centre. A further 11% are employed in accommodation and food services. This isn't surprising given the activity centre is anchored by Westfield Fountain Gate and does not have any considerable amount of office space. The second highest employer is public administration and safety, which highlights the importance of the local government and other community facilities as providers of local jobs at this time.

Workers by Industry

FOUNTAIN GATE-NARRE WARREN MAC, 2011

CHART 4.2



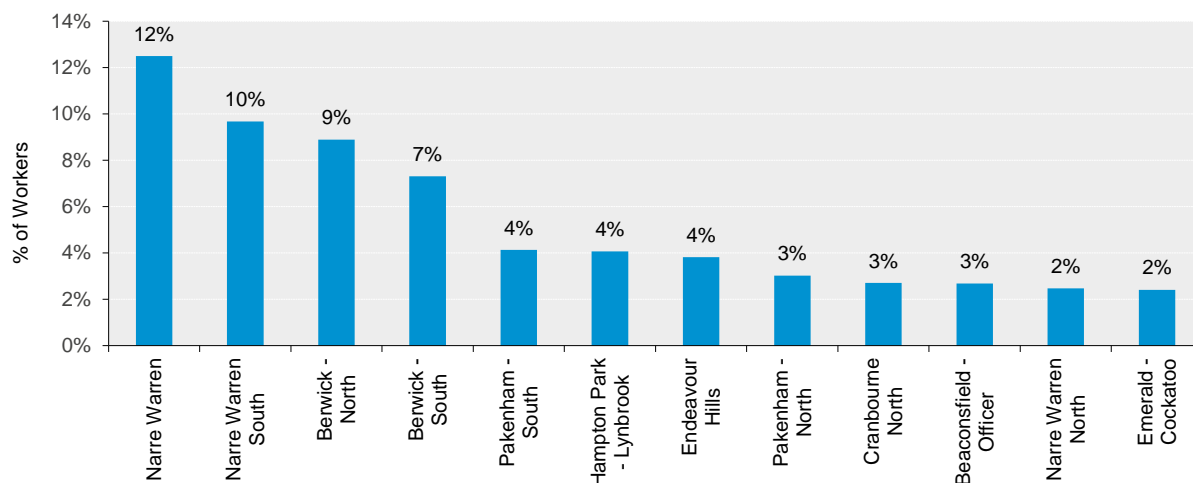
Source: ABS, Urbis

Data on place of usual residence for workers in the Fountain Gate-Narre Warren MAC provides insight into those that work at the activity centre. Unsurprisingly this shows that the highest number of workers come from within Narre Warren, at 12% of total workers. Approximately two-thirds of workers at the activity centre travel from within the City of Casey, which confirms that the centre is predominantly providing jobs to locals. Those that are coming from outside the municipality are travelling predominantly from Pakenham, Beaconsfield and Officer, confirming the catchment Urbis defined for the activity centre extending east into the Shire of Cardinia.

Workers by Place of Residence

FOUNTAIN GATE-NARRE WARREN MAC, 2011

CHART 4.3



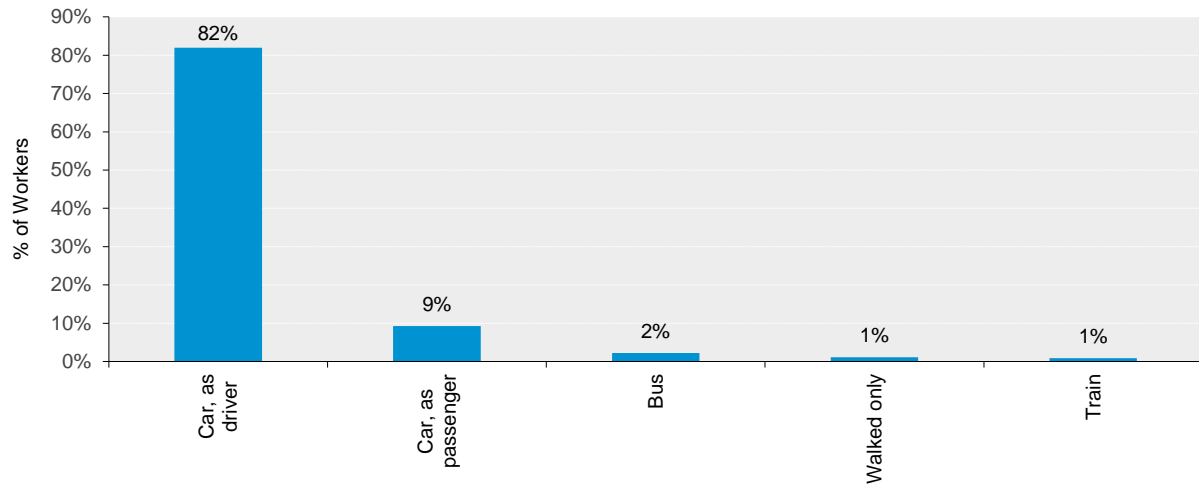
Source: ABS, Urbis

The vast majority of workers at the Fountain Gate-Narre Warren MAC drive to work. Some 91% either drive or are driven by someone else to work. Only 2% travel by bus and just 1% take a train. This is drastically different from many other activity centres across Melbourne where a higher proportion would travel to work via bus or train. This highlights the difficulties faced in attracting a large white collar workforce to occupy office space.

Workers by Method of Travel to Work

FOUNTAIN GATE-NARRE WARREN MAC, 2011

CHART 4.4



Source: ABS, Urbis

4.1.3 BUSINESSES BY INDUSTRY

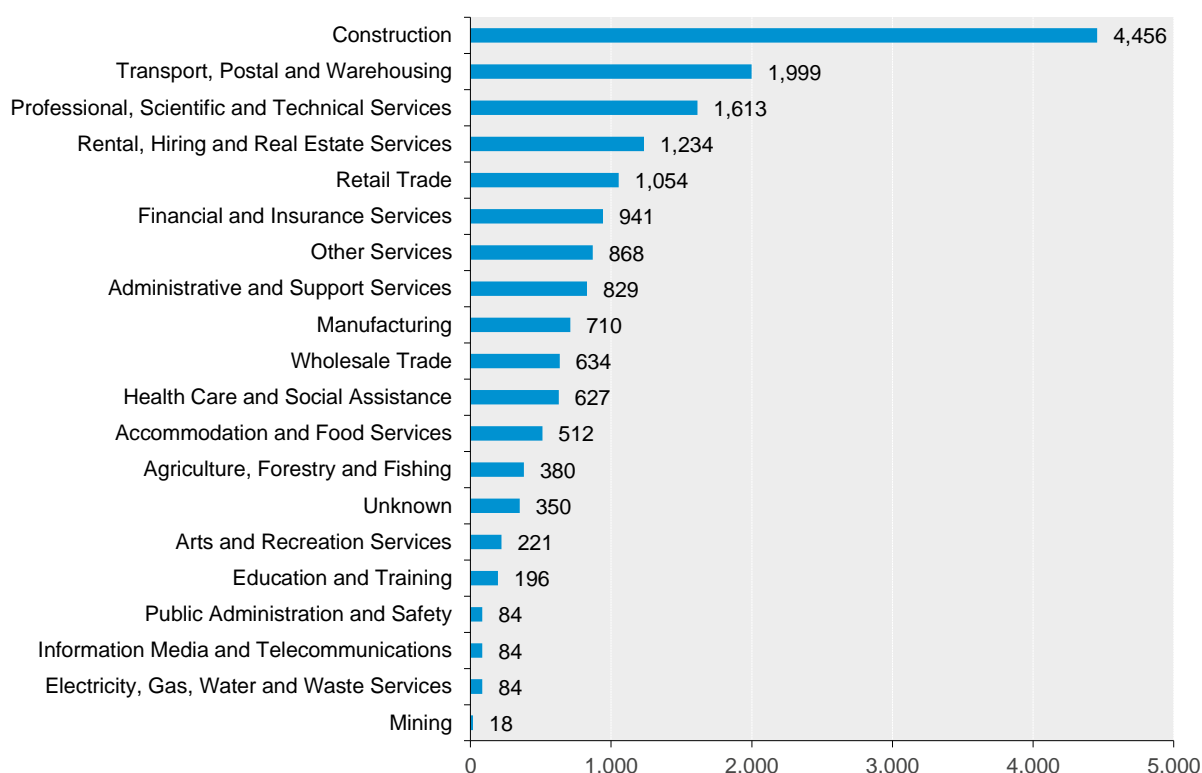
Across the City of Casey, the largest number of registered businesses falls within the construction industry. Given that many tradespeople operate small businesses this number may seem overrepresented, but it is nonetheless important in assessing the landscape of local business activity. The proximity of Casey to the south east growth corridor is a likely driver of demand for construction-related services from local businesses.

There are also a high number of businesses registered in transport, postal and warehousing, which suits the area's affordable land, convenient highway accessibility and access to a blue collar workforce.

Counts of Business by Industry Sector

CITY OF CASEY, 2014

CHART 4.5



Source: ABS

As at 2014 there were a total of almost 17,000 businesses registered within the Casey LGA the majority of which are registered in the Berwick North SA2. Berwick North contains a higher number of businesses in the professional services, finance and insurance and rental, hiring and real estate services industries than any other SA2 in Casey, highlighting that Berwick is a focal point for white collar employment for the precinct. However, given employment data suggests there are more workers in Narre Warren than Berwick North, it is likely that many of the registered businesses in Berwick are small businesses and potentially operated from home. This indicates potential future demand for office space within the catchment should some of these businesses seek to expand.

Counts of Business

CITY OF CASEY, BY SA2, 2012-2014

TABLE 4.1

SA2	Number of Businesses			Growth 2012-2014
	2012	2013	2014	
Berwick - North	2,090	2,075	2,068	-1.1%
Berwick - South	1,319	1,269	1,319	0.0%
Doveton	439	377	411	-6.4%
Endeavour Hills	1,672	1,579	1,553	-7.1%
Hallam	1,473	1,469	1,507	2.3%
Narre Warren	1,764	1,679	1,649	-6.5%
Narre Warren North	1,039	1,041	1,041	0.2%
Cranbourne	1,213	1,146	1,133	-6.6%
Cranbourne East	376	388	449	19.4%
Cranbourne North	610	573	653	7.0%
Cranbourne South	813	788	836	2.8%
Cranbourne West	334	328	346	3.6%
Hampton Park - Lynbrook	960	939	927	-3.4%
Lynbrook - Lyndhurst	631	624	705	11.7%
Narre Warren South	1,660	1,592	1,585	-4.5%
Pearcedale - Tooradin	744	708	712	-4.3%
Total Casey	17,137	16,575	16,894	-1.4%

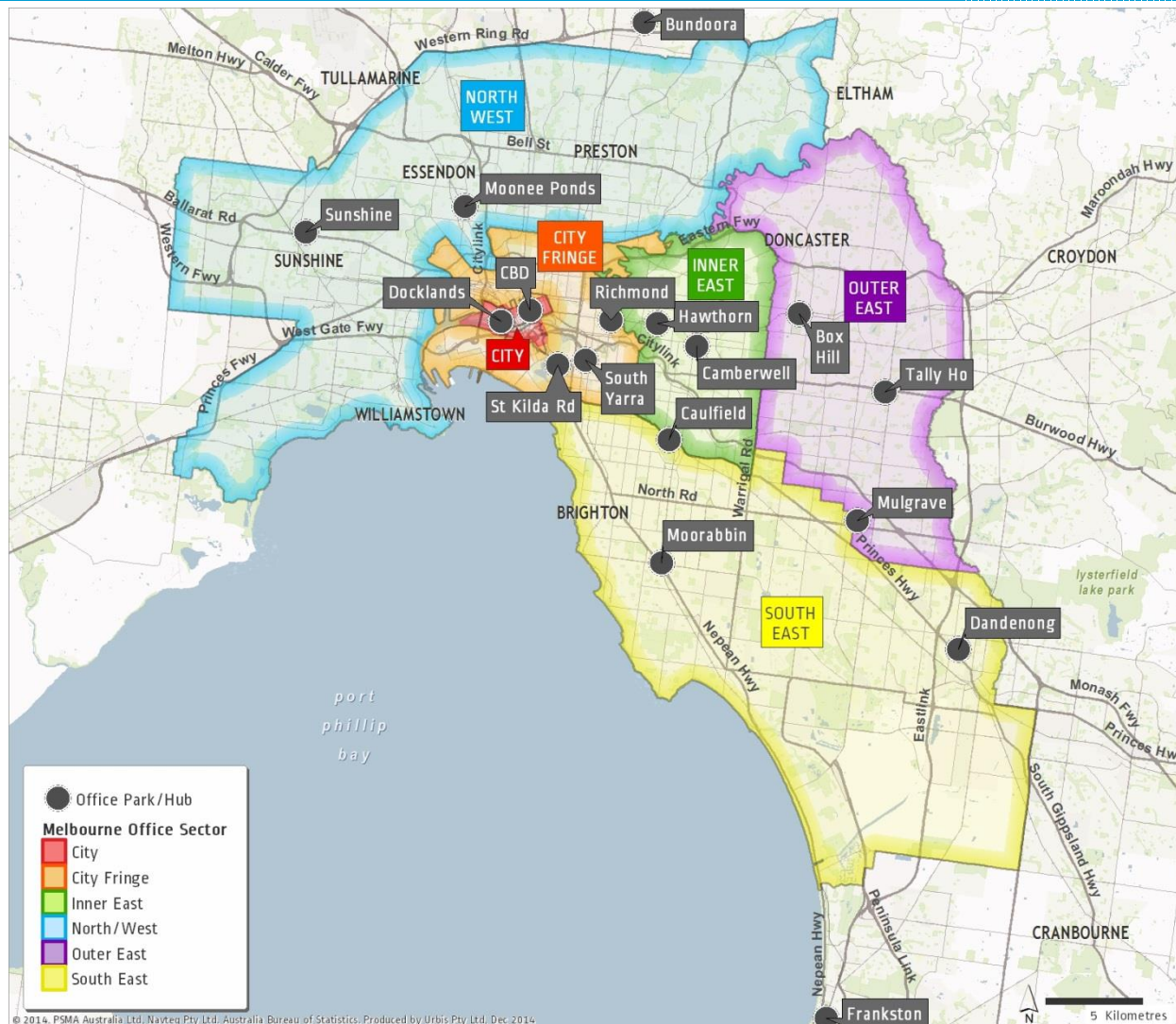
Source: ABS

4.2 MELBOURNE'S SUBURBAN OFFICE MARKET

There is no central source of data on the provision of office space outside of CBDs across Australia. Given this, Data reported by the competing agencies and office market commentators is often due to their classification of stock, and the extent of their coverage. Given the large physical areas over which the market is disbursed, and the difficulty in categorising such a diverse array of stock, variations are inevitable. Urbis has collated the current and past views as presented by the major commentators within the suburban office markets, and this information can be used as a broad guide on the suburban office market landscape. From this Urbis has dissected the market as shown on Map 4.1 below. From this map it should be noted that Narre Warren falls outside any of the currently defined suburban office precincts, based on the size and relevance of the market at this point in time.

MELBOURNE SUBURBAN OFFICE MARKET

MAP 4.1



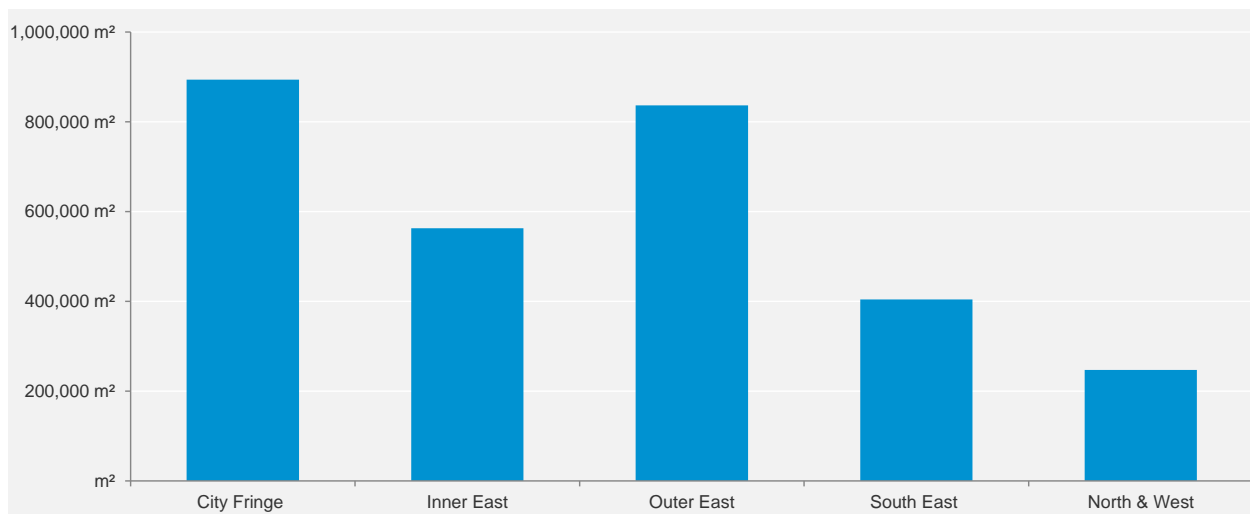
4.2.1 DISTRIBUTION OF SUBURBAN OFFICE STOCK

In 2015, the five suburban office sectors contained a total of some 2,950,000 sq.m of office space. This stock is relatively evenly distributed between the city fringe, southern and eastern suburbs, with the northern and western suburbs providing less than 10% of total suburban stock. This reflects both the relative development of each of these regions as well as demographics, such as where areas of white collar workers are concentrated.

Office Stock

BY SECTOR AS AT 2015

CHART 4.6



Source: PCA; Colliers; Urbis

4.2.2 SUPPLY

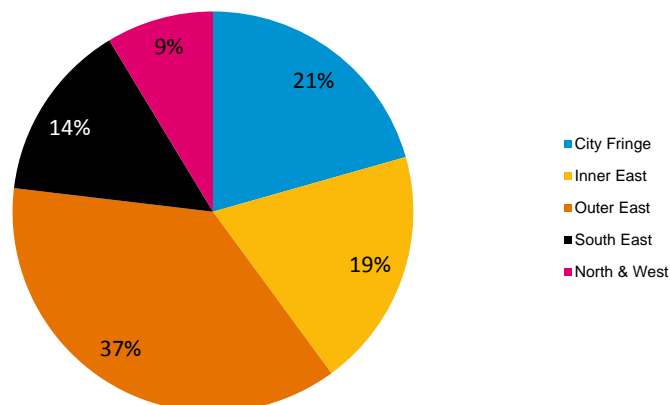
In the period between 2005 and 2015, the total suburban office stock increased relatively steadily from just over 2,300,000 sq.m in 2005 to 2,950,000 sq.m by 2015.

This data indicates that while the south east region, with the Fountain Gate-Narre Warren MAC lying just outside, has the second smallest provision of suburban stock, it is the second fastest growing.

Share of Total Office Market Stock Growth

SUBURBAN MARKETS (2005-2015)

CHART 4.7



Source: Knight Frank, Colliers, Urbis

One of the key insights this data provides is that growth in suburban office markets is slow. There is still an abundance of development land closer to the CBD, where population concentration is high and there is a greater proportion of white collar workers. Furthermore, Narre Warren remains outside of what the currently defined suburban office precincts due to the relative size of the office market.

4.2.3 ABSORPTION

Net absorption measures the change in occupied stock from one period to the next. Negative net absorption effectively means there is a reduction in the amount of space being occupied, or in other words, tenants have departed the market.

Like vacancy rates, obtaining an accurate picture of the state of absorption is difficult. Various commentators have different thresholds and cover different areas. However, we have collated the available evidence and can provide the following historical trend graph. Year on year, net absorption varies significantly. However, the average net absorption for the whole suburban office market over the period 2005 to 2015 is approximately 60,000 sq.m per annum. Even capturing a share of that suburban market, it will take a significant time for the Fountain Gate office provision to grow to a critical mass.

4.3 CURRENT OFFICE SUPPLY AT FOUNTAIN GATE

There is estimated to be approximately 32,000 sq.m of office space within the activity centre. The current supply of office space is concentrated in precinct F, where there is over 20,000 sq.m of office space. This precinct contains the business park, which is a mixed commercial precinct and houses the Casey Cardinia Business Hub. There is a large portion of open space in the centre of the precinct; a retarding basin around which the Council is seeking to intensify development.

There has been varied success in attracting tenants to the office space across the Fountain Gate-Narre Warren MAC.

- Westfield's last expansion of the shopping centre included additional office space, which now measures approximately 2,400 sq.m. This proved difficult to lease and was purposed to suit smaller, local operators.
- The Casey Cardinia Business Hub has successfully leased all office space within that building (around 5,000 sq.m) and has proven to be a successful model. The office space is a joint venture between the Council and Waterman Business Centres, and provides tenants with communal meeting rooms, board rooms, kitchenettes and reception. Tenants are also offered business training, access to strategy and leadership mentoring and CFO service, as well as access to the City of Casey's economic development team, who are located within the building. The building has had success in attracting smaller local businesses that require affordable support as they grow.
- The recently built office building at 62-64 Victor Crescent does not offer the services that the Casey Cardinia Business Hub offers, and is understood to be struggling with high vacancy. The building would suit larger tenants than the business hub or at Westfield, but has not had success thus far.

While a large office tenant may act as an anchor in attracting ancillary and related tenants to the area, smaller tenants do not tend to have the same anchoring qualities or multiplier effects in attracting additional demand from office tenants. Given this, the small businesses attracted to the office space at Westfield and within the Casey Cardinia Business Hub are not likely to act as a catalyst for any significant increase in demand for office space. The office space on Victor Crescent that would be suitable to larger tenants has not been successful thus far.

4.4 KEY SUCCESS FACTORS & CASE STUDIES

Certain success factors have been identified that act as criteria for successful office development. These can be assessed against comparable suburban office developments within activity centres to provide insight into the potential for office development at the Fountain Gate-Narre Warren MAC over the longer term.

4.4.1 KEY SUCCESS FACTORS

Urbis has compiled a list of key success factors that are considered to be strong predictors of success for office development. These are as follows:

- **Population Growth.** A sizeable residential catchment can be a driver of demand for office space.
- **Office Worker Market.** The size and nature of the local business base is one of the main drivers of success for office accommodation, particularly the access to white collar workforce.
- **Supply and Market Depth.** The scale and quality of existing supply is an important factor in determining the appropriate scale and nature of office development, as is the level of activity in the relevant market.
- **Synergies with Other Businesses.** The clustering of businesses creates benefits relating to efficiencies of interaction between suppliers, service providers and generally like businesses.
- **Accessibility by Road.** The ability to access an office easily from across a broad area.
- **Public Transport.** Convenient transport access for workers is a key factor in occupier location decisions.
- **Access to Services/Amenities.** Access to services and amenity is increasingly important in providing an attractive workplace.

These criteria for success can be assessed next to recent case studies and also against the Fountain Gate-Narre Warren MAC to examine the potential for office development.

4.4.2 CASE STUDIES

Analysing recent case studies of suburban office development, in particular those within activity centres, provides useful insight into the common success factors that contribute to a successful suburban office development. Key examples in Melbourne's south and south eastern suburbs include Dandenong, Chadstone and Mulgrave, which are summarised in table 4.2.

Office Development Case Studies & Key Success Factors

DANDENONG, CHADSTONE & MULGRAVE

TABLE 4.2

FACTOR	DANDENONG	CHADSTONE	MULGRAVE
Population Growth	<i>All modest though infill is occurring.</i>		
Office Worker Market	A large and growing white collar demographic within the main trade area, although traditionally a blue collar region.	Significant white collar workforce with around 90,000 in the main trade area. This number has potential to increase to 125,000+ by 2036.	The Monash Employment Cluster is forecast to accommodate approximately 80,000 white collar workers as a result of its designation as a National Employment Cluster. Surrounding suburbs generally middle income.

FACTOR	DANDENONG	CHADSTONE	MULGRAVE
Supply and Market Depth	The designation of the area as a National Employment Cluster will promote commercial development. Significant government investment has driven office development to date.	The success of the commercial development at Chadstone is a result of limited competition in the area, and a niche office market for retail-related firms that has emerged. There is currently an undersupply locally which has resulted in the current office space expansion..	The designation of the area as a National Employment Cluster will promote commercial development. Historically only an office location for businesses with a local industrial presence. Slow take up to date.
Synergies with Other Businesses	The creation of a large government services precinct acts as an anchor for other commercial uses. It promotes office space usage and development.	Colocation with a major shopping centre supported the emergence of a market for office space for retail-related tenants.	The site is ideally located within the Monash Technology Precinct, including Monash University and Monash Medical Centre. It creates opportunities for interaction between businesses. Pre-commitments were locked in from several large tenants for some recent office development.
Accessibility by Road	Motorists are served via EastLink, Monash Freeway, Princes Highway and other major arterial roads.	Chadstone is easily accessed by road via Warrigal Road and the Princes Highway, and is close to the Monash Freeway. Relatively close to the CBD.	The precinct is well located at the intersection of two major roads with good access to both the Monash Freeway and Princes Highway.
Public Transport	Dandenong railway station is adjacent to Dandenong's central business district. It serves as a public transport hub for an extensive bus network. A free shuttle bus operates from the station to key destinations.	New major bus terminal at the centre. Train stations in the area are further away but are within a conceivable walk.	Train services limited areas within the precinct. Generally serviced only by bus. Lack of public transport identified as a weakness by businesses in the area. Future rail services under consideration.
Access to Services/Amenities	Proximity to major shopping facilities and cultural activity hubs promote commercial investment, although past perceptions of the area have been difficult to overcome.	The co-location with a major retail centre and the dining and entertainment options that it provides creates significant appeal for office tenants.	Nearby Monash University, Monash Medical Centre. Lack of access to retail amenity identified by businesses as a major drawback.

While these case studies indicate there is some potential for office development in the south eastern suburbs, particular conditions need to exist. Each of these precincts has developed for different reasons:

- Dandenong has been driven by a strong level of state and federal government investment and support, including relocation of departments.
- Chadstone has succeeded due to its proximity to a white collar workforce and the CBD, while supporting a niche office market related to the shopping centre location.
- Mulgrave is building on the National Employment Cluster with synergies with Monash University and the medical centre, as well as demand from industrial businesses in the area.

As discussed below, the fundamentals for office development at this time at the Fountain Gate-Narre Warren MAC are not as obvious.

4.4.3 FOUNTAIN GATE-NARRE WARREN MAC: KEY SUCCESS FACTOR ASSESSMENT

Table 4.3 below provides a summary assessment of the Fountain Gate-Narre Warren MAC against the criteria identified to be critical to the successful development of office space.

Key Success Factor Assessment

FOUNTAIN GATE-NARRE WARREN MAC OFFICE MARKET POTENTIAL

TABLE 4.3

FACTOR	FOUNTAIN GATE-NARRE WARREN MAC	RATING (EXCELLENT / GOOD / AVERAGE / POOR / VERY POOR)
Population Growth	Strong population growth in main catchment of some 230,000 new residents in the next 20 years will create new business development and in turn office space demand.	Excellent
Office Worker Market	Approx 62% white collar in catchment; below Greater Melbourne average of 72%. Total White collar workforce approx. 150,000, set to grow to 250,000 in the next 20 years.	Average
Supply and Market Depth	Limited local supply. Recent development plans for major commercial office space developments have been abandoned or deferred indefinitely. Vacancy in new office buildings in precinct and slow absorption suggests limited market depth. Take-up of smaller office tenancies has been better.	Poor
Synergies with Other Businesses	Location of council in the MAC is beneficial. No significant large corporates in the area to anchor the commercial offering and create synergies. Proximity to retail may be beneficial to some prospective tenants.	Poor
Accessibility by Road	Location of the MAC between Princes Highway and Monash Freeway with Narre Warren Road dissecting the MAC allows strong road accessibility.	Good
Public Transport	Bus interchange is poorly positioned and designed. Train access is poor for the majority of the activity centre.	Poor
Access to Services/Amenities	MAC contains a large range of retail, services and other amenity. Challenges presented by the large size of the MAC; the business park precinct is removed from the shopping centre and lacks amenity.	Average

4.5 FUTURE OFFICE SPACE POTENTIAL

The potential for future office space at the Fountain Gate-Narre Warren MAC is primarily supported by the rapid population growth set to occur within the wider catchment. Despite low levels of white collar workers, poor rail accessibility and a lack of an anchor office tenant, the absolute population growth will ensure a deep pool of local workers and new business development.

Table 4.3 summarises an indicative analysis of the total volume of office space that is supportable based on population across the wider catchment. This data should be considered indicative only as it is based on average ratios of office space per resident across Australian metropolitan regions. It should be noted that this space may not necessarily be within the Fountain Gate-Narre Warren MAC and may be anywhere within the catchment. However, there is likely to be a heavy concentration of this within the MAC.

Supportable Office Space

FOUNTAIN GATE-NARRE WARREN MAC

TABLE 4.4

Year	Population	Indicative Supportable Office Space		
		Catchment (sq.m)	% Within FG-NW MAC	Within MAC (sq.m)
2016	354,605	106,000	30%	32,000
2036	584,089	175,000	35% - 45%	61,000 - 79,000
Change	229,484	69,000	5% - 10%	29,000 - 47,000

Source: Urbis

Melbourne's suburban office market has added approximately 60,000 sq.m of new space per annum for the past year. Office space at the Fountain Gate-Narre Warren MAC is projected to grow by 29,000-47,000 sq.m in the next 20 years. If the volume of space is added annually for the next 20 years, and the suburban markets absorption is maintained at similar levels to the 60,000 sq.m seen recently, this implies Fountain Gate will capture approximately 2.5% to 4% of total suburban office space added across Melbourne.

Indicative Annual Additional Office Space

CATCHMENT AND ACTIVITY CENTRE VS TOTAL MELBOURNE SUBURBAN OFFICE

TABLE 4.5

Average annual increase 2016 - 2036	
Melbourne Suburban Office Space	60,000
Total Catchment Office Space	3,450
% Total Melbourne Suburban Office Space	5.8%
FG-NW MAC Office Space	1,400 - 2,400
% Melbourne Suburban Office Market	2.5% - 4.0%

Source: Urbis

By 2036, the volume of office space estimated to be supportable at within the MAC – between 61,000 and 79,000, or 1,400-2,400 annual increase – is considerable but not unprecedented. For example, Box Hill's central activity area currently has approximately 146,000 sq.m of office space, while the current Chadstone redevelopment will see 17,000 sq.m of office space added in one stage on top of an already sizeable office provision.

4.6 COMMERCIAL OFFICE CONCLUSIONS

The following points represent key considerations for future office space development at the Fountain Gate-Narre Warren MAC:

- As the pool of white collar workers within the catchment grows, there is the potential that a critical mass will be reached that may precipitate the emergence of an office precinct at the Fountain Gate-Narre Warren MAC. Demand may grow to the point that the MAC becomes an attractive prospect to larger corporates, which can leverage deepening white collar workforce and take advantage of low rents. If this critical mass is reached and one or two large tenants are secured, this could pave the way for attracting related and/or support businesses, thus anchoring an office hub at the MAC.
- Many tenants select an office location because of either cost or location.
 - **Cost.** Relatively low rent can attract a tenant. However, even if office space at the Fountain Gate-Narre Warren MAC was cheaper than Mulgrave or Dandenong, there are many other low cost providers in Melbourne's south east. The Caribbean Business Park, for example, is owned outright by the operators who can, therefore, offer very cheap rent for the new office buildings being developed within the park.
 - **Location.** Local attributes such as the local workforce; a research facility; upstream, downstream or related businesses or amenity are drivers of demand from an office tenant. Casey's catchment has a low proportion of white collar workers, though the overall number will be large in time. The key locational advantage of the Fountain Gate-Narre Warren MAC is proximity to Westfield Fountain Gate, and locating future office development around the centre would leverage the amenity provided. Access is also quite strong by road, although not public transport at this stage.
 - **Anchor tenants.** The ability to attract major office users at the precinct will be critical in increasing its attractiveness as a workplace location. These tenants may include call centre-type operation or possibly the relocation of a government department or service. However, there has been limited success in this area to date with strong competition from nearby Dandenong, where there has been significant government support.

Current provision of office space in the Fountain Gate-Narre Warren MAC is centred in precinct F. This precinct contains the Casey Cardinia Business Hub, a recently built office building with approximately 20,000 sq.m of office space. However, the area is poorly connected to public transport and poorly located with regards to amenity provided by the shopping centre. More local service amenity is required to be provided here to support commercial development.

Co-location of future office development within walking distance of Westfield Fountain Gate would have a number of advantages in attracting workers and potential tenants. The centre also has stronger connectivity to bus and rail transport which further enhances its attractiveness to prospective office tenants. Areas between the shopping centre and the train station to the south could be considered for future office development, including the redevelopment of what is occupied by large format retailers and other underutilised sites.

5 Other Uses

This section provides a brief analysis on other major uses that may be supported at the activity centre. These secondary uses include hotel or short stay accommodation, health and education.

5.1 HOTEL/SHORT STAY ACCOMMODATION

In assessing the market for hotel or short stay accommodation, general supply and demand analysis is applied to the Fountain Gate-Narre Warren MAC. This provides insight into whether there is an opportunity for further hotel or short stay accommodation in the centre.

5.1.1 EXISTING AND FUTURE SUPPLY

The Survey of Tourist Accommodation (STA) is a census of all in-scope accommodation establishments across Australia, published by the ABS. According to the data there are eight establishments within the wider catchment out of a total of 850 in Victoria. However, given the small number of operators in Narre Warren, specific data on accommodation around the activity centre is limited.

There is currently a Quest Serviced Apartments in Narre Warren, which is 4-star rated. The facility has 35 apartments ranging from one to three bedrooms each.

In terms of future supply, there are currently no plans for major hotel or short stay accommodation projects within the City of Casey. This indicates that private sector interest in developing accommodation either as a standalone development or part of mixed-use project is low.

In 2007 a proposal was approved for the Casey Towers Hotel and Entertainment Complex on the corner of Princes Highway and Victor Crescent, within the activity centre. Planning committee commentary was that the development would provide valuable services that would complement existing and future office development. The project was initially delayed when the financial crisis hit, but was on track to go ahead by 2009. However, the project has since been abandoned.

5.1.2 DEMAND AND PERFORMANCE INDICATORS

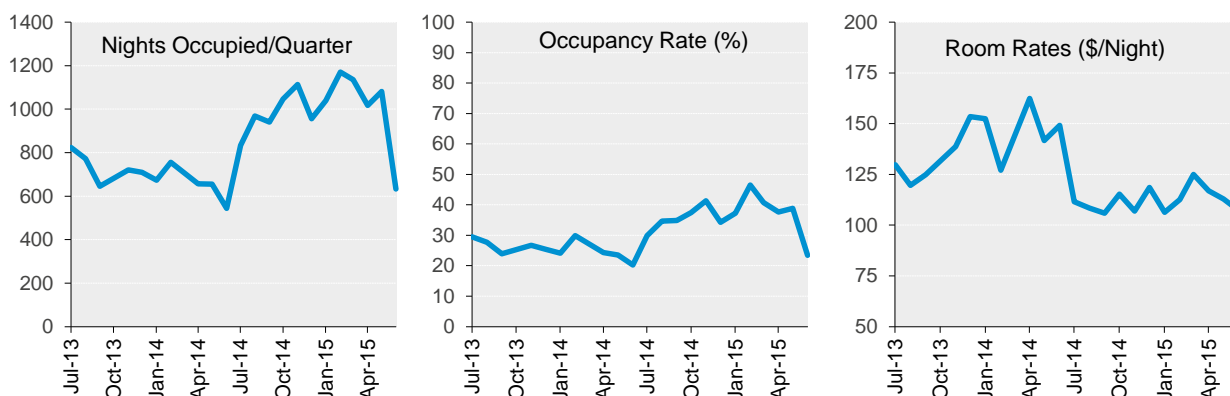
As there are too few providers of accommodation within the Casey LGA and wider catchment, the ABS does not publish data for most SA2s in the catchment. However, data on the eight providers within Cranbourne is available and there is some merit in using this data to provide an indication of demand for hotel and short stay accommodation more broadly.

Key indicators include total nights occupied, occupancy rates and room rates. Occupancy for accommodation providers in Cranbourne has been at a low level for the past two years, sitting consistently below 50%. Occupancy of 70% or greater is considered indicative of a market that may be undersupplied.

Demand Indicators

CRANBOURNE

CHART 5.1



Source: ABS

Tourism Research Australia data on tourism numbers across Melbourne SA2s shows that Cranbourne, Pakenham and Berwick have had the most visitors in the past five years among SA2s in the activity centre catchment. Across the region visitor nights increased in the last couple of years. This is thought to be linked to the population growth and a high share of nights being spent with family and friends.

Overnight Trips

TOTAL CATCHMENT BY SA2, 2011-2015

TABLE 5.1

Stopover SA2	2011	2012	2013	2014	2015	Total 2011-2015
Berwick - North	44,756	25,332	39,277	42,701	25,062	177,128
Berwick - South	0	0	0	0	0	0
Doveton	3,327	736	0	5,440	2,374	11,877
Endeavour Hills	3,538	8,477	6,799	10,380	7,880	37,073
Hallam	2,984	8,313	17,091	7,277	0	35,664
Narre Warren	9,765	23,283	37,242	35,862	32,679	138,831
Narre Warren North	816	2,254	0	2,342	4,126	9,538
Cranbourne	32,913	26,625	29,984	53,658	64,105	207,286
Cranbourne East	0	0	1,361	6,274	0	7,635
Cranbourne North	0	642	1,771	0	0	2,413
Cranbourne South	0	0	1,307	5,905	8,413	15,624
Cranbourne West	0	0	0	1,753	4,707	6,460
Hampton Park - Lynbrook	3,552	3,462	7,618	8,501	19,659	42,792
Lynbrook - Lyndhurst	1,970	0	4,382	1,733	0	8,085
Narre Warren South	1,667	1,156	1,615	1,683	0	6,121
Pearcedale - Tooradin	7,413	5,185	8,811	1,538	19,311	42,259
Beaconsfield - Officer	3,832	8,826	8,033	4,938	2,342	27,972
Bunyip - Garfield	1,714	5,267	12,978	11,165	19,821	50,944
Pakenham - North	28,495	19,349	21,120	70,573	46,372	185,909
Pakenham - South	0	0	0	0	0	0
Total	146,743	138,907	199,388	271,722	256,850	1,013,611

Source: Tourism Research Australia

Growth in total overnight stays across the catchment has grown at a strong rate, from 622,500 total nights in the five years to 2005 to 1.01 million in the most recent five years. Narre Warren's share of total visitor nights has remained fairly constant, measuring 14% in the past five years, which equated to 139,000 total visitor nights.

Overnight Trips

NARRE WARREN & TOTAL CATCHMENT, 2000-2015

TABLE 5.2

5 yr Total	2000 - 2005	2005 - 2010	2010 - 2015
Narre Warren	90,274	112,586	138,831
<i>Growth</i>		25%	23%
Total Catchment	622,492	925,704	1,013,611
<i>Growth</i>		49%	9%
% overnight stays in Narre Warren	15%	12%	14%

Source: Tourism Research Australia

At this stage there is no strong evidence pointing towards an undersupply of hotel or short stay accommodation. For even a 50 room accommodation provider to operate with 70% capacity, they would need a total of approximately 12,775 visitor nights, which is 40% of total overnight trips in the Narre Warren SA2.

If growth in visitor nights continues, there may be potential in the future for a small to medium-sized accommodation provider that can service the wider catchment. Continued population growth in the region will generate demand from people visiting family and friends and visiting for events such as weddings, while growth in office space could also grow demand from the business sector.

5.2 EDUCATION USES

The current provision of education in the catchment includes a strong presence of government schools. This includes primary schools, secondary schools and P-12 schools. There are a large number of primary schools, which service the 57% of households in the catchment that are families. Primary schools are localised catering to those in the immediate vicinity, with at least one in most suburbs. There is a high concentration of private schools in Berwick as well as secondary schools with ties to Monash University, providing a link between secondary school and university. Haileybury also has a campus for students in years 10-12 in Berwick.

Monash University's Berwick campus is an education focal point for the Fountain Gate-Narre Warren MAC catchment. It is located about 5km south east of Fountain Gate just south of Berwick activity centre, and is close to Berwick train station and Casey Hospital. The campus offers business, nursing and teaching courses at both an undergraduate and postgraduate level. There are approximately 1,900 students at the campus. Other schools in the precinct around Monash Berwick include Nossal High School, an academically selective high school within the Monash Berwick campus; Kambrya College secondary school; Brentwood Park Primary School.

Enrolments at Monash Berwick have remained fairly steady over the past decade, with a slight increase in the proportion of full-time students.

Monash University Berwick Campus

STUDENT ENROLMENTS, 2004-2014

TABLE 5.3

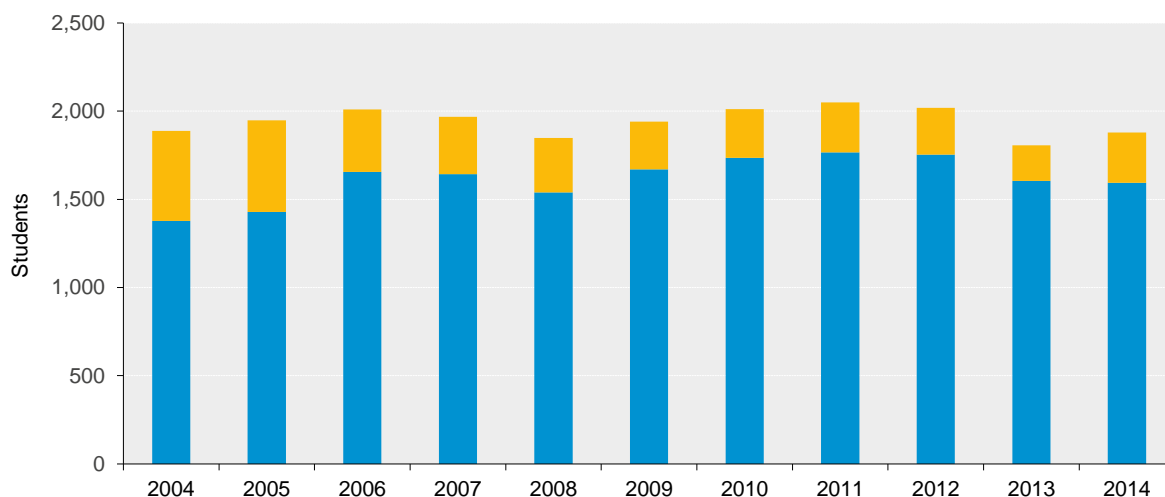
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Full time	1,377	1,428	1,656	1,642	1,539	1,669	1,736	1,766	1,753	1,604	1,594
Part time	511	520	353	326	308	272	275	283	265	202	284
Total	1,888	1,948	2,009	1,968	1,847	1,941	2,011	2,049	2,018	1,806	1,878

Source: Monash University

Monash University Berwick Campus

STUDENT ENROLMENTS, 2004-2014

CHART 5.2



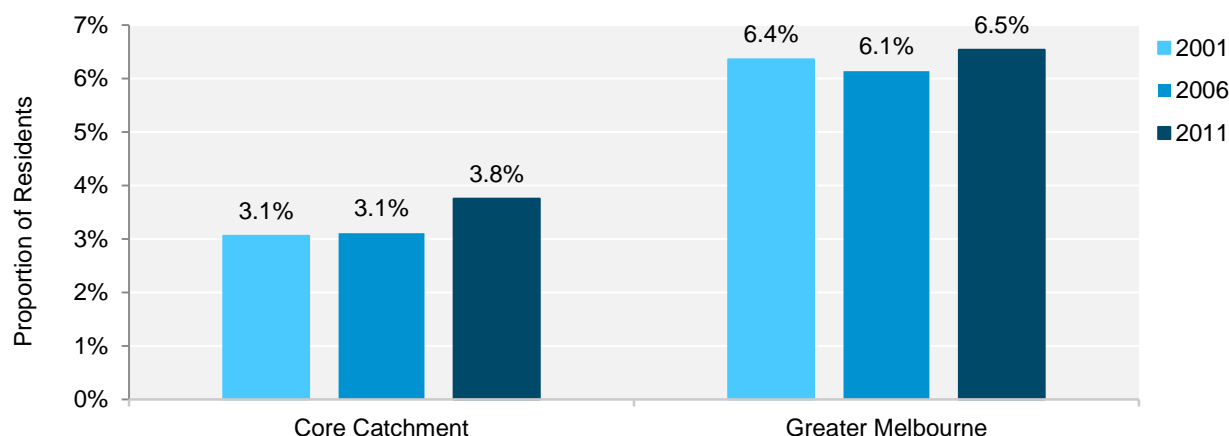
Source: Monash University

The proportion of residents undertaking tertiary education within the catchment is low compared to Greater Melbourne. However, it increased from 3.1% in 2006 to 3.8% in 2011. However, given the rapid population growth occurring in the catchment, the overall number of tertiary students is growing rapidly. In 2011, the overall population of the catchment was 301,000, meaning approximately 11,500 residents were tertiary students. As at 2016 the population is estimated at 355,000. If the proportion of residents studying has remained steady this means there are around an additional 2,000 residents studying at a tertiary level living in the catchment.

Tertiary Students

ACTIVITY CENTRE & CORE CATCHMENT VS GREATER MELBOURNE

CHART 5.3



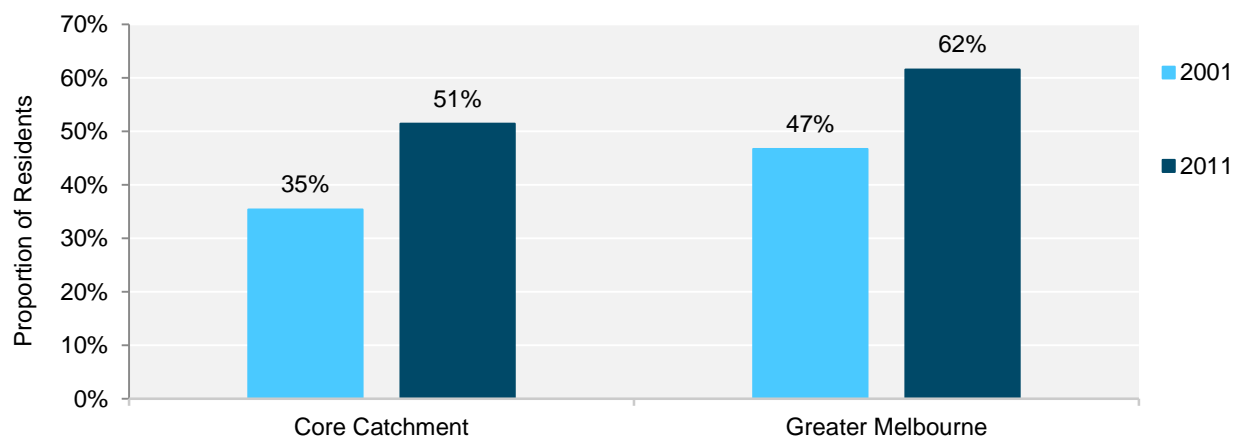
Source: ABS, Urbis

The proportion of residents in the catchment that have completed high school is also growing. This has contributed to the increase in residents undertaking tertiary studies. Between 2001 and 2011 the proportion of residents in the catchment that had completed year 12 grew from 35% to 51%. It is still below the average for Greater Melbourne, but the gap is closing.

Educational Attainment – Year 12 or Equivalent

ACTIVITY CENTRE & CORE CATCHMENT VS GREATER MELBOURNE

CHART 5.4



Source: ABS, Urbis

Given the demographic characteristics of local residents and the proximity of blue collar jobs to the City of Casey, provision of TAFE schools is also relevant. Chisholm TAFE has campuses in Berwick and Cranbourne. There are a number of smaller vocational schools such as All Health Training in Narre Warren, which provides healthcare and aged care training courses, as well as adult education centres.

The efficiencies and synergies associated with locating these uses at the activity centre are relatively modest given the concentration of education uses elsewhere in the region, particularly Berwick. However, some small education and training offer within the Fountain Gate-Narre Warren Activity Centre may be appropriate as the centre grows.

5.3 HEALTH & OTHER USES

5.3.1 HEALTH & MEDICAL

Casey and the wider Fountain Gate-Narre Warren MAC catchment are serviced by a number of medical centres that provide access to medical services to the local and regional populace. Key facilities include:

- Casey Hospital
- Casey Superclinic
- Narre Warren Medical Centre
- Pakenham Superclinic
- Berwick Healthcare
- Cranbourne Integrated Care Centre

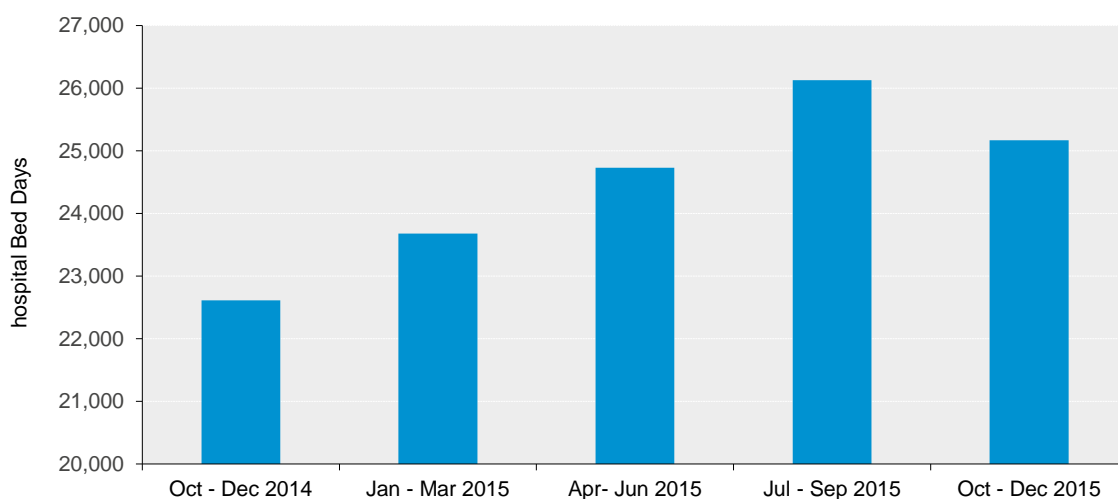
Casey Hospital opened in 2004 and now has 229 beds, providing regional hospital services to Melbourne's outer south east. The number of hospital bed days (aggregate number of days that a bed at the hospital was occupied by a patient) grew by 11% between the December quarter of 2014 and the December quarter in 2015, indicative of the growing requirement for health services in the area. It is likely that this hospital will need to be expanded considerably as its service area population grows, unless another hospital is opened in the region. In early 2015 the Victorian State Government announced \$106 million would be contributed towards a major expansion of the hospital.

Monash University's Berwick campus provides undergraduate, postgraduate and doctorate nursing courses and has emerged a specialist in training nursing graduates. This offer has strong synergies with the nearby hospital and provides the region with a competitive advantage in access to skilled nursing professionals. This puts the Casey municipality in a position to service the rapidly growing population in the south east growth corridor.

Hospital Bed Days

CASEY HOSPITAL, Q4 2014-Q4 2015

CHART 5.5



Source: Department of Health

The Narre Warren Medical Centre is the major healthcare provider within the MAC, with six doctors and three dentists in addition to two practice nurses and two dental nurses.

5.3.2 OTHER POTENTIAL LAND USES

The primary use at the Fountain Gate-Narre Warren MAC is likely to remain retail, though its designation as a MAC also recognises the importance of service provision to the MAC's broad regional catchment. This means that demand may grow for other services not provided elsewhere in the catchment that may be best provided in a centralised location such as within the activity centre, given its central location, strong accessibility and the range of amenity at the site. These uses may include community facilities or entertainment and leisure, in addition to those already discussed in this assessment. Entertainment and leisure uses would provide synergies with the strong retail offering at the MAC, which includes a lifestyle component already.

The proposed community facilities to be provided by Council in Bunjil Place have not been directly assessed in this report, however community uses of the nature proposed are clearly appropriate within the context of the Major Activity Centre designation.

5.4 OTHER USES CONCLUSIONS

5.4.1 HOTEL AND SHORT STAY ACCOMMODATION

- There is currently limited supply of hotel or short stay accommodation in and around the activity centre. The Quest Serviced Apartments within the centre has 35 one, two and three bedroom apartments. There are no large facilities outside of this around the centre.
- Previous plans for the \$100 million Casey Towers Hotel and Entertainment Complex would likely have provided valuable services to businesses in and around the MAC, but this did not go ahead.
- There may be potential in the future for a small to medium-sized accommodation provider that can service the wider catchment. As population continues to grow increasing demand will be generated from people visiting family and friends, while growth in office space could also grow demand from the business sector. A local hotel may in turn also improve the value proposition for prospective office tenants at the MAC.

5.4.2 EDUCATION

- The demographics of the catchment show an increasing proportion of tertiary students as well as growing educational attainment. While both of these measures are still below the Greater Melbourne average, the gap is generally closing.
- The catchment will require growing number of tertiary and vocational education places as the population grows by 65% in the next two decades.
- With regards to university education, the catchment is serviced by Monash University's Berwick campus, which has an annual enrolment of approximately 1,900. Residents also have convenient train and road access to Monash University's Clayton and Caulfield campuses.
- TAFE education is important to the catchment, which has a high proportion of blue collar workers and is in proximity to blue collar employment hubs in Hallam, Dandenong, Clayton and Mulgrave.
- There is potential for education uses at the Fountain Gate-Narre Warren MAC, particularly if located within walking distance of Narre Warren train station. However, given the potential for future residential development at the MAC, expansion of the centre's retail floorspace and a growing provision of office space to support local jobs, education may not be among the most productive land uses in the MAC.

5.4.3 HEALTH AND OTHER USES

- Monash Berwick provides undergraduate and postgraduate (including doctorate) courses in nursing. This provides access to a workforce that is highly skilled in terms of nursing. As the provision of healthcare within the catchment expands along with the population, the local healthcare sector will benefit from strong access to a skilled workforce.

- The key health precinct within the municipality is the area around Monash Berwick and Casey Hospital, where there are also two large medical centres (Berwick Healthcare and Casey Superclinic). Given this, any significant expansion of medical services aimed at the broader catchment is best suited to occur within at this precinct. While demand for smaller local medical centres will continue to grow, it is unlikely that demand will exist for any significant increase in medical services located at Fountain Gate, and any such provision is likely to serve only locals.
- Other land uses at the activity centre that are likely to increase activity while representing a productive use are likely to be those that leverage the centre's core retail offering. For example, entertainment and leisure uses that complement the offering at Westfield Fountain Gate may encourage increased visitation from across the catchment, benefiting the existing retail. Such uses may include restaurants, clubs, galleries, convention centres or concert halls.

6 Summary and Conclusions

The key conclusions from this assessment are as follows:

- In the short to medium term, the expansion of floorspace at the MAC will continue to be largely retail-focused. Westfield Fountain Gate and the Urban Heart should remain the focus for retail and entertainment development.
- There is potential for growth in office space at the activity centre. The area around the retail heart and linking to the train station is the most desirable location from a tenant perspective, although available land in the business park precinct will still satisfy some level of demand. However, any substantial increase in demand for office space may be long-term as the Fountain Gate-Narre Warren MAC doesn't currently exhibit many of the fundamental traits required to support a major office provision. Growth in office supply is likely to be slow although will approach a critical mass in time, particularly if some anchor tenants can be attracted.
- The potential for residential development around the MAC is limited at present, due primarily to the catchment area's demographics. However, as the area evolves and available land within the MAC is developed, a higher density housing market is expected to emerge. Plan Melbourne policy outlines the need for higher density residential to be located at activity centres, which makes efficient use of local infrastructure and services. At the activity centre this includes proximity to Narre Warren train station, local amenity at the Town Centre and Westfield Fountain Gate and access to tertiary education along the rail corridor, which are appealing features to those likely to reside in townhouses and apartments.
- The opportunity for hotel or short stay accommodation is limited at present. Available data does not indicate a shortage of supply in the catchment. However, given the rapid population growth occurring in the south east growth corridor, there may be an opportunity for an increase in hotel beds or short stay accommodation (in addition to the 35-room Quest Serviced Apartments currently at the MAC) as the catchment expands, particularly if the volume of office space at the MAC grows and larger tenants are secured. A hotel would have the added benefit of improving the value proposition of the MAC for potential office tenants.
- Ancillary uses such as health, education and community facilities will support the activity centre's growth but not drive it. These facilities are important, however. A MAC, as designated by Plan Melbourne, represents a centre of regional significance. Space for cultural centres (such as Bunjil Place), healthcare and education will reinforce the centre's position as one of regional significance that can satisfy the many of the needs of the catchment's population.

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Sydney

Tower 2, Level 23, Darling Park
201 Sussex Street Sydney, NSW 2000
t +02 8233 9900
f +02 8233 9966

Brisbane

Level 7, 123 Albert Street
Brisbane, QLD 4000
t +07 3007 3800
f +07 3007 3811

Melbourne

Level 12, 120 Collins Street
Melbourne, VIC 3000
t +03 8663 4888
f +03 8663 4999

Perth

Level 1, 55 St Georges Terrace
Perth, WA 6000
t +08 9346 0500
f +08 9221 1779

Australia • Asia • Middle East
w urbis.com.au e info@urbis.com.au