

Berwick South Retail and Commercial Needs and Projections Analysis & Review

Prepared for
City of Casey

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Executive Summary

Berwick South Retail and Commercial Needs and Projections Analysis & Review

Purpose and Objectives

The City of Casey appointed Charter Keck Cramer in November 2015 to assess future commercial floor space requirements within Berwick South and provide advice on where and how this should be accommodated across the precinct. This assessment addresses the impact of projected population growth upon the retail needs of future residents and the most appropriate means through which these needs may be met. In addition, it provides Councils with a basis for assessing proposed retail developments.

Council requested that this assessment:

- Provide a strategic basis for future strategic planning for Activity Centres in the Berwick South precinct.
- Identify the current and future demand for retail floor space within Berwick South to 2036 and recommend how retail floor space growth should be distributed across activity centres within the precinct.
- Inform Council's review and update of the Activity Areas and Non-Residential Uses Strategy (2012), and subsequent amendment to the Casey Planning Scheme.
- Enable Council to provide adequate leadership in relation to retail and commercial planning in the precinct through the establishment of a clear, evidence-based activity centres hierarchy for Berwick South.

Methodology

The methodology adopted to undertake this assessment comprises three key components being the analysis of:

- the strategic context;
- retail floorspace demand; and
- activity centre location.

The Strategic Context Analysis considers existing information and data that will influence future demand for retail and commercial floorspace within Berwick South and where this space is most appropriately located. This relates to:

- The location of the Study Area, accessibility and location of existing and proposed activity centres.
- Planning strategies that establish objectives and guidelines for the location and development of activity centres as well as land use generally.
- The demographic and socio-economic profile of existing residents, together with the projected growth in the population the Study Area which will be a key determinant of future demand for retail goods and service.

The Retail Floorspace Demand Analysis component investigates the potential demand for supermarkets within Berwick South which may then anchor a new neighbourhood activity centre. After reviewing market research relating to household shopping behaviour and how this will influence their choice of centre for weekly shopping, a number of benchmarks and case studies relating to supermarket provision are also reviewed. This provides a context for

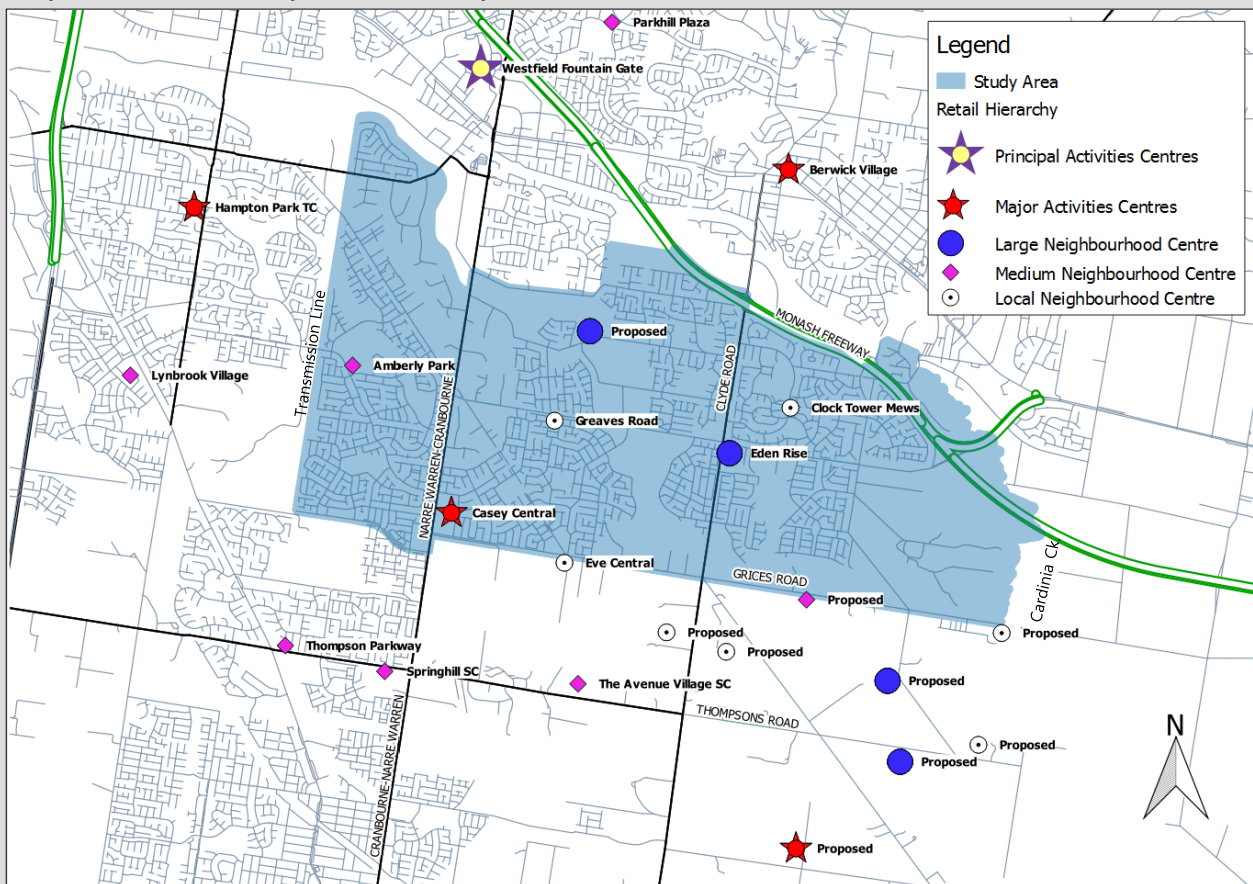
understanding the assumptions that underpin demand assessments for retail floor space that have been undertaken for both the Berwick Waterways Local Town Centre and the broader Berwick South area.

The Activity Centre Location Analysis identifies potential locations for a new activity centre within Berwick South as well as the opportunity for non-retail commercial development. The Net Community Benefit associated with a new centre is also investigated.

Study Area and Accessibility

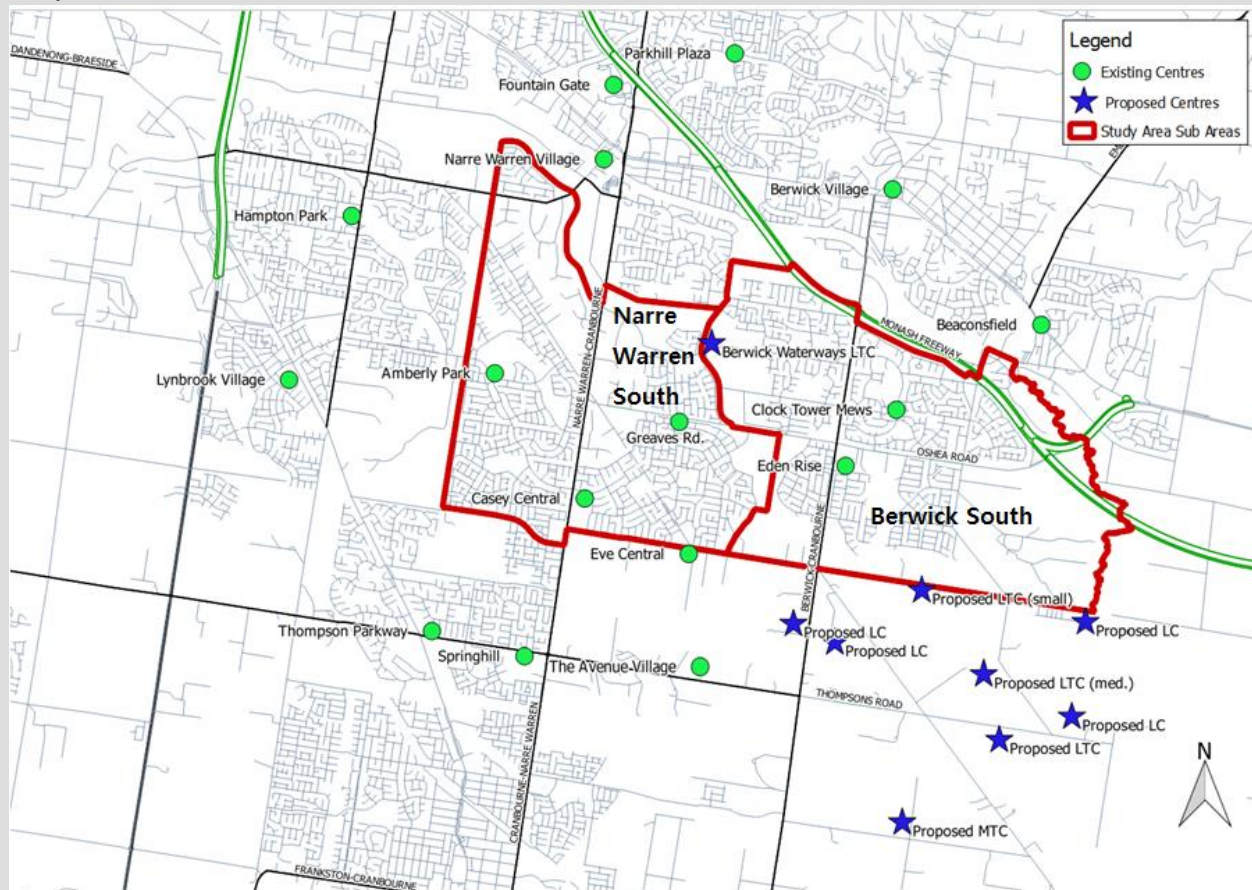
The Berwick South Study Area (refer figure below) is centrally located within Casey's established residential area where it is well defined by physical barriers being the Monash Freeway, Cardinia Creek and a transmission reserve, as well as by competition from other centres.

Study Area and 2012 Activity Centres Hierarchy



North-south arterial roads, together with the wetlands reserve, establish eastern and western corridors within the Study Area and effectively two sub-areas as shown in the figure below. This acts to influence residents' use of the existing Casey Central and Eden Rise Village activity centres, as well as two smaller centres being the Amberly Park and Clock Tower Mews activity centres.

Study Area Sub Areas



A Local Town Centre has been approved at Berwick Waterways while Council also has received a request to rezone land adjacent to the Berwick Springs Hotel for a new neighbourhood activity centre. Within the surrounding area, a number of new centres are proposed under approved precinct structure plans, including the Berwick Waterways Local Town Centre within the Study Area. Other proposed centres are located to the south of the Study Area where they will primarily service residents of new residential estates

Existing Activity Centres

Study Area households have a relatively wide choice of centres across the activity centre hierarchy, including smaller convenience style centres for daily essentials and neighbourhood centres for weekly grocery shopping, limited specialty shopping and personal services. Fountain Gate Activity Centre, located just beyond the Study Area, also offers a full range of retailing. Overall, this provides a moderately competitive retail environment with limited need for residents to travel outside the immediate area.

Eden Rise Village as the primary centre servicing the Berwick South portion of the Study Area anecdotally appears to be performing strongly, but may face capacity constraints in servicing projected population growth. Although the centre offers limited specialty food retailing, there are a number of 'destination style' activities (banks, health services etc.) which suggests it is performing some aspects of a sub-regional retail centre.

Although Clock Tower Mews and Greaves Road local neighbourhood centres largely perform a convenience retailing role, Amberly Park Shopping Centre offers a competitive independent supermarket (IGA) together with a mix of specialty

retailers. This highlights the capacity for independent supermarkets to meet the weekly shopping needs of local residents and provide an effective anchor for a neighbourhood activity centre.

Fountain Gate Activity Centre may still attract a significant portion of supermarket expenditure by Study Area households as part of multi-purpose visits to the centre. This will however be limited by the ability of shoppers to conveniently access supermarkets, given the level of competition for parking from other shoppers.

Strategic Review

State and local planning policies promote a range of objectives for activity centres beyond just their core retail function, recognising the opportunity to leverage additional employment growth across non-retail activities and a greater diversity of housing. The State Government's 'Plan Melbourne' provides clear direction on the need for population growth to coincide with improved living standards through providing access to a diversity of housing, improved employment opportunities and an efficient transport system. The concept of a 20 minute city, whereby households are able to conveniently access local services and facilities, is a key component to achieving this objective.

The City of Casey Planning Scheme similarly highlights the need to improve residents' quality of life through reducing work related travel times by expanding local employment opportunities, particularly within activity centres and other locations accessible to residents.

Council's Activities Areas and Non-Residential Uses Strategy (2012) clearly identifies strategic objectives for Neighbourhood Activity Areas which highlights their role in meeting the shopping and other needs of residents, while also providing local employment opportunities. Facilitating multi-purpose trips through co-locating goods and services in a single, central location accessible by various transport modes is also envisaged by the strategy.

The Strategy provides guidelines for assessing out-of-centre proposals to ensure that the activity centres network remains diverse, robust and sustainable. These guidelines address the likely contribution/need for a proposed development, including the suitability of alternative sites; proximity to existing activity centres and potential synergies; and the impact upon the role of existing centres. An assessment of the Net Community Benefit of a development proposal is also required for non-residential developments to identify the likely impact upon the opportunity for choice, accessibility and convenience, the viability and efficiency of centres.

Future residential and commercial development in new residential areas as outlined in approved precinct structure plans includes 924 dwellings / 2,586 residents within the Berwick Waterways PSP, which is centrally located within the Study Area. The PSP also provides for a Local Town Centre with approximately 5,000 m² of retail floor space. Also located within the Study Area is Minta Farm, which has been identified as a future employment precinct with no residential development component. Three planning areas located immediately south of the Study Area, being Cranbourne North (Stages 1 and 2) and Clyde North have an identified capacity for 12,592 dwellings and a population of 34,853 residents. A number of local town centres are proposed to meet the needs of these future residents.

Demographic Analysis

The demographic profile of residents can have a significant influence upon disposal household income and associated expenditure on retail goods and services, particularly where there is a notable increase in the number of older households.

The Study Area has experienced strong population growth, increasing by 28,816 residents over 2001-2011 which equates to an average annual growth rate of 8.6% per annum. However, population growth is projected to slow significantly to

average only 0.4% per annum over the period 2011-2036, with population levels peaking around 2026. Population growth is projected to be focused upon Berwick South where there are greater opportunities for residential development, while Narre Warren South's population is projected to peak around 2016.

The Study Area is characterised by relatively affluent households with higher income levels and assets, although this is tempered to some degree by higher mortgage repayments. This is largely a reflection of the age profile of residents with a relatively higher proportion in the key 25-44 year age group, being when workers are reaching the peak of their careers and also raising families. Together, these two factors combine to facilitate greater expenditure on retail goods and services.

Expenditure on retail goods and services will be supported by the relative affluence of households within both Narre Warren South and Berwick South. The ABS's SEIFA Index of Economic Resources indicates that overall, households within both areas are in the top 20% of households nationally with respect to the economic resources they have access to.

Population forecasts indicate an expected ageing of the population across the Study Area, with the proportion of residents aged over 65 years increasing significantly from 5% in 2011 to 17% by 2036 in Narre Warren South, and from 5% to 13% over the same period in Berwick South. The number of Narre Warren South residents working full-time is expected to decline by around 15% over 2016-2036. Conversely, strong population growth within Berwick South will offset the impact of an ageing population with the number of residents working full-time expected to increase by 19% over this period.

These trends are expected to result in a shift in retail expenditure from Narre Warren South to Berwick South. In addition, disposable household income and per capita retail expenditure is expected to be reduced to levels similar to more established areas such as Narre Warren. Current expenditure levels of Narre Warren households therefore provide a more realistic indication of longer-term potential per capita demand for retail goods and services within the Study Area.

The composition of households will mirror the trends in the age profile and life cycle stage of residents. Hence, there is a projected decline in the representation of 'couple families with dependents' within both Narre Warren South and Berwick South from well over 50% in 2011 to around 40% by 2041. This would be expected to result in an overall softening in per capita retail expenditure in both areas. Similarly, a projected growth in 'couples without dependents' and 'lone person households' reflects the projected ageing of households within the Study Area with strong growth in the proportion of residents aged 65 years and over, combined with a decline in the proportion represented by 'younger workers' (25-44 years).

Household Shopping Behaviour and Expenditure

The projected ageing of households within the Study Area will impact upon per capita retail expenditure. As a result, expenditure is expected to approximate that of Narre Warren which currently has an age profile consistent with that forecast for the Study Area. Expenditure modelling based upon the characteristics of Narre Warren households' estimates that expenditure on food, groceries and liquor is approximately \$5,099 per person, which is 12% higher than that estimated for metropolitan Melbourne.

The distribution of household spending across centres within the Study Area will be determined by households' shopping patterns. Within the Study Area, this is expected to be consistent with that of other Australian households with a preference for shopping locally for food and groceries, but also undertaking such shopping at larger regional and sub-regional shopping centres such as Fountain Gate.

Surveys undertaken by Roy Morgan Research and others indicate that households' choice of supermarket is primarily determined by its proximity to their home, food quality, value for money and ease of parking. This is confirmed by state government travel surveys indicating that 69% of visited supermarkets are within 2.5 km of the shopper's home.

Retail and Commercial Floorspace Assessment Context

Households' use of activity centres and the resulting performance of activity centres within Berwick South will be influenced by the impact of the area's road network and physical features upon the accessibility of centres. The key influences are the two north-south arterial roads, being Narre Warren-Cranbourne Road and Clyde Road, and the Wetlands Reserve. Together with limited east-west road connections, this creates two north-south corridors which impacts upon the relative convenience of the existing and future centres for households, and as a result the trade area of centres.

Virtually all households within the Study Area are less than 2.5 km from either Casey Central or Eden Rise Village. Across metropolitan Melbourne, 69% of the supermarket shoppers travel this distance or less. This accessibility to existing centres, combined with physical barriers limiting the ability to attract shoppers from outside the Study Area, may impact upon the ability to support new centres elsewhere within the Study Area. However, given that residents' choice of supermarket within Berwick South is limited to Coles and Aldi supermarkets at Eden Rise, there may be the capacity to support a new centre if anchored by a Woolworths supermarket. Similarly, an independent supermarket with strong links to the local community may potentially also be supported.

Physical barriers, both protect centres within the Study Area from competing centres as well as limit their trade areas. As a result, any new centres will face the greatest competition from, and have the greatest economic impact upon, existing centres within the Study Area. Similarly, physical barriers and road access represent potential risks for the proposed Berwick Waterways Local Town centre in terms of the trade area it may service, and the likely supermarket format that may be supported.

Although the Berwick South and Narre Warren South corridors are somewhat physically separated, they share many similarities in terms of population capacity, the socio-economic profile of residents and competition from new neighbourhood activity centres to the south. Narre Warren South's population has now peaked at around 29,000 residents, while the population of Berwick South is projected to reach a similar level around 2031. Narre Warren South therefore provides an indication of the future sustainable floor space within neighbouring Berwick South, given that:

- Narre Warren South has largely reached its population capacity; and
- Casey Central is currently being expanded to meet demand for retail space with the addition of a second full-line supermarket, discount department store and additional specialty stores.

In terms of benchmarks for the provision of full-line supermarkets, there is an average of approximately 14,000 residents for each full-line supermarket across Melbourne's outer metropolitan regions, which provides a broad indication of the capacity of a trade area to support a typical supermarket. Notably, the population of Narre Warren South is projected to peak at around 30,000 residents, which is consistent with two full-line supermarkets being comfortably supported.

Similarly, combined average annual sales across full-line (Coles and Woolworths) supermarkets is around \$42 million per annum. This provides an 'average' benchmark for assessing the capacity for additional supermarkets within proposed neighbourhood activity centres, if specialty retailers are also to perform at levels comparable to those within existing neighbourhood activity centres.

Small retailers and other businesses in neighbourhood activity centres rely upon supermarket anchors performing well in order to attract potential customers, and ensure the ongoing commercial viability of these smaller businesses. Planning for new centres on the basis of projected supermarket sales that are below industry averages may potentially undermine a centre's overall vibrancy and sustainability. Within this context, total sales rather than per square metre sales generated by a supermarket is a more important indicator of the contribution of a supermarket anchor to the sustainability of specialty retailers and an overall centre.

The supermarket industry has changed significantly over the past 15 years following the entry of Aldi into the Australian market, and may continue to evolve given the expansion of Costco and the rumoured entry of German supermarket Lidl. Currently, approximately 70-80% of household expenditure on food, groceries and liquor is spent at supermarkets. Coles and Woolworths together account for approximately 70% of total supermarket sales, while IGA and Aldi together account for a further 20%.

Independent supermarkets also have the capacity to anchor neighbourhood activity centres with supporting specialty retailers, particularly where they service a well-defined trade area, offer a high level of convenience and have strong links with the local community. Amberly Park Shopping Centre is one example of where this is the case.

Berwick Waterways Local Town Centre Assessment

A Local Town Centre of up to 5,000 sqm has been identified for the Berwick Waterways PSP area. The trade area of such a centre will be however be limited by the local road network, making access from the north-west inconvenient, resulting in residents favouring other centres such as Casey Central and Fountain Gate activity centres. This places greater reliance upon attracting shoppers from other residential areas where there is direct competition from Eden Rise Village.

An assessment of the turnover potential of a supermarket at the Berwick Waterways LTC, based upon the residential development capacity of the area, indicates that a full-line supermarket may be supportable. However, this would most likely be limited to a Woolworths supermarket given that Coles would probably not wish to cannibalise sales at its existing Eden Rise store. In addition, there is the risk that the assumed market share for the less accessible portion of the trade area may not be achieved. This may undermine not only the supportability of a full-line supermarket, but also the amount of specialty retailing and the overall commercial viability of such a centre.

The opportunity may however exist for an independent supermarket of approximately 2,000 m² to be supported within Berwick Waterways, which may provide an anchor for a smaller scale neighbourhood activity centre. Such a centre may offer a point of difference to larger centres through establishing stronger links to the local community.

Berwick South Retail Demand Assessment

Future growth in demand for retail goods and services within the Study Area will be concentrated within Berwick South. Similarly, given that the expansion of Casey Central is expected to adequately meet the needs of Narre Warren South residents, any future provision of neighbourhood activity centre floorspace is also expected to be focused within Berwick South. In addition to servicing residents within Berwick South, centres would be expected to also attract shoppers from the adjacent residential area between the Wetlands Reserve and Narre Warren – Cranbourne Rd, as would Casey Central. Similarly, a small portion of shoppers would be expected to reside beyond the immediate area.

Modelling future household expenditure at supermarkets across activity centres within Berwick South reflects projected population growth, expected per capita expenditure on supermarket type merchandise and households' expected shopping behaviour. This modelling indicates that there is currently the capacity to support an additional full line supermarket within Berwick South, with a further full-line supermarket able to be comfortably supported by 2021.

Accordingly by 2021, there is the opportunity for two additional neighbourhood activity centres to be supported in Berwick South to complement the existing Eden Rise Village. This will include the approved Berwick Waterway's Local Town Centre together with one additional neighbourhood centre. Potential locations for such a centre are assessed in the following section.

In the event that an independent supermarket, rather than a full-line supermarket, were developed at the Berwick Waterways Local Town Centre, higher sales would be expected at the remaining full-line supermarkets, thereby reducing any impact upon Eden Rise Village.

Potential Activity Centre Locations

A new supermarket based centre within Berwick South will need to be located where they are easily accessed by the households for weekly and top-up shopping, complement rather than directly compete with existing centres, and contribute to the lifestyle and employment opportunities available to local residents.

Full-line supermarket anchored centres require sites of approximately 1.5-2.0 ha, ideally on a major arterial road. Smaller centres anchored by an independent supermarket would require 1.0-1.5 ha but may be supported internally within a residential area, provided they attract strong loyalty from the local community. Centres should have well-defined trade areas to reduce investment risk and support their long-term viability.

Centre locations should also provide opportunities for non-retail activities (e.g. health, business services and entertainment) and overall provide a net benefit to the community through improving the livability of the surrounding area.

In addition to the approved Berwick Waterways LTC, three other locations that may be suitable for a neighbourhood activity centre within Berwick South are:

- Greaves Road, immediately east of the wetlands reserve.
- Greaves Road, immediately west of the Berwick Springs Hotel and connecting through to Clyde Road, for which Council has received a request to rezone land to facilitate development of a neighbourhood activity centre.
- O'Shea Road, west of Eden Rise Village.

The site adjacent to the Berwick Springs Hotel has been identified as a preferred location given the opportunity to:

- Strengthen the role and function of the existing retail / commercial precinct that it abuts.
- Consolidate commercial activity in a central location with the potential to leverage higher-order retailing and related non-retail activities.

Non-Retail Development Opportunities

Assessing the opportunities for non-retail development requires a greater reliance upon subjective assessments of the location preferences of businesses, rather than the form of quantitative analysis used to assess retail development opportunities. This includes acknowledging the existing Narre Warren office precinct and Berwick health precinct, which will continue to attract the majority of new business activity, thereby limiting opportunities in nearby locations such as Berwick South.

Typically, demand for suburban office space in activity centres comes from professional service providers such as accountants, financial planners, solicitors and employment agencies that service local residents and other businesses. These businesses often commence as small scale operations and therefore have the option of locating in home-based offices or quasi office space such as shop fronts. As they grow, some businesses will graduate to purpose-built office space in locations where they can better serve their clients.

Health service providers represent another key source of demand for commercial floorspace in neighbourhood activity centres, either as purpose built medical centres or more conventional office space.

Based upon the relationship between resident population and office / health employment across Melbourne and Berwick South's long-term population capacity, there is expected to be the potential to support in the order of:

- 500-750 m² of commercial office space,
- 500-600 m² for a medical clinic, with additional stand-alone health providers possibly requiring an additional 100-200 m²; and
- approximately 700-1,500 m² of floorspace for recreational activities such as a gym.

Of the three potential locations identified for a neighbourhood activity centre in Berwick South, the greatest opportunity to support non-retail activities is expected to be within the proposed Berwick Springs Neighbourhood Activity Centre. This reflects the exposure and accessibility offered by Clyde Road and proximity to the amenity and services offered by Eden Rise Village for workers.

Net Community Benefit

The City of Casey's Activity Areas and Non-Residential Uses Strategy identifies key strategic objectives for Neighbourhood Activity Areas and provides Location Assessment Guidelines for evaluating the Net Community Benefit of development proposals. These guidelines have been applied in assessing the Net Community Benefit of a new neighbourhood activity centre at the three potential sites with respect to the opportunity for choice; accessibility and convenience; and viability and efficiency

A new neighbourhood activity centre within Berwick South will provide residents with the choice of all three major supermarket chains as well as a wider choice of specialty retailers and other businesses. The proposed Berwick Springs Neighbourhood Activity Centre would consolidate retail and commercial activity around Eden Rise Village and the adjacent commercial precinct, thereby potentially supporting a greater number of higher-order retailers. This will provide households with a wider choice of retail goods and services that if a new centre were located elsewhere, as well as providing the benefits of a more competitive retail environment.

Accessibility via various transport modes is comparable across all three potential neighbourhood centre locations, although the Berwick Springs site offers better access from the Clyde Road north-south arterial and the convenience of potentially still visiting Eden Rise Village as part of a single trip. The Berwick Springs site also offers the opportunity to consolidate activity into a single, centrally located retail / commercial precinct, thereby providing greater opportunity to support a range of non-retail activities including business services, health services, hospitality and entertainment. Consolidating retail activity into Berwick Springs / Eden Rise would also be expected to support the precinct's competitiveness relative to both new neighbourhood activity centres to the south and the expanded Casey Central. Similarly, through servicing a wider trade area, businesses will attract a more diverse range of households.

Any competitive impacts of a new centre upon Eden Rise Village are more likely to be moderated by locating such a centre on the Berwick Springs site compared to alternative locations, as Eden Rise Village will have greater opportunity to compete for household expenditure than if shoppers were split between two separate centres.

Conclusions and Recommendations

Continued population growth within Berwick South will generate demand for additional supermarket floorspace that will support the development of new activity centres within the area. This will include the already approved Berwick Waterways Local Town Centre and the proposed Berwick Springs Neighbourhood Activity Centre for which Council has received a rezoning request. The centrally located Berwick Springs site offers a number of strategic advantages over alternative sites in terms of accessibility and potential to also support non-retail commercial activity.

The consolidation of retail and other commercial activity into the Eden Rise / Berwick Springs precinct will provide the opportunity for higher-order activities. However, this is not expected to warrant the elevation of the centre to that of a major activity centre.

In order to facilitate development of a new neighbourhood centre at Berwick Springs via a planning scheme amendment, the City of Casey Activity Areas and Non-Residential Uses Strategy will need to be reviewed based upon updated municipal retail floorspace projections and the findings of this assessment.

A Commercial 1 zone or an equivalent zoning such as a Comprehensive Development Zone would be appropriate for the Berwick Springs site to facilitate retail and other commercial development. There will be the opportunity for Council to control design, infrastructure and development outcomes for the site via an appropriate Design and Development Overlay or Development Plan Overlay.

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Abbreviations and Definitions

AAGR	Average annual growth rate
ABS	Australian Bureau of Statistics
DTPLI	Department Of Transport, Planning and Local Infrastructure
DEWLP	Department of Environment, Water, Land and Planning
LC	Local Centre
LTC	Local Town Centre
MTA	Main Trade Area
MTC	Major Town Centre
NAA	Neighbourhood Activities Area
n.e.c	Not elsewhere classified
PSP	Precinct Structure Plan
SPPF	State Planning Policy Framework
Full-line supermarket	Coles and Woolworths
Independent supermarket	IGA, FoodWorks etc.

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1. Introduction

Charter Keck Cramer was appointed by the City of Casey in November 2015 to assess the retail and other commercial floor space requirements of Berwick South to 2036 and provide advice on where and how this should be accommodated across the precinct.

The purpose of this report is set out below:

- To provide a strategic basis for future strategic planning for Activity Centres in the Berwick South precinct.
- To identify the current and future demand for retail floor space within Berwick South to 2036 and recommend how retail floor space growth should be distributed across activity centres within the precinct.
- To inform Council's review and update of the Activity Areas and Non-Residential Uses Strategy (2012), and subsequent amendment to the Casey Planning Scheme.
- To enable Council to provide adequate leadership in relation to retail and commercial planning in the precinct through the establishment of a clear, evidence-based activity centres hierarchy for Berwick South.

In order to meet these objectives, a number of key tasks were identified by the Project Brief being to:

- Assess current and future retail and commercial floorspace requirements within Berwick South.
- Identify the most appropriate location for retail and commercial floorspace, including the provision of a full-line supermarket.
- Determine the net community benefit (economic, environmental and social) associated with development options within the precinct.
- Provide recommendations on strategies to ensure the viability of retail and commercial activity within Berwick South.
- To determine if an additional neighbourhood activity centre is required in Berwick South to meet current and future community needs.

1.1 Report Structure

The assessment comprises three key components being:

- Strategic context (Sections 2-5)
- Retail floorspace demand (Sections 6-9)
- Activity centre location (Sections 10-12)

1.1.1 Strategic Context

Sections 2-5 provide an analysis of existing information and data that will influence future demand for retail and commercial floorspace within Berwick South and where this space is most appropriately located. This relates to:

- The location of the Study Area, accessibility and location of existing and proposed activity centres.
- Planning strategies that establish objectives and guidelines for the location and development of activity centres as well as land use generally.
- The demographic and socio-economic profile of existing residents, together with the projected growth in the population the Study Area which will be a key determinant of future demand for retail goods and service.

1.1.2 Retail Floorspace Demand

Sections 6-9 investigate the potential demand for supermarkets within Berwick South which may then anchor a new neighbourhood activity centre. After reviewing market research relating to household shopping behaviour and how this will influence their choice of centre for weekly shopping, a number of benchmarks and case studies relating to supermarket provision are also reviewed. This provides a context for understanding the assumptions that underpin demand assessments for retail floorspace that have been undertaken for both the Berwick Waterways Local Town Centre and the broader Berwick South area.

1.1.3 Activity Centre Location

Sections 10-12 identify potential locations for a new activity centre within Berwick South as well as the opportunity for non-retail commercial development. The Net Community Benefit associated with a new centre is also investigated.

1.1.4 Conclusions and Recommendations

The key findings of this assessment and recommendation are presented in Section 13.

1.1.5 Appendices

Two reports prepared by consultants in relation to a new neighbourhood activity centre at Berwick Springs are reviewed in Appendix A and B.

2. The Study Area and Accessibility

The Berwick South Study Area is centrally located within Casey's established residential area where it is well defined by physical barriers being the Monash Freeway, Cardinia Creek and a transmission reserve, as well as by competition from other centres. North-south arterial roads, together with the wetlands reserve, establish eastern and western corridors within the Study Area which influences residents' use of the existing Casey Central and Eden Rise Village activity centres, as well as two smaller centres being the Amberly Park and Clock Tower Mews activity centres.

A Local Town Centre has been approved at Berwick Waterways while Council also has received a request to rezone land adjacent to the Berwick Springs Hotel for a new neighbourhood activity centre. Within the surrounding area, a number of new centres are proposed under approved precinct structure plans, including the Berwick Waterways Local Town Centre within the Study Area. Other proposed centres are located to the south of the Study Area where they will primarily service residents of new residential estates.

2.1 Study Area

A Study Area has been defined to reflect the need to take account of all aspects of retail and commercial activities including the influence of:

- existing and proposed centres;
- physical barriers that limit access to these centres from within Berwick South; and
- current and future patterns of residential development.

The Study Area, as shown in Figure 1, is defined by a number of physical barriers being:

- Cardinia Creek to the east;
- Monash Freeway, Sweeney Reserve the drainage reserve to the north; and
- the transmission line immediately to the west.

The southern boundary of the Study Area is defined by Glasscocks Road / Grices Road to reflect competition from three existing centres and the proposed Clyde North Local Town Centre immediately to the south, which will limit households' use of centres within Berwick South (refer Figure 1).

The Wetlands Reserve, extending from the Narre Warren Railway Station in a south-easterly direction to the junction of Glasscocks and Clyde Roads, divides the Study Area into two sub-areas as indicated in Figure 1. This would be expected to influence households' use of existing activity centres, particularly given that the Casey Central and Eden Rise Village are located on north-south arterial roads that provide a connection through each of these sub-regions to the Monash Freeway to the north.

These physical boundaries coincide with the Australian Bureau of Statistics' Statistical Area 2 (SA2) boundaries for:

- Narre Warren South; and
- Berwick South.

Figure 1: Study Area

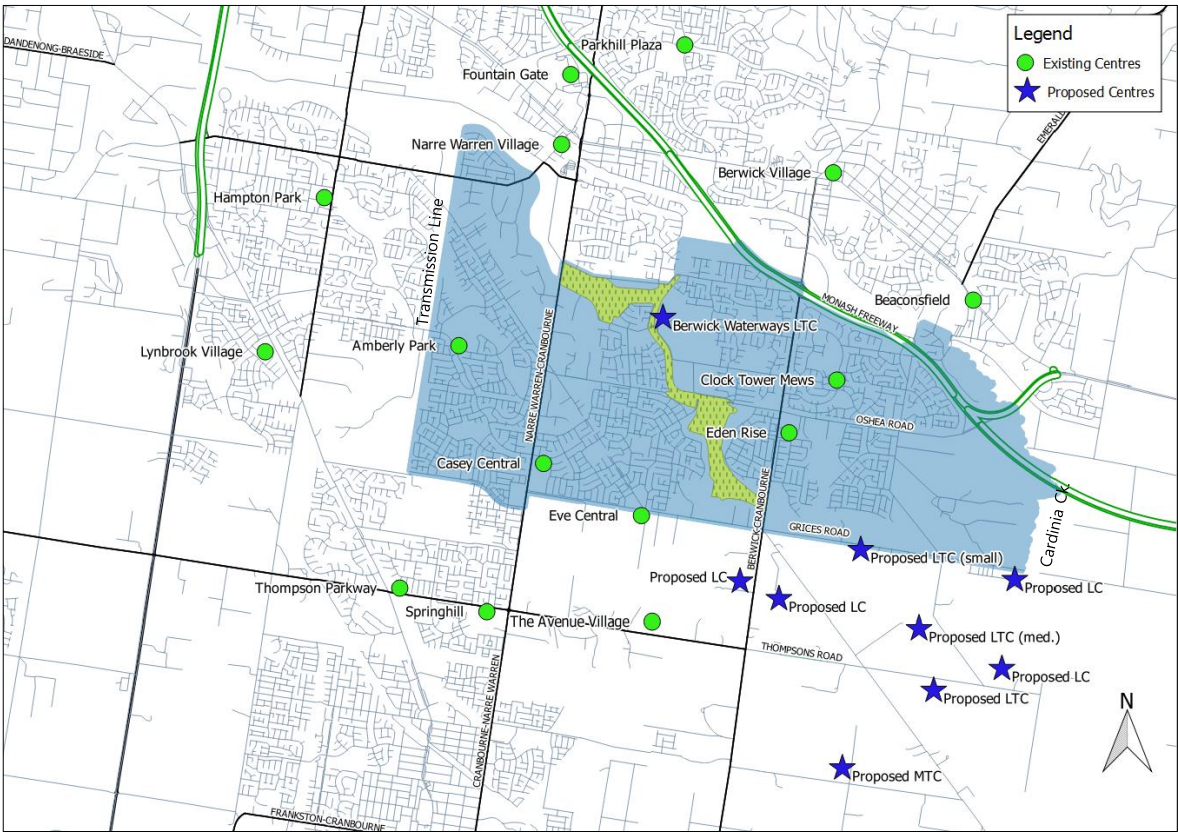
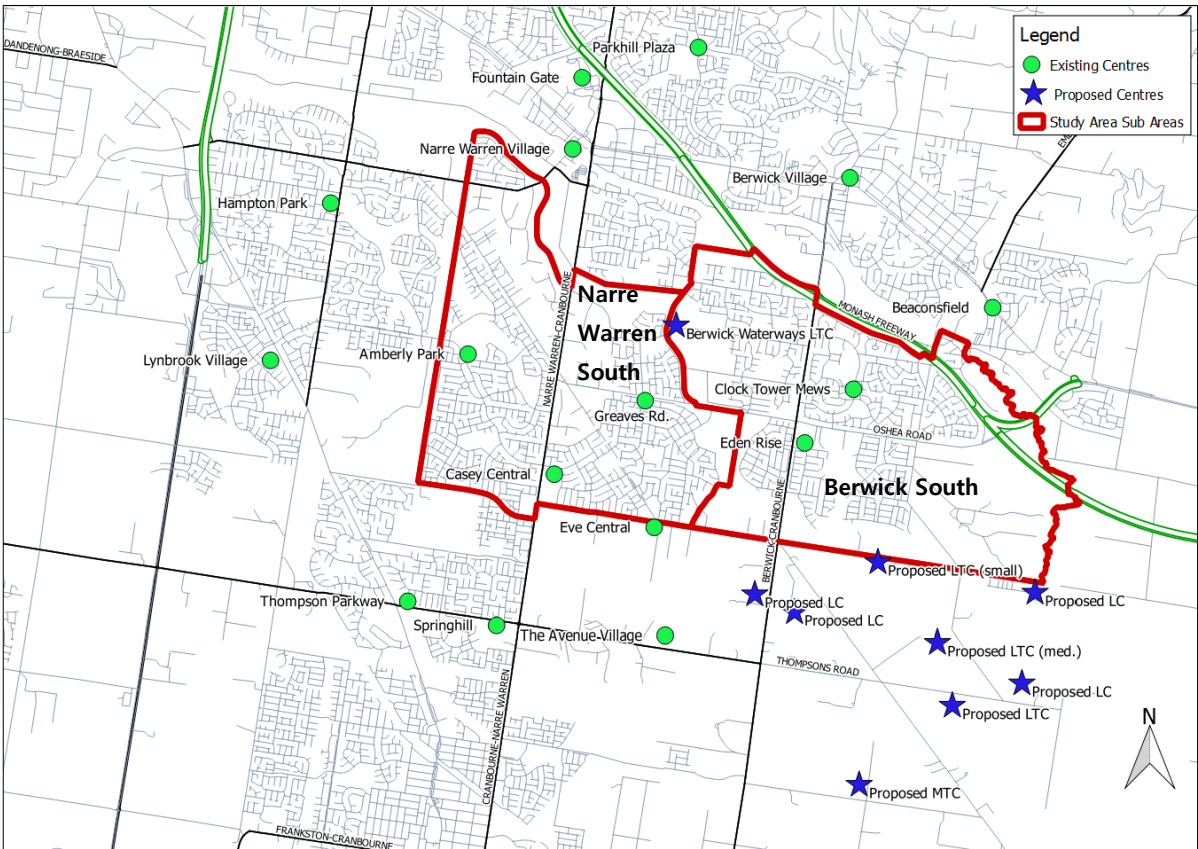


Figure 2: Narre Warren South and Berwick South Sub Areas

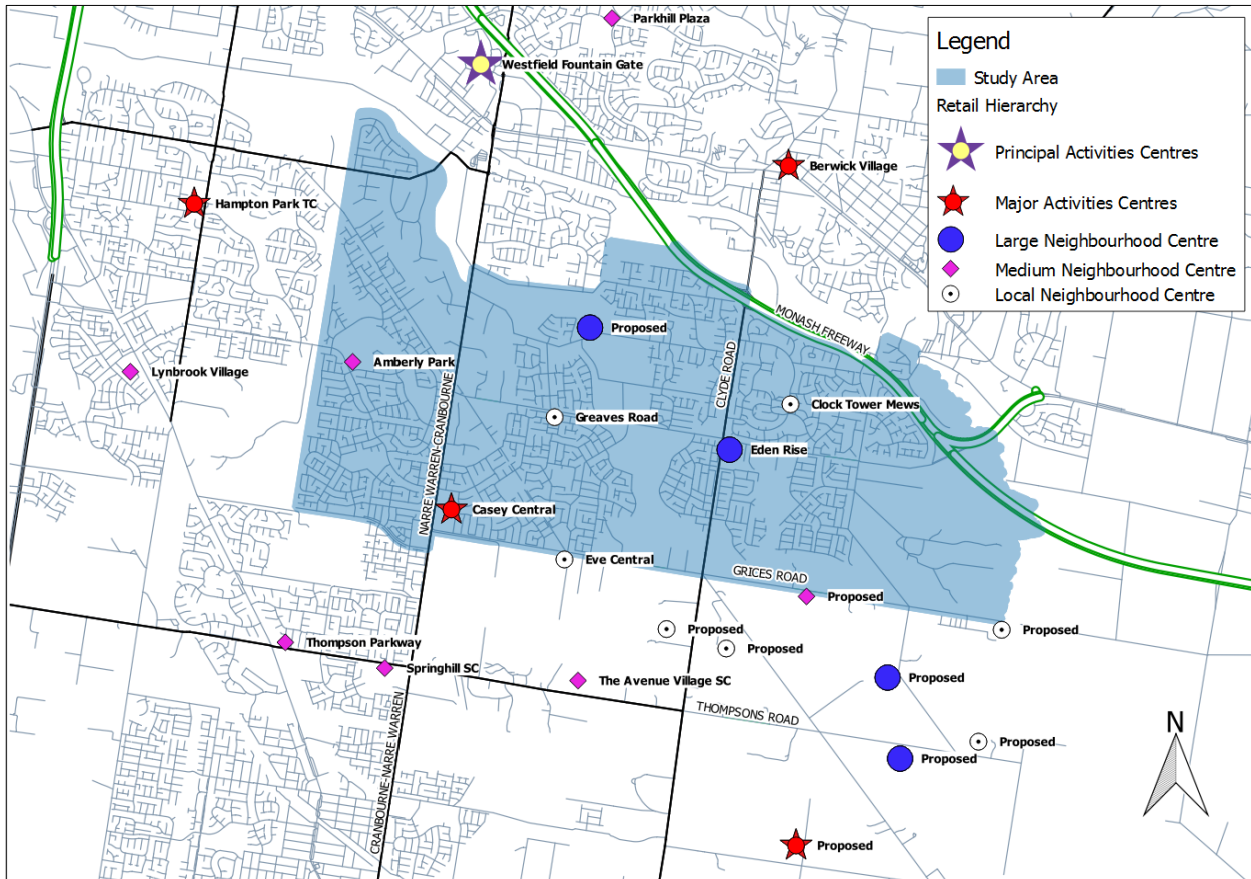


2.2 Activity Centres

The City of Casey's retail hierarchy is defined by Council's Activities Areas and Non-Residential Uses Strategy (2012) with centres classified as either Principal, Major or Neighbourhood activity centres. Within the Neighbourhood Activity Centre classification, centres are further defined as Large, Medium or Local neighbourhood centres.

Figure 3 identifies existing and proposed activity centres within, and adjacent to, the Study Area as identified above.

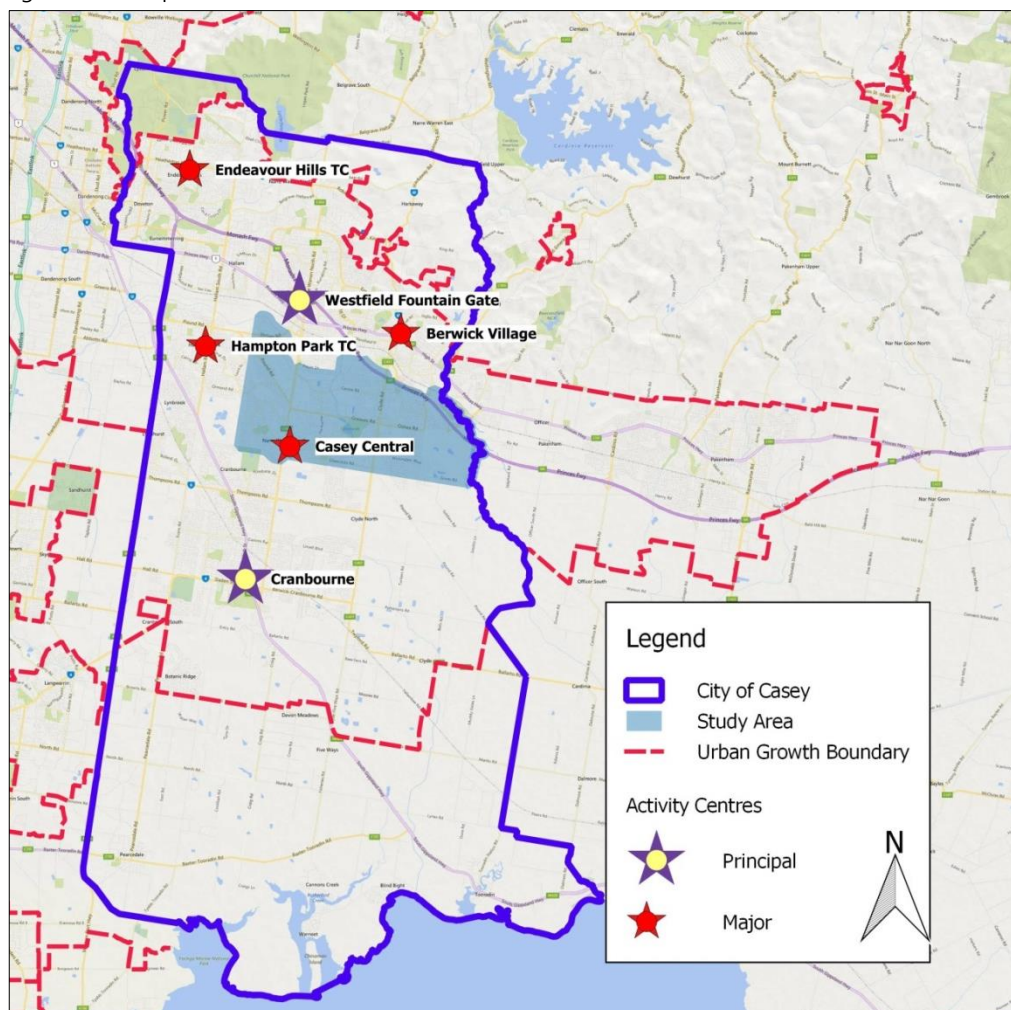
Figure 3: Study Area and the 2012 Activity Centres Hierarchy



2.3 Municipal Context

The location of the Study Area within the City of Casey is as shown in Figure 4 below. It is located within the more established residential areas of the municipality, immediately adjacent to the Monash Freeway and the municipality's eastern boundary with Cardinia Shire.

Figure 4: Municipal Context



Source: Bing Maps

2.4 Proposed Neighbourhood Activity Centres

The Study Area is currently serviced by supermarkets at:

- Casey Central (Coles supermarket)
- Eden Rise Village (Coles and Aldi supermarkets);
- Amberly Park shopping centre (IGA supermarket); and
- Clock Tower Mews (FoodWorks convenience store).

Casey Central is currently being expanded, and upon completion will offer Coles, Woolworths and Aldi supermarkets, a discount department store and an increased number of specialty stores.

The Berwick Waterways Precinct Structure Plan (PSP) was approved by the Minister for Planning in November 2014 as Amendment C188 to the Casey Planning Scheme. The PSP provides for a Local Town Centre with a supermarket at the intersection of Homestead Road and Centre Road to meet the convenience retail needs generated within the Precinct.

The Cranbourne North (Stage 1) PSP was approved by the Minister for Planning in April 2007, through Amendment C77 to the Casey Planning Scheme. It provides for three convenience centres of up to 1,000 sqm each.

The Cranbourne North (Stage 2) PSP was adopted by the Minister for Planning in August, 2011 through Amendment C125. It provides for a local town centre of up to 5,400 m² near the intersection of Thompsons Road and William Thwaites Boulevard, and a convenience centre of approximately 1,000 m² centrally located within the precinct.

Council has received a request to rezone residential land at 248-296 Clyde Road, Berwick (immediately west of the Berwick Springs Hotel) from the existing General Residential 1 Zone to a Commercial Zone (or equivalent zoning) to facilitate the development of a neighbourhood activity centre, anchored by a full-line supermarket.

2.5 Accessibility

2.5.1 Road Access

The Study Area is serviced by a number of arterial roads being:

- Narre Warren-Cranbourne Road, which provides a north-south connection to Fountain Gate Activity Centre, Princess Highway and Monash Freeway.
- Clyde Road, which also provides a north-south connection to Monash Freeway and Princess Highway, as well as Monash University, Chisholm TAFE and Casey Hospital.
- Greaves/O'Shea Road, Glasscocks/Grices Road and Centre Road, which provide east-west connections

These arterial roads provide not only access to Melbourne's freeway network and key employment nodes, but also the opportunity for efficient vehicular movement within the Study Area, albeit with greater priority given to north-south rather than east-west connections.

2.5.2 Public Transport and Bike Paths

The Study Area is serviced by a number of bus services that provide connections to Narre Warren and Berwick Railway Stations. Travel times are as follows:

- Casey Central Shopping Centre – Narre Warren Station (Route 841): 12 Minutes; and
- Eden Rise Village – Berwick Railway Station (Route 834): 8 minutes.

Bus service 834 also provides a connection between the two railway stations via Clyde, Greaves and Narre Warren-Cranbourne Road.

The Study Area is well serviced by a bike path that follows the wetlands reserve, connecting to a second pathway along Narre Warren Cranbourne Road, to provide direct access to the Narre Warren Station and Fountain Gate Activity Centre. In addition, numerous bike paths provide connections to Casey Central and Eden Rise Village for residents within the surrounding area.

2.6 Conclusion

Berwick South is a well-established residential location serviced by a number of north-south arterial roads that provide connections to the Monash Freeway. These roads together with the wetlands reserve effectively creates two distinct corridors, which is also reflected in the location of existing activity centres upon these two arterial roads.

The impact of natural features such as the wetlands reserve, and the road network will act to define the role and function of both existing and any future activity centres in terms of the trade areas they service and the level of competition from other centres.

3. Existing Activity Centres

Study Area households have a relatively wide choice of centres across the activity centre hierarchy, including smaller convenience style centres for daily essentials and neighbourhood centres for weekly grocery shopping, limited specialty shopping and personal services. Fountain Gate Activity Centre, located just beyond the Study Area, also offers a full range of retailing. Overall, this provides a moderately competitive retail environment with limited need for residents to travel outside the immediate area.

Eden Rise Village as the primary centre servicing the Berwick South portion of the Study Area anecdotally appears to be performing strongly, but may face capacity constraints in servicing projected population growth. Although the centre offers limited specialty food retailing, there are a number of 'destination style' activities (banks, health services etc.) which suggests it is performing some aspects of a sub-regional retail centre.

Although Clock Tower Mews and Greaves Road local neighbourhood centres largely perform a convenience retailing role, Amberly Park Shopping Centre offers a competitive independent supermarket (IGA) together with a mix of specialty retailers. This highlights the capacity for independent supermarkets to meet the weekly shopping needs of local residents and provide an effective anchor for a neighbourhood activity centre.

Fountain Gate Activity Centre may still attract a significant portion of supermarket expenditure by Study Area households as part of multi-purpose visits to the centre. This will however be limited by the ability of shoppers to conveniently access supermarkets, given the level of competition for parking from other shoppers.

Existing activity centres within and adjacent to the Study Area represent potential competition for any future neighbourhood activity centre. This section provides a review of the key centres in terms of their role and function, performance and the extent to which they would attract expenditure from within the Study Area.

3.1 Westfield Fountain Gate Metropolitan Activity Centre

Key Statistics

Trade Area Population:	467,000
No. Retailers:	464
Gross Lettable Area:	177,755 m ²
Total Annual Retail Sales:	\$918.2 million

Retail Anchors

Department Stores:	Myer, Kmart, Big W, Target
Supermarkets:	Coles, Woolworths, Aldi

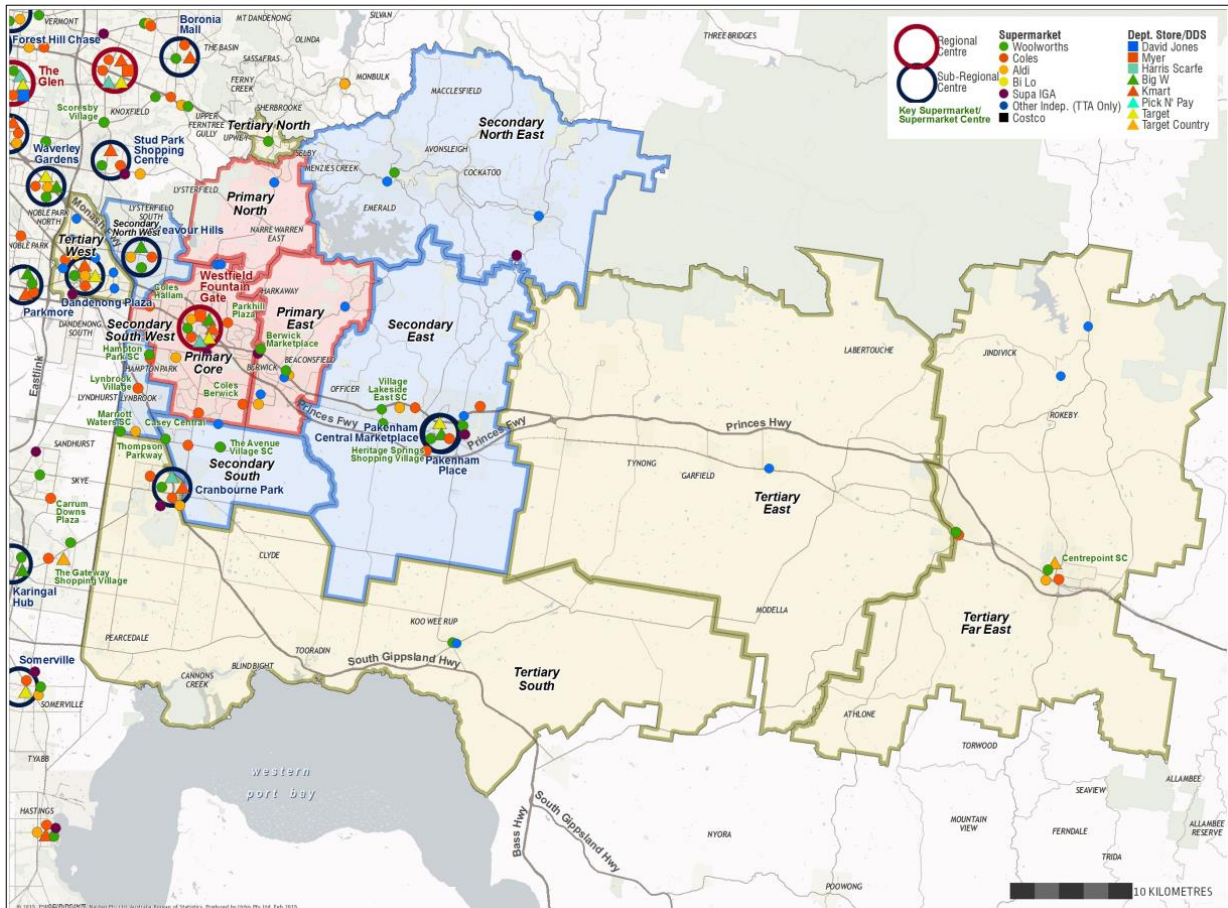


Westfield Fountain Gate is located only 1 km north of the Study Area boundary and therefore represents a source of competition for existing and future neighbourhood activity centres. However, the extent to which it attracts food and grocery expenditure by households within the Study Area is limited by supermarkets being relatively inconvenient for

dedicated supermarket visits. This is due to the location of car parking relative to each supermarket, and the need for supermarket shoppers to compete with other visitors for available car spaces.

Supermarket shoppers at larger regional centres tend to be drawn from a wide area consistent with the trade area of the overall centre, reflecting the tendency for supermarket purchases to not be the primary reason for visiting such centres. Nevertheless, as the Study Area falls within Westfield Fountain Gate's primary trade area (refer Figure 5), local residents would visit the centre regularly and therefore account for a significant portion of supermarket sales at the centre.

Figure 5: Westfield Fountain Gate Trade Area



Source: Scentre Group

3.2 Casey Central

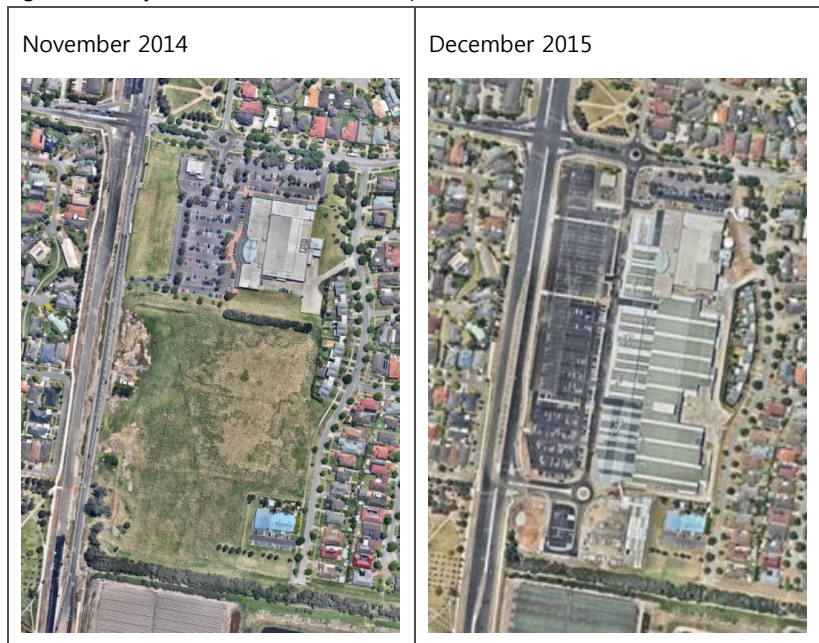
Prior to its current expansion, Casey Central totalled only 6,500 m² of retail floorspace comprising a Coles supermarket and 23 specialty retailers. The current expansion to 28,700 m² will result in:

- Coles, Woolworths and Aldi supermarkets;
- Target discount department store;
- 78 new specialty stores; and
- 350 seat food court.

The availability of 'at grade' car parking will provide more convenient access for supermarket shoppers than that offered at Westfield Fountain Gate.

Together, Westfield Fountain Gate and Casey Central offer both regional and sub-regional retailing facilities within approximately 5 km of each other. Casey Central would be expected to offer more convenient supermarket shopping opportunities than Westfield Fountain Gate, and potentially similar to that offered by Eden Rise Village.

Figure 6: Casey Central – Pre and Post Expansion



3.3 Eden Rise Village

Eden Rise Village is estimated to comprise approximately 11,000 m² of retail floorspace, anchored by a full-line Coles supermarket. This centre offers a diverse mix of specialty retailers, although fresh food retailing is limited to two butchers with no greengrocer or delicatessen which may typically be expected within a centre of this size. As a result, local shoppers only have the choice of purchasing fresh fruit and vegetables at one of the two supermarkets or travelling to Westfield Fountain Gate.



Many of the specialty retailers are 'destination style activities such as banks, personal services (e.g. hairdressers), and health services (medical clinic, pathology, optometrists, gym) which would attract visitors independent of the supermarket anchors. Similarly, there are also a number of fashion retailers and mobile phone shops that would face competition from similar retailers at Westfield Fountain Gate and the expanded Casey Central when it opens.

Take away food outlets account for around 20% of businesses within Eden Rise Village, and would also face competition from the fast food precinct located immediately north of the centre on Clyde Road which offers McDonalds, KFC, Red Rooster and Domino Pizza.

This centre appears to be performing very strongly given observed number of visitors and the capacity to support a number of destination style retailers not typically found in neighbourhood activity centres. This suggests a lesser reliance

upon the supermarket anchor, and as a result the potential to better withstand increased competition from an additional neighbourhood activity centre within the Study Area.

When inspected, the centre's car park was well occupied to the extent that it may be considered inconvenient for some shoppers to find a car space. With the population of Berwick South projected to grow by 24% over the next decade (refer Section 5.3) the availability of car parking may limit the capacity for Eden Rise Village to adequately meet the needs of local residents for convenient neighbourhood shopping facilities.

Figure 7: Eden Rise Village - Tenancy Mix

Supermarkets Coles Aldi Bakery Eden Rise Bakehouse Brumby's Bakery Butchers Central Park Meats Green Valley Liquor Liquorland Cellabratons Pharmacy Pharmasave Florist Eden Rise Florist Optical Spec Savers Eden Rise Optical	Newsagency Berwick Springs News Technology Telstra Shop The Battery Shop Bondtel Mobile Phones Fashion J And G Little Buttons Fashion Up Close Jewels Of Eden (Jewellers) Variety Stores Uncle Buck's (\$2 shop) Beauty Express Cuts Julise Beauty Therapy Covo Hair Banking Commonwealth Bank Westpac Bank	Cafes Mocha Mojo Providore Frankie's Take Away Food Nando's Eden Rise Charcoal Chicken Noodle And Sushi Combo Snappers Fish And Chips Subway Bubba Pizza, Pasta And More Health & Wellbeing Anytime Fitness Melbourne Pathology Langmore Medical Clinic Automotive Shell Service Station Kmart Tyre & Auto
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Source: Eden Rise Village website

Anecdotally, both the Coles supermarket and the centre overall appear to be trading strongly. One objective indicator, being the number of occupied car spaces, was found to be significantly higher than that of other centres on the same day and time (refer Section 14.5).

3.4 Clock Tower Mews: 84 Bernersyde Drive Berwick

This centre comprises a mix of businesses, including a small convenience supermarket (FoodWorks) of approximately 260 m². A supermarket of this size would only be servicing residents within the immediate area with respect to topping up on a very limited range of grocery items.



3.5 Amberly Park Shopping Centre

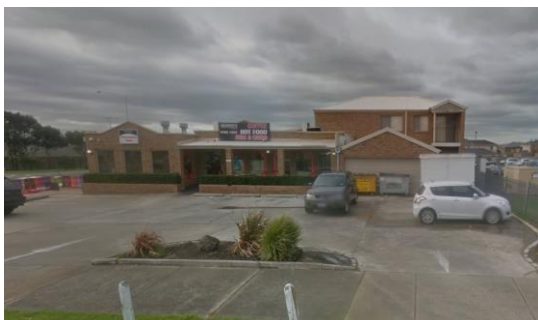
This centre is located within the far western portion of the Study Area, and given its size would have minimal impact upon any future proposed centres. This centre does however demonstrate the potential for a smaller independent supermarket of approximately 1,600 sqm to anchor a centre comprising a mix of retailers including a pharmacy, newsagent and Bendigo Bank.

This and other centres anchored by an independent supermarket are profiled in more detail in Section 7.7.



3.6 Greaves Road Local Neighbourhood Centre

This centre is located on the corner of Greaves Road and The Avenue in Narre Warren South. Comprising a small convenience store and take away food outlet, it provides a limited food retailing role for local residents and passing motorists. Adjacent to the centre is Kings Swimming School and the Happy Days Early Learning Centre.



Source: Google Street View

3.7 Conclusion

Households within the Study Area have the option of shopping at a number of activity centres at various levels within the activity centre hierarchy. These range from Westfield Fountain Gate through to small convenience style centres, all offering access to supermarket facilities.

Existing and future neighbourhood activity centres within the Study Area experience a moderate level of competition from other centres, which will impact upon the future amount of supermarket and other retail floorspace that may be supported.

Eden Rise Village is currently the primary centre servicing the eastern portion of the Study Area, which will be the focus of future population growth. This centre appears to be performing strongly, although there is some evidence that its capacity to meet the needs of future households may be constrained by its car parking capacity.

4. Strategic Review

State and local planning policies promote a range of objectives for activity centres beyond just their core retail function, recognising the opportunity to leverage additional employment growth across non-retail activities and a greater diversity of housing. The State Government's 'Plan Melbourne' provides clear direction on the need for population growth to coincide with improved living standards through providing access to a diversity of housing, improved employment opportunities and an efficient transport system. The concept of a 20 minute city, whereby households are able to conveniently access local services and facilities, is a key component to achieving this objective.

The City of Casey Planning Scheme similarly highlights the need to improve residents' quality of life through reducing work related travel times by expanding local employment opportunities, particularly within activity centres and other locations accessible to residents.

Council's Activities Areas and Non-Residential Uses Strategy (2012) clearly identifies strategic objectives for Neighbourhood Activity Areas which highlights their role in meeting the shopping and other needs of residents, while also providing local employment opportunities. Facilitating multi-purpose trips through co-locating goods and services in a single, central location accessible by various transport modes is also envisaged by the strategy.

The Strategy provides guidelines for assessing out-of-centre proposals to ensure that the activity centres network remains diverse, robust and sustainable. These guidelines address the likely contribution/need for a proposed development including the suitability of alternative sites; proximity to existing activity centres and potential synergies; and impact upon the role of existing centres. An assessment of the Net Community Benefit of a development proposal is also required for non-residential developments to identify the likely impact upon the opportunity for choice, accessibility and convenience, the viability and efficiency of centres.

Future residential and commercial development in new residential areas as outlined in approved precinct structure plans includes 924 dwellings / 2,586 residents within the Berwick Waterways PSP, which is centrally located within the Study Area. The PSP also provides for a Local Town Centre with approximately 5,000 m² of retail floorspace. Also located within the Study Area is Minta Farm, which has been identified as a future employment precinct with no residential development component. Three planning areas located immediately south of the Study Area, being Cranbourne North (Stages 1 and 2) and Clyde North have an identified capacity for 12,592 dwellings and a population of 34,853 residents. A number of local town centres are proposed to meet the needs of these future residents.

Various state and local government planning policies provide direction for the planning of an activity centre network that promotes vibrant and sustainable centres to meet the needs of local residents for retailing and other commercial activities, as well as encourage economic development and employment generation.

In assessing the capacity for a new Neighbourhood Activity Centre within Berwick South, it is important to reflect these policy guidelines. This section provides a review of relevant policies and strategies that have been taken into account in undertaking this assessment.

4.1 State Planning Policy Framework

The State Planning Policy Framework (SPPF) (Clause 11) establishes guidelines to assist in planning for activity centres that 'anticipate and respond to the needs of existing and future communities through provision of zoned and serviced land for housing, employment, recreation and open space, commercial and community facilities and infrastructure.

From an economic development perspective, this includes contributing towards:

- diversity of choice;
- economic viability;
- accessibility; and
- land use and transport integration.

4.1.1 Activity Centre Network

The SPPF envisages a network of activity centres that:

- comprises a range of centres that differ in size and function;
- is a focus for business, shopping, working, leisure and community facilities;
- provides different types of housing, including forms of higher density housing;
- is connected by public transport and cycling networks; and
- maximises choices in services, employment and social interaction.

Recommended strategies for delivering such a network of activity centres include:

- Encouraging a diversity of housing types at higher densities in and around activity centres.
- Reducing the number of private motorised trips by concentrating activities that generate high numbers of (non-freight) trips in highly accessible activity centres.
- Improving access by walking, cycling and public transport.
- Broadening the mix of uses and activity centres to include a range of services over longer hours appropriate to the type of centre and needs of the population served.
- Providing a focus for business, shopping, working, leisure and community facilities;
- Encouraging economic development and business synergies.
- Locating new small-scale education, health and community facilities that meet local needs into Neighbourhood Activity Centres.
- Ensuring Neighbourhood Activity Centres are located within convenient walking distance in the design of new subdivisions, and
- Improving the social, economic and environmental performance and amenity of centres.

Given the location of the Study Area within a broader growth area, there are a number of relevant planning objectives that may also be applied in determining the future provision of a Neighbourhood Activity Centre within the Study Area. Clause 11.02-2 of the SPPF identifies a number of key strategies including:

- providing significant local employment opportunities;
- creating a network of mixed use activity centres and developing an urban form based upon neighbourhood principles; and
- meeting housing needs by providing a diversity of housing types.

4.1.2 Economic Development

Economic development issues are addressed in Clause 17 of the SPPF with a number of strategies directly addressing activity centre development. It encourages development which addresses the needs of a community for retail, entertainment, office and other commercial services, and provides a net community benefit in relation to accessibility, efficient infrastructure use and the aggregation and sustainability of commercial facilities. This is encouraged through a number of strategies including:

- locating commercial facilities in existing or planned activity centres;
- providing new convenience shopping facilities in new residential areas within, or immediately adjacent to, existing commercial centres;
- providing small-scale shopping opportunities that meet the needs of local residents and workers in convenient locations.

4.1.3 Out of Centre Development

Single-use retail, commercial and recreational facilities are encouraged to locate on the periphery of an activity centre. Out-of-centre developments are only recommended for consideration where it results in a net benefit to the community serviced by such a proposal, or in the case of small-scale retail developments, meet the needs of local residents and workers.

4.2 Plan Melbourne (May 2014)



Plan Melbourne was originally released by the previous state government in May 2014 to provide a strategic framework for Melbourne's future economic growth and urban development, including Melbourne's Growth Corridors.

With the election of the Andrews government in November 2014, Plan Melbourne is currently being reviewed under the banner of 'Plan Melbourne Refresh'. A discussion paper, prepared by a Ministerial Advisory Committee (MAC) was released in October 2015, which presents recommended changes to Plan Melbourne with comments and submissions from the community being sought prior to the release of a revised Plan Melbourne 2016.

The Minister for Planning has stated that 'Plan Melbourne 2014 has bipartisan support and this refresh does not propose a comprehensive revision. Hence, a summary of the key directions of the original Plan Melbourne of relevance to this assessment is provided below, together with any recommended changes of relevance to activity centre planning within the City of Casey.

4.2.1 Managing Population Growth

Plan Melbourne Refresh envisages that population growth should occur simultaneously with improvements in living standards through:

- providing a greater diversity of housing through focusing upon established areas offering infrastructure and services;
- leveraging growing demand for goods and services to generate more jobs, high incomes and life opportunities for residents;
- reducing social and economic inequality through offering a wider variety of housing options; and
- expanding the capacity of the transport system

The concept of a polycentric city comprising 20-minute neighbourhoods is identified as a key direction for Melbourne.

4.2.2 20 Minute Neighbourhood

Within the context of Melbourne's growing economy, Plan Melbourne notes the increasing importance of the services sector and in particular the health care and education sectors within metropolitan activity centres in middle and outer Melbourne. These centres are identified as key locations for a range of service jobs supported by public assets such as health and education facilities.

The concept of a polycentric city which is also serviced by 20 minute neighbourhoods will underpin the management of Melbourne's growth at both a local and metropolitan level, thereby enabling residents to conveniently access a range of local services and facilities. These include shops, cafes and restaurants, education and recreational facilities as well as health and public transport services. Importantly the strategy identifies three critical factors required to support 20 minute neighbourhoods being, a sufficient population to attract businesses and services, pedestrian accessibility and attractive activity centres. In identifying opportunities for improving the attractiveness of centres, Plan Melbourne highlights the role for village shopping strips in promoting small business activity.

Plan Melbourne Refresh reinforces the importance of the 20-minute neighbourhood through 'better planned local communities, or provision of walking and cycling, better distribution of community facilities and parks and a reduction in the need to travel long distances to find services'.

A 20-minute neighbourhood is defined as being one where everyday (non-work) needs are able to be met locally, primarily within a 20-minute walk (or 1-1.5 km). These needs will relate to facilities such as schools, shops, meeting places, open space, cafes, doctors, child care and access to public transport. Although many people will continue to be employed in higher-order centres, the objective of providing a range of services and facilities in 20-minute neighbourhoods is to create and support a more local job opportunities including home-based work.

4.2.3 Activity Centres

Plan Melbourne identified the need for new activity centres to:

- Be well served by a range of transport options (including public transport), with priority given to new centres that are developed based on transit-oriented development principles.
- Have capacity to establish a wider mix of uses and subsequently develop into an activity centre.
- Increase the density and diversity of housing in a walkable catchment where appropriate.

The Plan Melbourne Refresh discussion paper suggested that these criteria for identifying and establishing new activity centres could be expanded to explicitly include:

- Meeting an identified market.
- Contributing to the delivery of 20-minute neighbourhoods.

4.2.4 Housing Diversity

A key objective of Plan Melbourne is to provide opportunities for people to live closer to services and where they work. Accordingly, it states that all structure plans and housing strategies need to demonstrate how they will deliver a greater diversity of housing, attract more jobs and help deliver the 20 minute neighbourhood.

Plan Melbourne Refresh has a greater focus upon increasing the affordability and diversity of housing, and 'achieving a better balance between development on underutilised land in existing suburbs and new homes in growth areas'.

4.3 Local Planning Policy Framework

The City of Casey Planning Scheme contains a number of clauses that are of direct relevance to the future provision of activity centres within the Study Area. These are briefly reviewed below.

4.3.1 Clause 21.11 Employment

The majority of Casey's residents must travel outside of the municipality to work, resulting in time and other costs as well as impacting upon their quality of life. In order to expand the employment opportunities within Casey, including around activity centres, a number of strategies are identified in the Planning Scheme. These include strengthening the activity centre hierarchy and encouraging business investment that generates significant employment opportunities to locate in accessible locations such as activity centres, designated employment precincts or public transport nodes.

4.3.2 Clause 22.07 Retail Policy

This clause implements the City of Casey Activity Centres Strategy (2006), for the purpose of developing 'a diverse, robust activity centres system focused on viable retail goods and services' cores that form vibrant foci for community life and which are capable of evolving to accommodate changing needs'. The key objectives of the policy include:

- consolidating retail and commercial development patterns into recognised and planned activity centres;
- developing a clear activity centre hierarchy;
- directing and facilitating a diversity of activity (retail, commercial, community, institutional, education, recreational and housing) in activity centres; and
- ensuring land use and development proposals for retail and commercial activities produce a net community benefit.

Development proposals requiring rezoning must meet a Development Assessment Criteria addressing:

- opportunity for choice;
- accessibility and convenience;
- amenity and safety;
- viability and efficiency;
- amenity and environment; and
- net community benefit.

Assessing Net Community Benefit should take account of:

- activity diversity;
- public amenity;
- accessibility;
- social/cultural issues;
- environmentally sustainable development.

4.4 C21 Strategy - Building a Great City

The City of Casey's C21 Strategy was adopted by Council in 2011 and envisages a more self-contained community where residents are able to locally access many of the jobs, facilities and services they require. The resulting reduction in travel times will provide residents with an improved quality of life.

The Strategy reflects an aspiration for the City of Casey to be a self-sufficient city, rather than an extension to metropolitan Melbourne. While Council's town centres strategies highlight the importance of providing local opportunities for residents to work, live and play, the C21 Strategy also promotes the need to encourage a knowledge economy linked to areas of high livability.

A key objective of the Strategy is the facilitation of Narre Warren as a central business district within Casey. Similarly, Casey's other activity centres will take on a greater focus for the community through enhancements to their identity, sense of place and prosperity that encourage people to shop, visit and linger. Vibrant activity centres will provide opportunities for higher density housing, local employment, retailing and dining after dark.

4.5 Activities Areas and Non-Residential Uses Strategy

The purpose of this Strategy is to *provide for a full range of non-residential uses throughout Casey focussing on a diverse, robust and accessible Activities Areas network which meets community needs and expectations and forms a vibrant and sustainable focus for community life*".

4.5.1 Strategic Objectives

Strategic objectives for Neighbourhood Activity Areas (NAAs) are:

- To provide a co-located range of goods and services to facilitate single destination, multi-purpose trips for the daily and weekly needs of the surrounding residents and/or employees, which is highly accessible to its local community.
- To recognise and encourage the NAAs role as a social focus by providing places for people to meet and access local services.
- To provide for local employment opportunities.

4.5.2 Accessibility

The Strategy recommends that all NAAs:

- Are centrally located within the catchment they serve and located to best provide access to that catchment.
- Provide good access for cars, bicycles and pedestrians.
- Are linked by joint use pathways to a linear open space network.

4.5.3 Key Policy Directions

Key policy directions identified in the Strategy for NAAs of relevance to the location of a new Neighbourhood Activity Centre within the Study Area include:

- Encouraging and facilitating the co-location of a range of community, education, recreation and other non-retail land use activities within and adjacent to NAAs to integrate with the community and strengthen robustness.
- Encouraging developments which will contribute positively to, and improve the amenity and sustainability of, the public realm.
- Ensuring all new development optimises use of local pedestrian, bicycle and public transport networks.

- Encouraging a sustainable anchor for each medium NAA¹ to support the centre's ongoing economic viability and provide greater robustness to withstand future market shifts.
- Encouraging a range of retail and commercial activities within medium and large NAAs to support the anchor/s, provide for a diverse range of goods and services, and service the local catchment population.

Notably, the policy directions support a small supermarket (less than 2,000 m²) and associated specialties within the Berwick South/Eden Rise Large Neighbourhood Activity Area adjacent to the Berwick Springs Hotel (248-296 Clyde Road Berwick) subject to the preparation of a structure plan. Any increase in this floor area will however require a retail demand study being approved by Council.

4.5.4 Location Assessment Guidelines

The Strategy establishes guidelines for assessing out-of-centre proposals to ensure a diverse, robust and sustainable activities area network. Key economic and location related issues of relevance to assessing the opportunity for a new Neighbourhood Activity Centre within Berwick South are:

- a) The reason/demonstrated need for the proposed location including:
 - How it will fill a gap in the network and/or meet community need.
 - Any specific locational criteria relevant for the particular land use/activity, including building/land use requirements and target customer base.
 - Any relevant community demographic assessment and/or socio-economic analysis which supports the proposed location.
 - The availability/suitability of other sites in more preferred locations.
- b) The proximity of the proposal to an Activities Area (preference will be given to proposals within close proximity to an activities area, and which have clear connections/nexus to the land uses within the activity centre).
- c) The impact of any changes to the range of services or opportunities provided by an Activities Area or Areas, or the impact on any future planning strategies for a particular Activities Area or Areas. This includes any impact on the role of an Activities Area in the economic and social life of the community.
- d) The presence of other non-residential uses on surrounding land and the level of compatibility and integration with surrounding land uses, including both residential and non-residential uses.

4.5.5 Net Community Benefit

The Strategy requires a Net Community Benefit Assessment for non-residential development proposals and rezoning applications where:

- The proposal is located outside of a designated Activities Area (except for industrial uses in industrial zones).
- The proposal is located within a designated Activities Areas for which no structure plan/development plan has been approved and implemented into the Casey Planning Scheme (i.e. via a Development Plan overlay, Incorporated Plan overlay, Activity Centre Zone or the like).

¹ medium Neighbourhood Activity Areas are defined as comprising a single full-line supermarket together with 10-15 retail specialties and other tenancies.

Key economic and accessibility issues to be considered in assessing Net Community Benefit are:

a) Opportunity for choice

Encouraging a broad range of uses within activity areas is a key objective of the Strategy and proposals should:

- Promote single destination multi-purpose trips.
- Satisfy community lifestyle needs.
- Maximise the mixed use nature of land uses within each Activity Area (including different forms of retail and non-retail uses).
- Provide goods/services which are specifically needed within a particular area.
- Promote the centre as a social focus, providing for suitable indoor and outdoor places for people to meet within and outside retail hours and allow for the establishment of appropriate community facilities.

b) Accessibility and convenience

Proposals should provide an acceptable and equitable access for the community in locations accessible by public and private transport, while also seeking to encourage pedestrian, public transport and bicycle usage.

c) Viability and efficiency

The Strategy envisages that proposals should contribute to the robustness and economic viability of Activities Areas through:

- contributing to the range of customer choices/land use activities within the area;
- providing local employment opportunities; and
- providing land uses and spaces which are adaptable over time and can withstand future market shifts.

In addition, the provision of activity floorspace and location of future Activities Areas must take full account of:

- the need for acceptable levels of return to both tenants and owners; and,
- the need to maintain a sustainable Activities Area in the longer term.

The Strategy states that competition between businesses should not be restricted, but rather the impact of any proposal upon the Activity Areas hierarchy be assessed to identify the likelihood of any adverse impact upon the sustainability of an individual Activities Area or the wider network.

In summary, the guidelines for assessing Net Community Benefit require consideration be given to whether the proposal will:

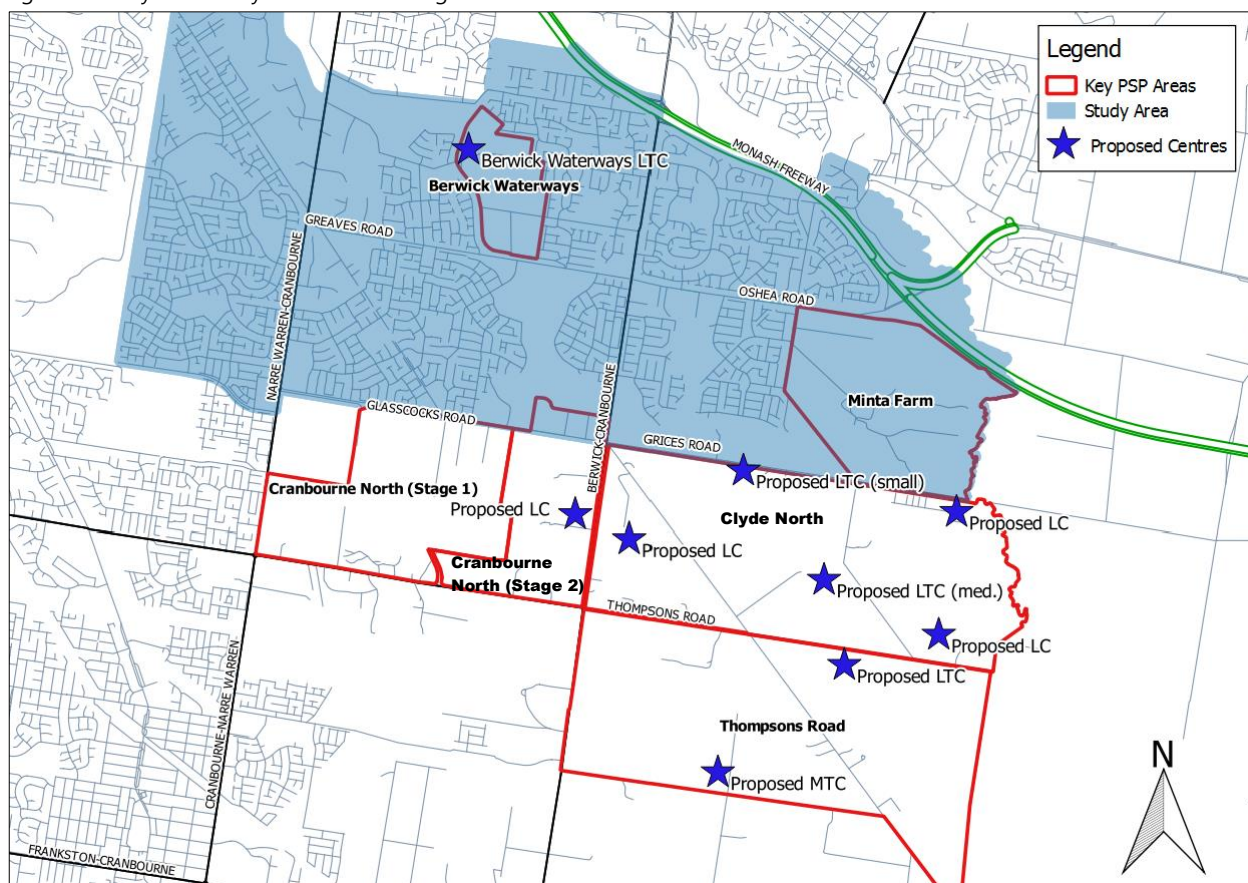
- Contribute to economic, socio-cultural and environmental sustainability.
- Establish key connections with the adjacent community in terms of both land uses and activities.
- Have the flexibility to respond to changing market conditions.
- Contribute to high quality urban design and landscape treatment.
- Reflect and enhance the Activities Area's role, function and values within the community.
- Contribute to a centre becoming a vibrant community focus.
- Provide net community benefit which outweighs any locational disadvantages in the case of out-of-centre proposals.

4.6 Structure Planning

There are a number of Precinct Structure Plans and Development Plans that are either completed or are currently being undertaken, both within the study area and immediately to the south (refer Figure 8).

The future development of these areas will result in both residential and commercial development that may influence future demand for both retail and other commercial activities within the Study Area.

Figure 8: Study Area - Key Structure Planning Areas



Source: Metropolitan Planning Authority, City of Casey

Two structure planning areas, being Berwick Waterways and Minta Farm, are fully located within the Study Area. In addition, a small portion of the Cranbourne North Stage 2 PSP is also located within the Study Area. The Berwick Waterways PSP anticipates that upon full development, 924 dwellings and a total population of 2,586 residents will be accommodated. The opportunity for a local town centre comprising 5,000 m² of retail floorspace has been identified in the PSP. A Precinct Structure Plan is currently being prepared by the Metropolitan Planning Authority for Minta Farm, which has been identified as a future employment precinct with no residential development component.

Three planning areas, being Cranbourne North (Stages 1 and 2) and Clyde North, are located immediately south of the Study Area. Together, these three planning areas have a projected capacity for 12,592 dwellings and a population of 34,853 residents.

Figure 9: PSP Areas Projected Dwellings, Population and Retail Floorspace

Area	Dwellings	Population	Activity Centres
Berwick Waterways	924	2,586	Local Town Centre: 5,000 m ²
Minta Farm	PSP currently being prepared by the Metropolitan Planning Authority. Proposed employment activities with no residential uses.		
Cranbourne North Stage 1	2,034	5,600	Local Town Centre (Eve Central)
Cranbourne North Stage 2	2,056	5,821	Local Town Centre (Avenue Village) Convenience centre (approx. 1,000 m ²) located centrally within the PSP area.
Clyde North	6,605	18,500	Local town centre (medium): up to 8,000 m ² Local town centre (small): up to 2,500 m ² Two local centres

Source: Metropolitan Planning Authority, City of Casey

4.7 Berwick Waterways PSP (Proposed Local Town Centre)

Within the Study Area, a local town centre is proposed to be located on Centre Road immediately east of the Hallam Valley Contour Drain. An initial retail analysis undertaken by Urbis, and a peer review by Essential Economics, both confirmed that a full-line supermarket would be supportable upon the site.

Given the proximity of the site to a Coles supermarket at the Eden Rise Village, it is possible that the location may also not be of interest to Coles. There may however be the opportunity for a smaller independent supermarket to be supported.

Figure 10: Berwick Waterways Future Urban Structure



4.8 Conclusion

State and local planning policies are generally consistent in the key themes they address, albeit with varying levels of emphasis. These themes include:

- Encouraging a diversity of activity centres that together provide the opportunity to deliver a range of outcomes ranging from meeting households' essential retail needs through to providing a focus for community activity.
- Leveraging the core retail function of centres to support a wider range of activities.
- Using the amenity and accessibility offered by activity centres to promote a greater diversity of housing.
- Ensuring that households have convenient access to local centres to meet their daily and weekly shopping needs.
- Providing employment opportunities and the opportunity for residents to work locally.

As it is not possible for individual centres to address all of these objectives, there is a requirement for a diversity of centres across a range of locations. Fundamentally, there is a trade-off between households' accessibility to a particular centre and the scale of activities that may be supported. This forms the basis for a hierarchy of centres that meet the needs of residents, both locally with neighbourhood activity centres, as well as within principal and major activities areas across the City of Casey.

This trade-off between households' accessibility to centres, and the range of goods and services offered at each, reflects the trade area population required to support the scale of activities offered. Given this constraint, the challenge is therefore how best to allocate retail and other commercial floorspace within the retail hierarchy to best achieve the outcomes identified above. For example, there may be the need to consider whether additional retail floorspace is best located where it improves accessibility for local households to retail services, or alternatively where it may reinforce the role and function of the existing centre within the activity centre hierarchy to support a wider range of activities and employment opportunities.

5. Demographic Analysis

The demographic profile of residents can have a significant influence upon disposal household income and associated expenditure on retail goods and services, particularly where there is a notable increase in the number of older households.

The Study Area has experienced strong population growth, increasing by 28,816 residents over 2001-2011 which equates to an average annual growth rate of 8.6% per annum. However, population growth is projected to slow significantly to average only 0.4% per annum over the period 2011-2036, with population levels peaking around 2026. Population growth is projected to be focused upon Berwick South where there are greater opportunities for residential development, while Narre Warren South's population is projected to peak around 2016.

The Study Area is characterised by relatively affluent households with higher income levels and assets, although this is tempered to some degree by higher mortgage repayments. This is largely a reflection of the age profile of residents with a relatively higher proportion in the key 25-44 year age group, being when workers are reaching the peak of their careers and also raising families. Together, these two factors combine to facilitate greater expenditure on retail goods and services.

Expenditure on retail goods and services will be supported by the relative affluence of households within both Narre Warren South and Berwick South. The ABS's SEIFA Index of Economic Resources indicates that overall, households within both areas are in the top 20% of households nationally with respect to the economic resources they have access to.

Population forecasts indicate an expected ageing of the population across the Study Area with the proportion of residents aged over 65 years increasing significantly from 5% in 2011 to 17% by 2036 in Narre Warren South, and from 5% to 13% over the same period in Berwick South. The number of Narre Warren South residents working full-time is expected to decline by around 15% over 2016-2036. Conversely, strong population growth within Berwick South will offset the impact of an ageing population with the number of residents working full-time expected to increase by 19% over this period.

These trends are expected to result in a shift in retail expenditure from Narre Warren South to Berwick South. In addition, disposable household income and per capita retail expenditure is expected to be reduced to levels similar to more established areas such as Narre Warren. Current expenditure levels of Narre Warren households therefore provide a more realistic indication of longer-term potential per capita demand for retail goods and services within the Study Area.

The composition of households will mirror the trends in the age profile and life cycle stage of residents. Hence, there is a projected decline in the representation of 'couple families with dependents' within both Narre Warren South and Berwick South from well over 50% in 2011 to around 40% by 2041. This would be expected to result in an overall softening in per capita retail expenditure in both areas. Similarly, a projected growth in 'couples without dependents' and 'lone person households' reflects the projected ageing of households within the Study Area with strong growth in the proportion of residents aged 65 years and over, combined with a decline in the proportion represented by 'younger workers' (25-44 years).

5.1 Demographic / Socio Economic Profile of Residents

The demographic and socio-economic profile of households can have a significant influence upon the performance of retail centres, particularly when there is a disproportionate concentration of certain groups in a centre's trade area. This is most noticeable when there is a shift in the characteristics of households associated with their stage in the life cycle. For example, as households mature, with adult children leaving home and parents entering retirement, there is typically a fall in household expenditure. Similarly, as ageing households are replaced by younger families, there is often a significant increase in expenditure.

A change in the role of a location may also impact upon the socio-economic profile of residents. Typically this relates to the gentrification of inner and middle suburban areas offering access to inner city employment opportunities. However, significant changes may occur in outer suburban areas where there is a shift from rural-residential to traditional residential subdivisions providing more affordable housing opportunities.

Local demographic trends are typically cyclical and therefore able to be identified through undertaking a more detailed analysis of household characteristics using the ABS Table Builder tool which enables the cross-tabulation of variables. This section provides a demographic and socio-economic profile of households to identify emerging trends that may impact upon the level and nature for residential, commercial and industrial activity that may be supported.

In order for any demographic analysis to be meaningful it needs to focus upon those indicators that are key determinants of demand for particular land uses or activities.

5.2 Resident Population 2001-2011

The total population of the Study Area in 2011 was 51,379, representing an increase of 10,216 (25%) from 41,163 in 2006 (refer Figure 11). The increase in population over the previous five-year period (2001-2006), was 18,600.

Over the decade 2001-2011, the population of the Study Area increased by an average of 8.6% per annum. This compares to 3.6% per annum recorded across the City of Casey over the same period. In nominal terms, both Berwick South and Narre Warren South reported similar levels of growth over 2001-2011 with population increases of 14,319 and 14,497 respectively.

Figure 11: Population 2001-2011

Area	2001	2006	2011	Change 2001-2011	AAGR* 2001-2011
Berwick South	8,568	15,729	22,887	14,319	10.3%
Narre Warren South	13,995	25,434	28,492	14,497	7.4%
Total Study Area	22,563	41,163	51,379	28,816	8.6%

SOURCE - ABS

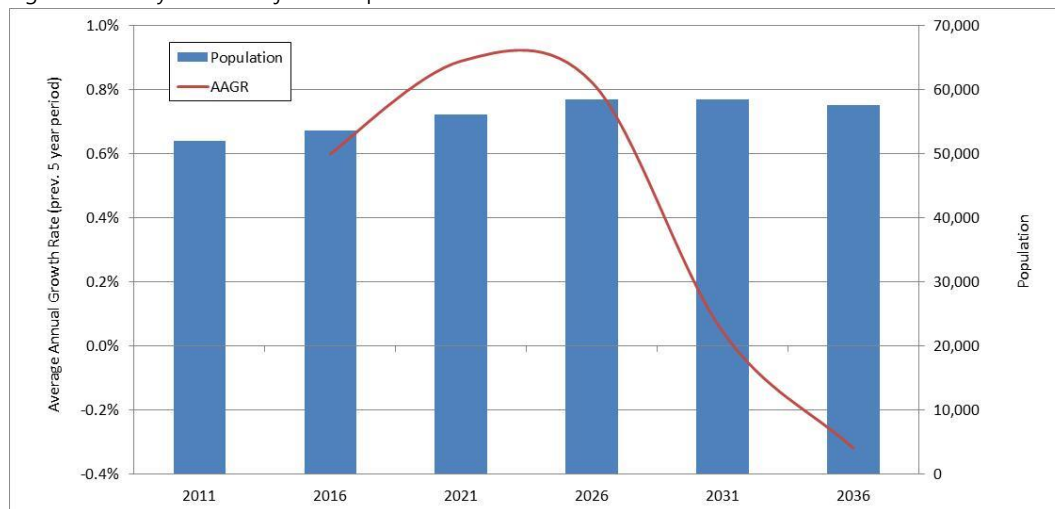
* AAGR - average annual growth rate.

5.3 Projected Population 2011-2036

Id Consultants project that the population of the Study Area will grow by 5,551 additional residents (10.7%) from 52,041 in 2011 to 57,592 by 2036. This represents a significantly slowing in population growth to only 0.5% per annum.

As shown in Figure 12 below, the population of the Study Area is projected to peak over 2026-2031 before declining, with an average annual growth rate of -1.4% per annum over the period 2026-2036. At a suburb level however, the population of Berwick South is projected to continue to grow until 2031, although the population of Narre Warren South will have peaked around 2016 (refer Figure 13).

Figure 12: Study Area - Projected Population Growth 2011-2036



Source: Id Consultants

AAGR – Average Annual Growth Rate

Figure 13: Projected Population Growth 2011-2036

Forecast Area	2011	2016	2021	2026	2031	2036	% Change 2016-2026	% Change 2026-2036
Berwick South	22,493	24,011	26,841	29,757	30,468	29,957	23.9%	0.7%
Narre Warren South	29,548	29,610	29,207	28,635	28,053	27,635	-3.4%	-3.5%
Total	52,041	53,621	56,048	58,392	58,521	57,592	-1.5%	-1.4%

Source: Id Consultants

In summary, the Study Area is transitioning from a period of strong population growth, to one of consolidation within the Narre Warren South as remaining residential development contracts to Berwick South. By 2026, the population of Berwick South will have surpassed that of Narre Warren South with a population of 29,757, compared to Narre Warren South's 28,635 residents.

5.4 Incomes

Income levels in 2011 were notably higher within both Berwick South and Narre Warren South than across either the City of Casey or metropolitan Melbourne. As shown in Figure 14, household incomes are \$1,717 and \$1,590 per week respectively, compared to only \$1,340 per week for the City of Casey, and a similar level for metropolitan Melbourne.

Income levels are influenced by the life cycle stage of households, and associated with this their participation in the workforce. As shown in Section 5.5, the median age of residents within both Berwick South and Narre Warren South is only 31 years compared to 36 years for metropolitan Melbourne. Similarly, a higher proportion of residents are in the 25-44 year age group, being that stage when they are most likely to be working full-time and at the peak of their careers. It is however also when they are most likely to have mortgage repayments which reduce their level of disposable income.

Figure 14 indicates that although the Berwick South and Narre Warren South households have higher mortgage repayments than residents within either the City Casey or across Metropolitan Melbourne, this is largely compensated for by higher weekly incomes. The net impact upon the level of retail expenditure is therefore likely to be slightly positive.

As the population of these areas age, income levels and mortgage repayments would be expected to become more closely aligned with that of metropolitan Melbourne, resulting in a potential dampening in demand for retail goods and services.

Figure 14: Median Weekly Incomes

	Berwick South	Narre Warren South	City of Casey	Metropolitan Melbourne
Household	\$1,717	\$1,590	\$1,342	\$1,333
Family	\$1,781	\$1,615	\$1,450	\$1,576
Personal	\$701	\$622	\$572	\$591
Couple families with two incomes				
Couple family without children	\$2,123	\$2,020	\$1,924	\$2,166
Couple family with children	\$2,217	\$2,091	\$2,064	\$2,346
Monthly Mortgage Repayments	\$2,000	\$1,811	\$1,733	\$1,810

Source: ABS QuickStats

5.5 Age Profile

The age profile of Berwick South and Narre Warren South reflects its popularity as an affordable housing location for young families. As already mentioned, the median age of residents is noticeably below that of metropolitan Melbourne, with children aged 14 years and under accounting for around 28% of the population in 2011, compared to only 18% at a metropolitan level. Similarly, there is a lesser representation of older residents over 65 years, accounting for only around 5% of the population compared to 13% for metropolitan Melbourne.

There is a notably higher proportion of Berwick South residents within the 25-44 year age group, which as noted in Section 5.4 is likely to explain both higher income levels and mortgage repayments (refer Figure 15). The proportion of Narre Warren residents within this age group is comparable to that of metropolitan Melbourne, and as a result median mortgage repayments are identical to metropolitan Melbourne.

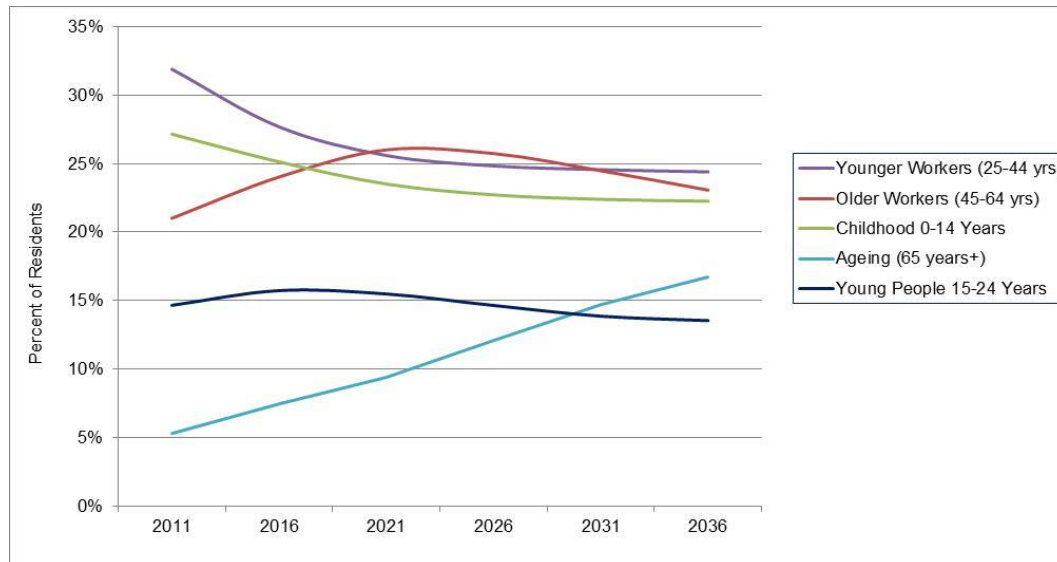
Figure 15: Age Profile 2011

	Berwick South	Narre Warren South	City of Casey	Metropolitan Melbourne
Median Age	31	31	33	36
Childhood 0-14 Years	28.5%	28.0%	23.2	18.5%
Young People 15-24 Years	12.8%	14.4%	14.4	13.9%
Younger Workers (25-44 yrs.)	35.1%	31.5%	30.2	30.6%
Older Workers (45-64 yrs.)	18.8%	20.9%	23.3	24.1%
Ageing (65 years+)	4.8%	5.2%	9.0	12.9%
Total	100.0%	100.0%	100.0%	100.0%

Source: ABS QuickStats

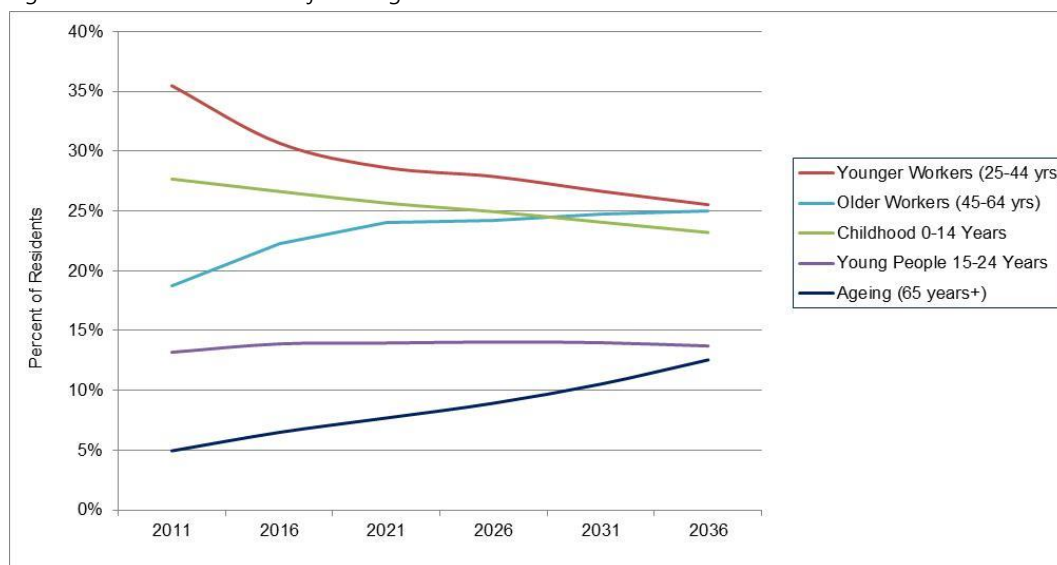
Population forecasts prepared by Id consultants highlight the expected ageing of the population within both Narre Warren South and Berwick South. The proportion of residents within Narre Warren South aged over 65 years is expected to increase from 5% to 17% over 2011-2036, and from 5% to 13% over the same period within the Berwick South (refer Figure 16). Similarly, there is projected to be a decline in the number of children (0-14 years) and younger workers (25-44 years) within both areas.

Figure 16: Narre Warren South – Projected Age Profile 2011- 2036



Source: Id Consultants

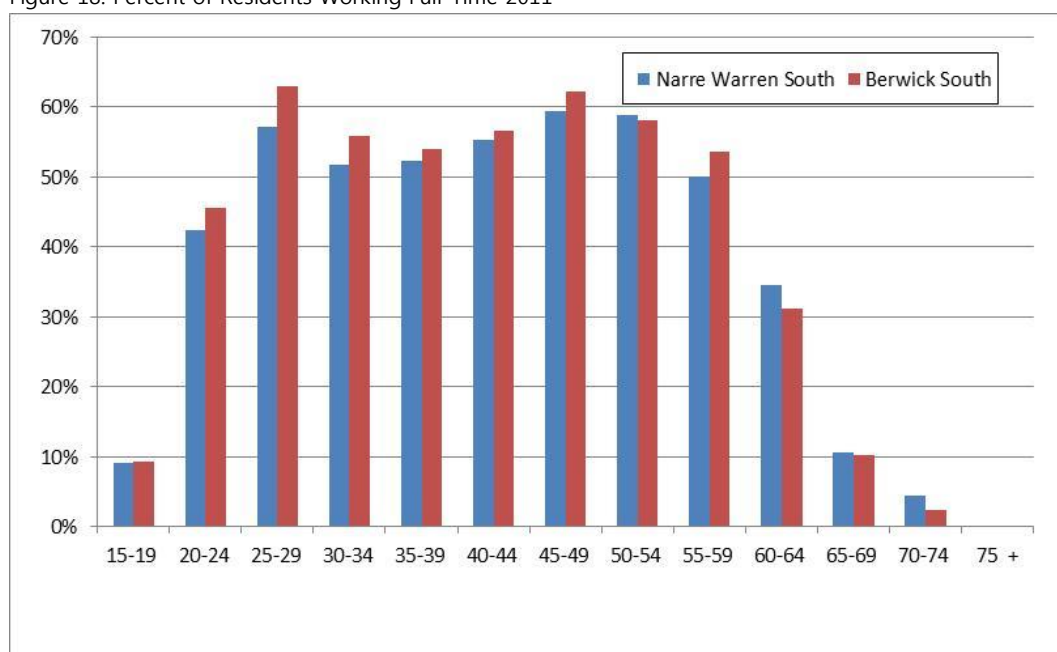
Figure 17: Berwick South – Projected Age Profile 2011- 2036



Source: Id Consultants

An area's age profile can have a significant impact upon the overall proportion of residents that are working, household income, and expenditure on retail goods and services. As shown in Figure 18 for both Narre Warren South and Berwick South, the proportion of residents working full time initially increases with entry into the workforce, peaking with the 25-29 years age group, before declining as households start families. Workforce participation again increases up until 45-49 years, before declining sharply from 55 years onwards.

Figure 18: Percent of Residents Working Full-Time 2011



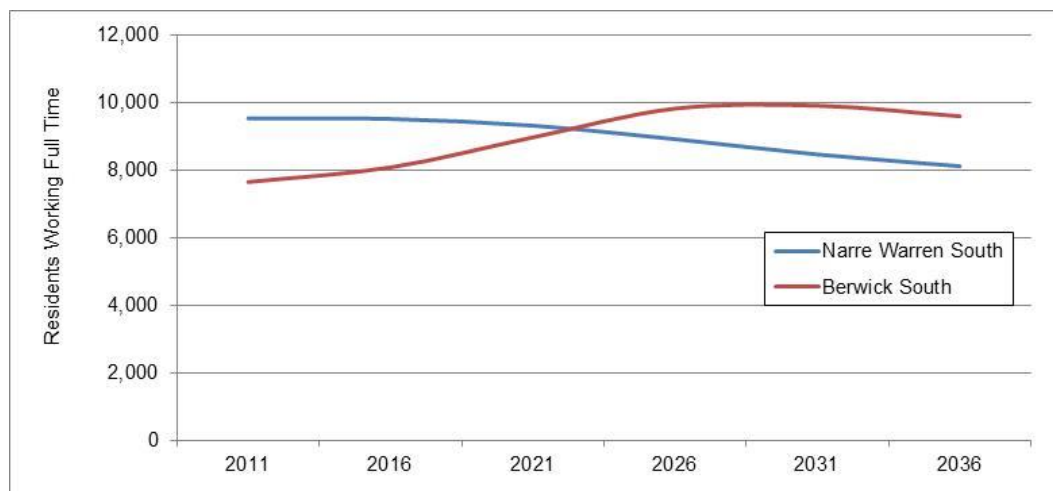
Source: ABS

Applying these age group proportions to population projections for Narre Warren South and Berwick South provides projections of the number of residents working full-time as shown in Figure 19. This also provides an indication of the likely change in total household income available to be spent on retail goods and services.

The total number of Narre Warren South residents working full time is expected to decline by around 15% over the period 2016-2036. Conversely, the total number of full time working residents within Berwick South is likely to increase by 19% over the same period with the total number of these workers exceeding that of Narre Warren South by 2026. Overall the total number of full-time workers within the Study Area is likely to remain relatively stable.

Population growth, combined with the relative ageing of the population, would be expected to result in a significant shift in total household expenditure on retail goods and services from Narre Warren South to Berwick South in the future.

Figure 19: Projected Number of Residents Working Full-Time 2011-2036



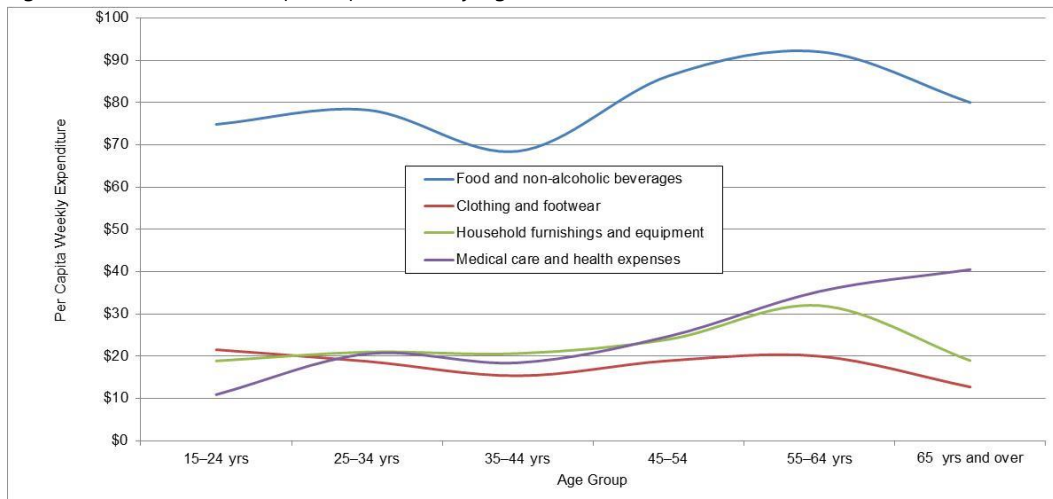
Source: ABS, Id Consultants, Charter Keck Cramer

5.6 Household Composition

The composition of households is also a reflection of the age profile of residents and their life cycle stage. As the population of an area ages due to children leaving home, there is a decline in the number of couple families with dependents. Similarly, there is typically an increase in the number of 'couples without dependents' and 'lone person households'.

The ABS's Household Expenditure Survey (HES) provides an insight into the impact of 'life cycle stage' upon per capita expenditure. The age of the 'reference person' recorded by the HES provides a proxy for 'life cycle stage'. As shown in Figure 20 below, per capita expenditure on across the three main retail categories (food, clothing and household goods) generally grows as the age of the reference person increases from 35-44 years to 55-64 years reflecting the period during which young children grow into young adults and increase their level of retail spending. After this, when the age of the reference person is over 65 years, per capita retail spending declines noticeably as parents retire from the workforce and children leave home. Spending on health care however continues to increase.

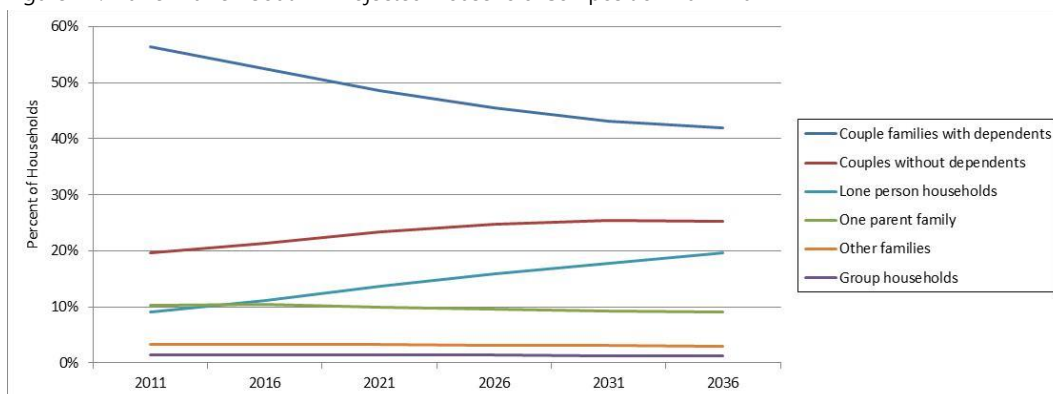
Figure 20: Australia – Per Capita Expenditure by Age of Reference Person 2009-2010



Source: ABS Household Expenditure Survey

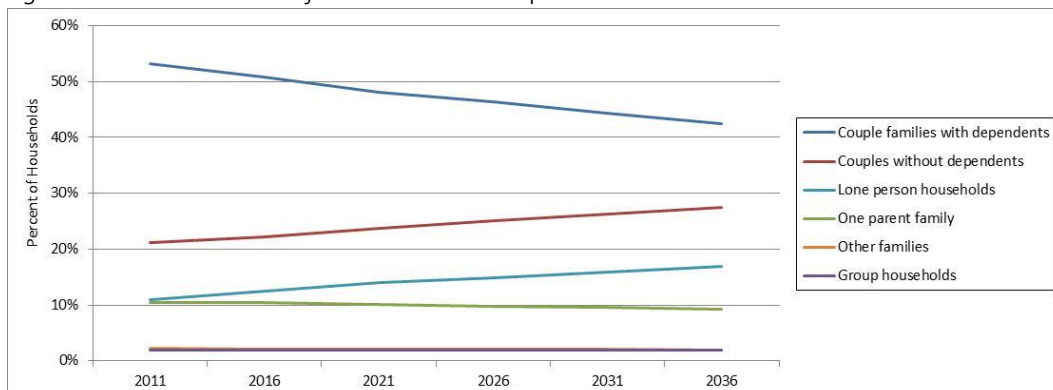
The representation of 'couple families with dependents' is projected by Id Consultants to decline noticeably within both Narre Warren South and Berwick South from well over 50% in 2011 to around 40% by 2041 (refer Figure 21 and Figure 22). This would be expected to result in an overall softening in per capita retail expenditure in both areas.

Figure 21: Narre Warren South – Projected Household Composition 2011-2041



Source: Id Consultants

Figure 22: Berwick South – Projected Household Composition 2011-2041



Source: Id Consultants

The structure of households within the Study Area not only reflects the age profile of residents, but also has an important impact upon potential population growth, and the level of demand for retail and business services within centres.

The key trends in the mix of household types are:

- a continued decline in the proportion of all households accounted for by 'couple families with dependents'; and
- an increase in the proportion of 'couples without dependents' and 'lone person households'.

Household composition generally reflects life cycle stage, and as a result a household's demand for various goods and services. Perhaps more importantly however, is the potential for older 'couple only' and 'lone person' households to remain living in traditional family homes that may otherwise be occupied by growing families. It therefore follows that providing a greater diversity of housing opportunities may support population growth and as a result economic development opportunities.

The projected growth in 'couples without dependents' and 'lone person households' reflects the projected ageing of households within the Study Area with strong growth in the proportion of residents aged 65 years and over, combined with a decline in the proportion represented by 'younger workers' (25-44 years).

5.6.1 Socio-Economic Index for Areas (SEIFA)

The Australian Bureau of Statistics (ABS) Socio-Economic Index for Areas (SEIFA) provides an effective means of comparing the socio-economic characteristics of a community across locations based upon income, education, employment, occupation, and housing².

The four indices that comprise the SEIFA, together with the Census variables upon which they are calculated are listed in Figure 23.

Figure 23: SEIFA Indices

Index	Census Data Sources
Index of Relative Socio-Economic Disadvantage.	Census variables related to disadvantage, such as low income, low educational attainment, unemployment, and dwellings without motor vehicles
Index of Relative Advantage and Disadvantage	Census variables related to both advantage and disadvantage, like household with low income and people with a tertiary education
Index of Economic Resources	Census variables like the income, housing expenditure and assets of households.
Index of Education and Occupation	Census variables relating to the educational and occupational characteristics of communities, like the proportion of people with a higher qualification or those employed in a skilled occupation.

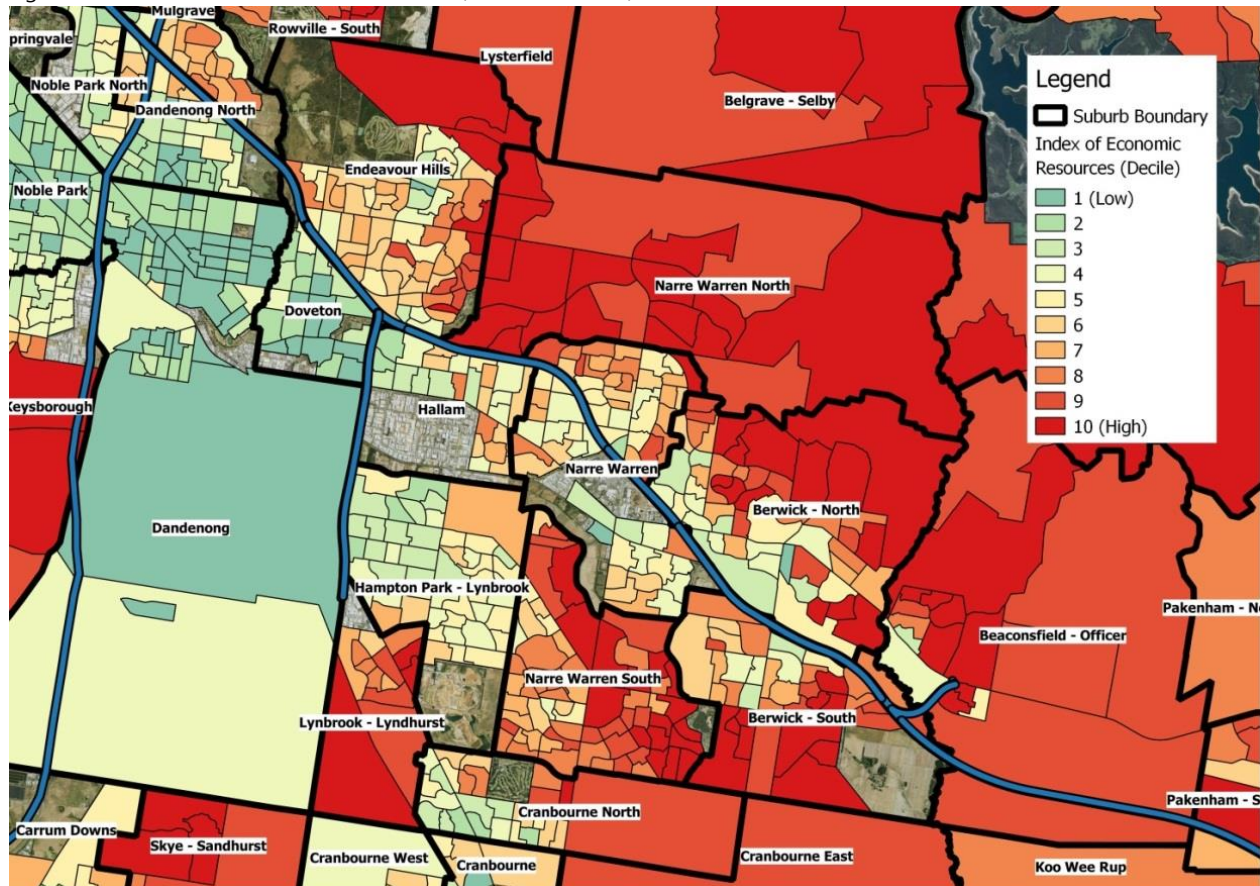
The Index of Economic Resources provides a good indication of disposable household income and potential demand for retail goods and services. Figure 24 maps the Index of Economic Resources for households at a local level (Statistical

² Additional information on the SEIFA is available at <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/2033.0.55.001main+features42011>

Area 1). Both Narre Warren South and Berwick South have relatively affluent households with many areas being in the top few deciles of all Australian households. By comparison, older and more established suburbs to the west such as Hampton Park, Hallam and Endeavour Hills have a noticeably lower level of affluence.

At a suburb level, both Narre Warren South and Berwick South are ranked in the ninth decile, indicating that they are in the top 20% of the Australian households with respect to the economic resources available to them (refer Figure). This is only exceeded by Lynbrook-Lyndhurst which is ranked in the top decile.

Figure 24: Index of Economic Resources 2011 (Statistical Area 2)



Source: ABS (SEIFA)

Figure 25: Index of Economic Resources 2011 – Selected Statistical Area 2

Area	SEIFA Decile
Hampton Park - Lynbrook	4
Hallam	5
Narre Warren	6
Endeavour Hills	7
Berwick - North	8
Narre Warren South	9
Berwick - South	9
Lynbrook - Lyndhurst	10

Source: ABS (SEIFA)

5.7 Workplace Location

The location of residents' workplace will influence where they undertake other activities such as shopping or the use of business services. As shown in

Figure 26 there is a distinct division between where residents live and where they work locally. While Dandenong is the main workplace location for residents of Berwick South and Narre Warren South, the next most likely location is the north-south corridor within which they live. That is, 15% of Berwick South residents work within either Berwick South or Berwick North, compared to only 5% that work in Narre Warren. Similarly, 13.5% of Narre Warren South residents work within either Narre Warren South or Narre Warren, with only 2.8% working in Berwick North.

Figure 26: Workplace Location of Residents 2011

	Workplace Location	No.	Percent	Workplace Location	No.	Percent
Berwick South Residents				Narre Warren South Residents		
1	Dandenong	1,317	11.7%	Dandenong	1,916	14.4%
2	Berwick - South	1,042	9.3%	Narre Warren South	1,013	7.6%
3	Berwick - North	624	5.6%	Narre Warren	790	5.9%
4	Narre Warren	563	5.0%	Melbourne	489	3.7%
5	Melbourne	517	4.6%	Hallam	447	3.4%
6	Clayton	342	3.0%	Clayton	441	3.3%
7	Hallam	293	2.6%	Berwick - North	377	2.8%
8	Mulgrave	281	2.5%	Mulgrave	366	2.8%
9	Pakenham - South	175	1.6%	Cranbourne	233	1.8%
10	Beaconsfield - Officer	170	1.5%	Braeside	218	1.6%

Source: ABS

5.8 Conclusion

The analysis undertaken in this section highlights the potential influence of demographic factors upon per capita retail expenditure, and as a result, demand for new retail facilities. The strong population growth experienced across the Study Area is projected to slow noticeably, with remaining growth focused upon Berwick South where there are greater opportunities for residential development. This will be further highlighted by the peaking of population levels within Narre Warren South in the near future. Population growth within Berwick South is however expected to continue until 2031.

The relative affluence of households within the Study Area will continue to support demand for retail goods and services, although a more notable ageing of the population of Narre Warren South will impact upon the workforce participation' and as a result household incomes and retail expenditure. By comparison, continued population growth across Berwick South will result in an increased number of residents in the workforce which will support retail expenditure.

The key demographic trends and population projections for the Study Area indicate a transitioning in growth from Narre Warren South to Berwick South which will have implications for the future distribution of retail expenditure and demand for retail facilities. This would be expected to favour Berwick South particularly given the likely decline in real household expenditure within Narre Warren South over the next decade.

6. Household Shopping Behaviour and Expenditure

The projected ageing of households within the Study Area will impact upon per capita retail expenditure. As a result, expenditure is expected to approximate that of Narre Warren which currently has an age profile consistent with that forecast for the Study Area. Expenditure modelling based upon the characteristics of Narre Warren households' estimates that expenditure on food, groceries and liquor is approximately \$5,099 per person, which is 12% higher than that estimated for metropolitan Melbourne.

The distribution of household spending across centres within the Study Area will be determined by households' shopping patterns. Within the Study Area, this is expected to be consistent with that of other Australian households with a preference for shopping locally for food and groceries, but also undertaking such shopping at larger regional and sub-regional shopping centres such as Fountain Gate.

Surveys undertaken by Roy Morgan Research and others indicate that households' choice of supermarket is primarily determined by its proximity to their home, food quality, value for money and ease of parking. This is confirmed by state government travel surveys indicating that 69% of visited supermarkets are within 2.5 km of the shopper's home.

The capacity for additional retail and commercial floorspace to be supported within Berwick South will be determined by the level of retail expenditure generated by households, and the likely distribution of this expenditure across both existing and proposed centres.

This section provides an analysis of likely retail expenditure within the Study Area as well as a review of findings from recent quantitative market research relating to the supermarket shopping behaviour of households. These studies provide useful background analysis for understanding the factors that will influence households' use of the supermarkets that anchor activity centres within the Study Area.

6.1 Retail Expenditure

Retail assessments typically rely upon 'Marketinfo' expenditure data sourced from MDS Market Data Systems. Marketinfo uses micro simulation modelling techniques to estimate per capita expenditure through linking socio-economic data from the ABS Census with the ABS Household Expenditure Survey (HES).

There is however a number of factors that impact upon the reliability of these expenditure estimates including:

- Timing of Data Collection

As the Census was undertaken in 2011 and the HES in 2009-10, there is the potential for significant changes in both the profile of households within any given area and the level of household expenditure.

- Census Non-Response Rates

MDS Market Data Systems highlights the significant shortcoming associated with non-response rates within the Census data, with incomes not known for more than 10% of households.

- Sample Size (HES)

The HES has traditionally been used to model household expenditure at a local level. The purpose of this survey is however to determine weightings for measuring inflation (consumer price index) at a metropolitan level rather for modelling household expenditure at a small area level. The 2009-10 survey was conducted across 9,774 households nationally of which only 314 households were sampled from non-metropolitan Victorian locations. As a result, modelling household expenditure for a small area such as the Whittlesea Township requires some ambitious assumptions to be made about the consumption patterns of individual households, based upon that of metropolitan based households with which there may be few similarities.

- Seasonality (HES)

Also the influence of seasonal conditions is not accounted for, as the HES is undertaken at a point in time and not spread across a full year. Furthermore, modelling expenditure at a local level requires assumptions to be made about the characteristics of future households, which in locations experiencing strong population growth is typically difficult to predict.

- Household and Per Capita Expenditure

The HES measures expenditure at a household level, which at some stage must be converted to per capita expenditure. This conversion process potentially results in additional statistical errors that are transferred to per capita expenditure estimates.

Marketinfo expenditure estimates, which are relied upon by the majority of consultants in undertaking retail assessments, are based upon the most comprehensive modelling techniques. Nevertheless, these estimates that need to be used judiciously given the shortcomings noted above.

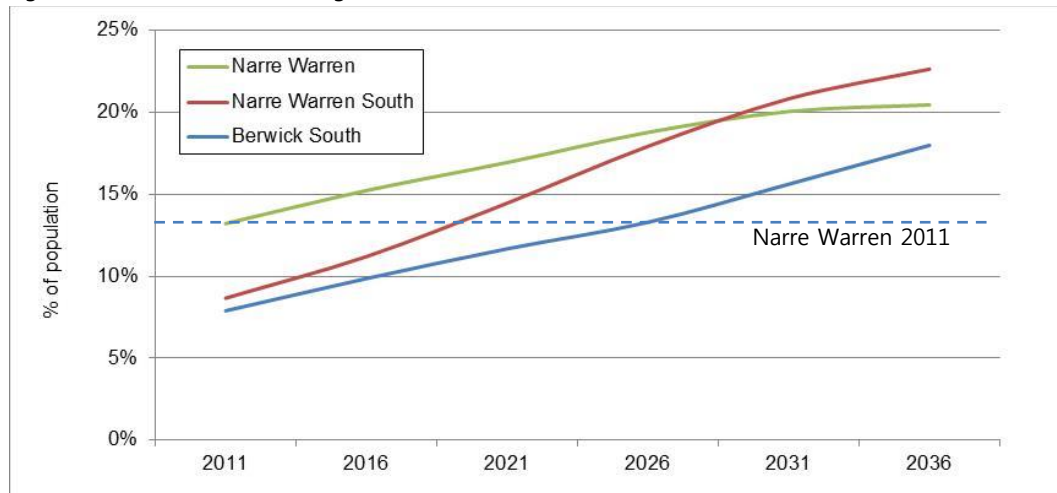
6.1.1 Estimated Per Capita Expenditure

In December 2015 Charter Keck Cramer obtained the most recent Marketinfo estimates of per capita expenditure for suburbs within the Study Area and surrounding region as shown in Figure 29 below. It is notable that estimated total per capita expenditure within Lynbrook-Lyndhurst (SA2) is only \$13,732, which is much less than other suburbs, which are in the range \$21,835-\$37,516, and the metropolitan average of \$34,167. Market Data Systems indicated that this anomaly may be due to higher household sizes within Lynbrook-Lyndhurst impacting upon the modelling process, given that the Marketinfo is a household expenditure model that has been adapted to provide per capita estimates.

However, as the population of both Berwick South and Narre Warren South ages, retail expenditure is likely to be similar to that of Narre Warren in 2011. As Figure 27 indicates, the proportion of residents aged over 60 years is projected to reach 13.3% in 2026, which is comparable to Narre Warren (13.2%) in 2011. Narre Warren South is expected to reach this level over 2016-2021. Similarly, Figure 28 also shows that the overall age profile of Berwick South and Narre Warren South in 2026 and 2021 respectively, will also be comparable to that of Narre Warren in 2011.

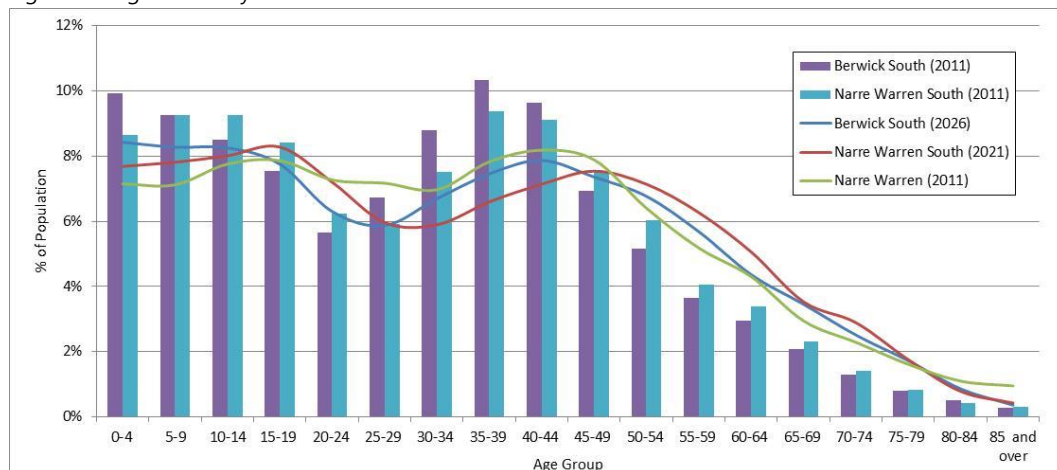
Therefore, regardless of the anomalies associated with expenditure estimates for Berwick South and Narre Warren South, it is more appropriate to adopt estimates for an area such as Narre Warren, which will more accurately represent the likely future demographic profile of the Study Area and as a result expected retail expenditure.

Figure 27: Percent of Residents Aged 60 Years and Over



Source: Id Consultants

Figure 28: Age Profile by Relevant Year



Source: Id Consultants

The expenditure categories of relevance to supermarket retailing are Fresh Food, Food Groceries, Non-Food Groceries and Liquor which together are referred to as Food, Groceries and Liquor (FG&L). Per capita household expenditure in 2015 in Narre Warren was \$5,099 (2014 dollars). This is approximately 12% higher than that estimated across metropolitan Melbourne.

Figure 29: Estimated per Capita Expenditure 2015 (\$2014)

Expenditure Category	Berwick - North	Berwick - South	Endeavour Hills	Hallam	Narre Warren	Hampton Park - Lynbrook	Lynbrook - Lyndhurst	Narre Warren South	Metropolitan Melbourne
Fresh Food	\$2,188	\$1,493	\$2,270	\$2,046	\$2,257	\$1,499	\$826	\$2,026	\$2,044
Food Groceries	\$1,437	\$1,053	\$1,527	\$1,379	\$1,564	\$1,045	\$583	\$1,414	\$1,364
Non-Food Groceries	\$603	\$418	\$612	\$555	\$632	\$404	\$226	\$554	\$562
Tobacco	\$489	\$387	\$613	\$629	\$730	\$499	\$203	\$513	\$516
Liquor	\$650	\$443	\$555	\$501	\$646	\$353	\$217	\$556	\$585
Takeaway	\$736	\$544	\$753	\$651	\$770	\$496	\$289	\$704	\$700
Restaurants	\$844	\$500	\$827	\$699	\$729	\$450	\$286	\$642	\$846
Clothing	\$1,212	\$793	\$1,117	\$931	\$1,075	\$691	\$436	\$1,024	\$1,113
Other Retail	\$4,360	\$2,932	\$3,971	\$3,309	\$3,912	\$2,324	\$1,534	\$3,670	\$3,918
Bulky Goods	\$1,674	\$1,181	\$1,555	\$1,291	\$1,506	\$896	\$643	\$1,497	\$1,446
Total Food & Groceries	\$4,228	\$2,964	\$4,409	\$3,980	\$4,453	\$2,948	\$1,635	\$3,994	\$3,970
Total Food, Groceries and Liquor	\$4,878	\$3,407	\$4,964	\$4,481	\$5,099	\$3,301	\$1,852	\$4,550	\$4,555
Total Retail	\$12,573	\$8,606	\$12,302	\$10,750	\$12,373	\$7,800	\$4,624	\$11,161	\$11,697
Total Expenditure	\$37,516	\$25,039	\$34,796	\$29,621	\$34,523	\$21,835	\$13,732	\$32,374	\$34,167

Source: Marketinfo (Market Data Systems)

6.2 Shopping Behaviour

6.2.1 Market Research Surveys

The shopping behaviour of future residents within the Study Area, and their use of local supermarkets and a neighbourhood activity centres, will determine the capacity for additional retail floorspace to be supported. This requires informed assumptions about the distribution of household expenditure across various centres within and beyond the Study Area.

As the retail anchor for Neighbourhood Activity Centres, the ability of supermarkets to attract shoppers is a key factor influencing not only their own performance but also that of the overall centre. The factors influencing households' choice of supermarket has been the subject of various publicly available market research surveys, including one undertaken by Roy Morgan Research³ and a second undertaken for Commercial Radio Australia⁴.

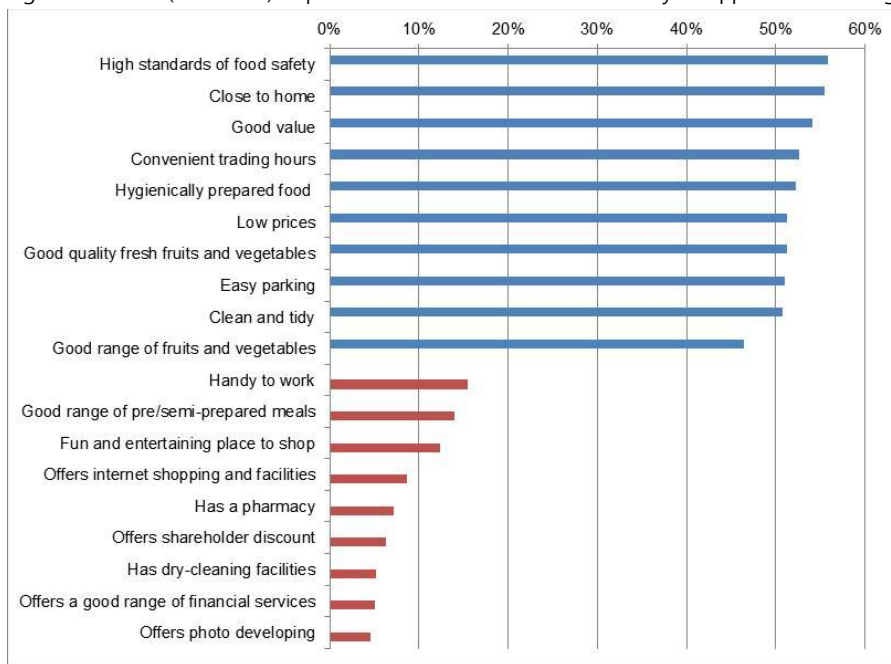
Both surveys identified the importance of location and good value to grocery shoppers in choosing a supermarket. Roy Morgan identified 'proximity to home' as being important to 55% of respondents, which is similar to that identified by the Commercial Radio Australia survey (63%). Importantly, 'handy to work' was only identified by 15% of shoppers as being an important factor in choosing a supermarket.

³ Roy Morgan Research, 'What makes a supermarket super?' April 13 2015

⁴ Commercial Radio Australia, 'Commercial Radio Listener insights into Grocery Buying Habits' Grocery FCT Report 2015

The importance of location to shoppers in metropolitan areas however may be understated, with Roy Morgan noting that *'most strikingly, a location close to home is the factor that most capital-city grocery buyers consider important (even ahead of high food safety standards).'*

Figure 30: Most (and Least) Important Factors for Australian Grocery-Shoppers in Choosing a Supermarket



Source: Roy Morgan Research

Despite the importance of shopping close to home, large shopping centres also attract a significant level of spending on food and groceries. Surveys of 27,000 shoppers at 48 neighbourhood, sub-regional and regional shopping centres across four Australian states by market research consultants Directional Insights⁵ over 2010-2012 indicated that individual shoppers spent just as much on food and groceries (food retail) when they visited a regional or sub-regional centre as they did when visiting a neighbourhood centre (refer Figure 31). This is consistent with large regional shopping centres such as Westfield Fountain Gate offering Coles, Woolworths and Aldi supermarkets. Increasingly regional shopping centres are also incorporating fresh food precincts.

⁵ <http://www.directional.com.au/wp-content/uploads/2010/08/ConsumerProfiles-Behaviors-AustralianShoppingCenters-v3.pdf>

Figure 31: Average Expenditure per Shopper by Centre Type

Category	Shopping Centre Type		
	Neighbourhood	Sub-Regional	Regional
Total Retail	\$65.52	\$75.70	\$94.96
Apparel	\$30.03	\$61.23	\$95.94
Bulky goods	\$13.86	\$49.22	\$9.23
Food catering	\$8.64	\$10.31	\$11.62
Food retail	\$60.21	\$62.27	\$62.20
General/leisure	\$22.94	\$32.72	\$40.44
Homewares	\$27.96	\$55.26	\$66.27
Retail services	\$49.75	\$42.74	\$55.48

Source: Directional Insights

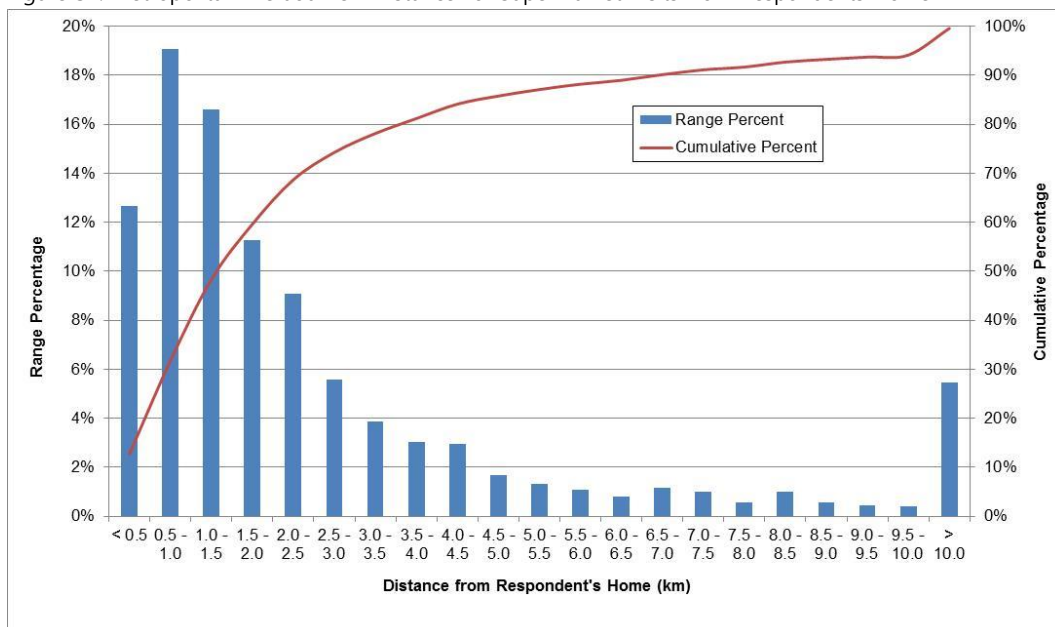
6.2.2 Victorian Integrated Survey of Travel and Activity (VISTA)

The Victorian Department of Economic Development, Jobs, Transport and Resources surveys Victorian residents (metropolitan Melbourne, Geelong, plus a number of regional areas) with respect to how, where, why and when they travel on a specific 'Travel Day'.

An analysis of the most recently available survey data (2009-10) provides an insight into the supermarket shopping behaviour of households across metropolitan Melbourne. The survey identified a total of 2,245 visits to supermarkets, of which 75% were undertaken immediately prior to shoppers returning home. Similarly, 53% of visits to supermarkets originated from respondents' homes.

Survey data is particularly useful in identifying the distance between a respondents' home and the supermarket that they visit. As Figure 32 shows, 69% of visited supermarkets are within 2.5 km of a respondent's home. Visits to supermarkets further afield are typically associated with a person's workplace location, or social activities such as visiting friends.

Figure 32: Metropolitan Melbourne - Distance* of Supermarket Visits from Respondents Home



Source: Victorian Integrated Survey of Travel and Activity (VISTA)

*Straight line distance

While VISTA does not identify the level of spending associated with supermarket visits, it would be expected that weekly supermarket shopping would be more likely to be undertaken closer to home than would smaller 'top-up' or random purchases. Hence, it would be reasonable to expect that perhaps 80-85% of supermarket purchases would be made with the same distance (2.5 km) of a respondent's home.

This is consistent with the results from various surveys previously undertaken for Charter Keck Cramer across metropolitan Melbourne which indicate that households' choice of centre for weekly food shopping, and as a result a centre's main trade area, is primarily determined by:

- Proximity to a shopper's home with approximately 70-80% of households typically shopping locally from home.
- Tenancy mix with a wide range of shops enabling one-stop grocery shopping to be undertaken.
- Ease of parking.
- Access to a preferred supermarket chain.

In addition, centres attract some expenditure from outside its main trade area depending on their exposure to main roads, accessibility to a local workforce population and proximity to other attractions that may encourage people to visit the area.

6.3 Conclusion

Future per capita retail expenditure by households within the Study Area is expected to approximate that currently generated by residents within Narre Warren, which currently has a demographic profile similar to that projected for both Berwick South and Narre Warren South. Accordingly, per capita expenditure on food, groceries and liquor is expected to be in the order of \$5,099 per annum, 12% above the metropolitan average. This estimated level of expenditure is adopted later in this report to assess the capacity for additional supermarket floorspace to be supported

The shopping behaviour of future residents within the Study Area would be expected to be consistent with that of other Australian households as identified by various market research surveys. Accordingly, households are expected to primarily undertake their weekly food and grocery shopping at a local activity centre, although larger centres such as Westfield Fountain Gate and Casey Central are also expected to attract shoppers.

7. Retail and Commercial Floorspace Assessment Context

Households' use of activity centres and the resulting performance of activity centres within Berwick South will be influenced by the impact of the area's road network and physical features upon the accessibility of centres. The key influences are the two north-south arterial roads, being Narre Warren-Cranbourne Road and Clyde Road, and the Wetlands Reserve. Together with limited east-west road connections, this creates two north-south corridors which impacts upon the relative convenience of the existing and future centres for households, and as a result the trade area of centres.

Virtually all households within the Study Area are less than 2.5 km from either Casey Central or Eden Rise Village. Across metropolitan Melbourne, 69% of the supermarket shoppers travel this distance or less. This accessibility to existing centres, combined with physical barriers limiting the ability to attract shoppers from outside the Study Area, may impact upon the ability to support new centres elsewhere within the Study Area. However, given that residents' choice of supermarket within Berwick South is limited to Coles and Aldi supermarkets at Eden Rise, there may be the capacity to support a new centre if anchored by a Woolworths supermarket. Similarly, an independent supermarket with strong links to the local community may potentially also be supported.

Physical barriers, both protect centres within the Study Area from competing centres as well as limit their trade areas. As a result, any new centres will face the greatest competition from, and have the greatest economic impact upon, existing centres within the Study Area. Similarly, physical barriers and road access represent potential risks for the proposed Berwick Waterways Local Town centre in terms of the trade area it may service, and the likely supermarket format that may be supported.

Although the Berwick South and Narre Warren South corridors are somewhat physically separated, they share many similarities in terms of population capacity, the socio-economic profile of residents and competition from new neighbourhood activity centres to the south. Narre Warren South's population has now peaked at around 29,000 residents, while the population of Berwick South is projected to reach a similar level around 2031. Narre Warren South therefore provides an indication of the future sustainable floor space within neighbouring Berwick South, given that:

- Narre Warren South has largely reached its population capacity; and
- Casey Central is currently being expanded to meet demand for retail space with the addition of a second full-line supermarket, discount department store and additional specialty stores.

In terms of benchmarks for the provision of full-line supermarkets, there is an average of approximately 14,000 residents for each full-line supermarket across Melbourne's outer metropolitan regions, which provides a broad indication of the capacity of a trade area to support a typical supermarket. Notably, the population of Narre Warren South is projected to peak at around 30,000 residents, which is consistent with two full-line supermarkets being comfortably supported.

Similarly, combined average annual sales across full-line (Coles and Woolworths) supermarkets is around \$42 million per annum. This provides an 'average' benchmark for assessing the capacity for additional supermarkets within proposed neighbourhood activity centres, if specialty retailers are also to perform at levels comparable to those within existing neighbourhood activity centres.

Small retailers and other businesses in neighbourhood activity centres rely upon a supermarket anchors

performing well in order to attract potential customers, and ensure the ongoing commercial viability of these smaller businesses. Planning for new centres on the basis of projected supermarket sales that are below industry averages may potentially undermine a centre's overall vibrancy and sustainability. Within this context, total sales rather than per square metre sales generated by a supermarket is a more important indicator of the contribution of a supermarket anchor to the sustainability of specialty retailers and an overall centre.

The supermarket industry has changed significantly over the past 15 years following the entry of Aldi into the Australian market, and may continue to evolve given the expansion of Costco and the rumoured entry of German supermarket Lidl. Currently, approximately 70-80% of household expenditure on food, groceries and liquor is spent at supermarkets. Coles and Woolworths together account for approximately 70% of total supermarket sales, while IGA and Aldi together account for a further 20%.

Independent supermarkets also have the capacity to anchor neighbourhood activity centres with supporting specialty retailers, particularly where they service a well-defined trade area, offer a high level of convenience and have strong links with the local community. Amberly Park Shopping Centre is one example of where this is the case.

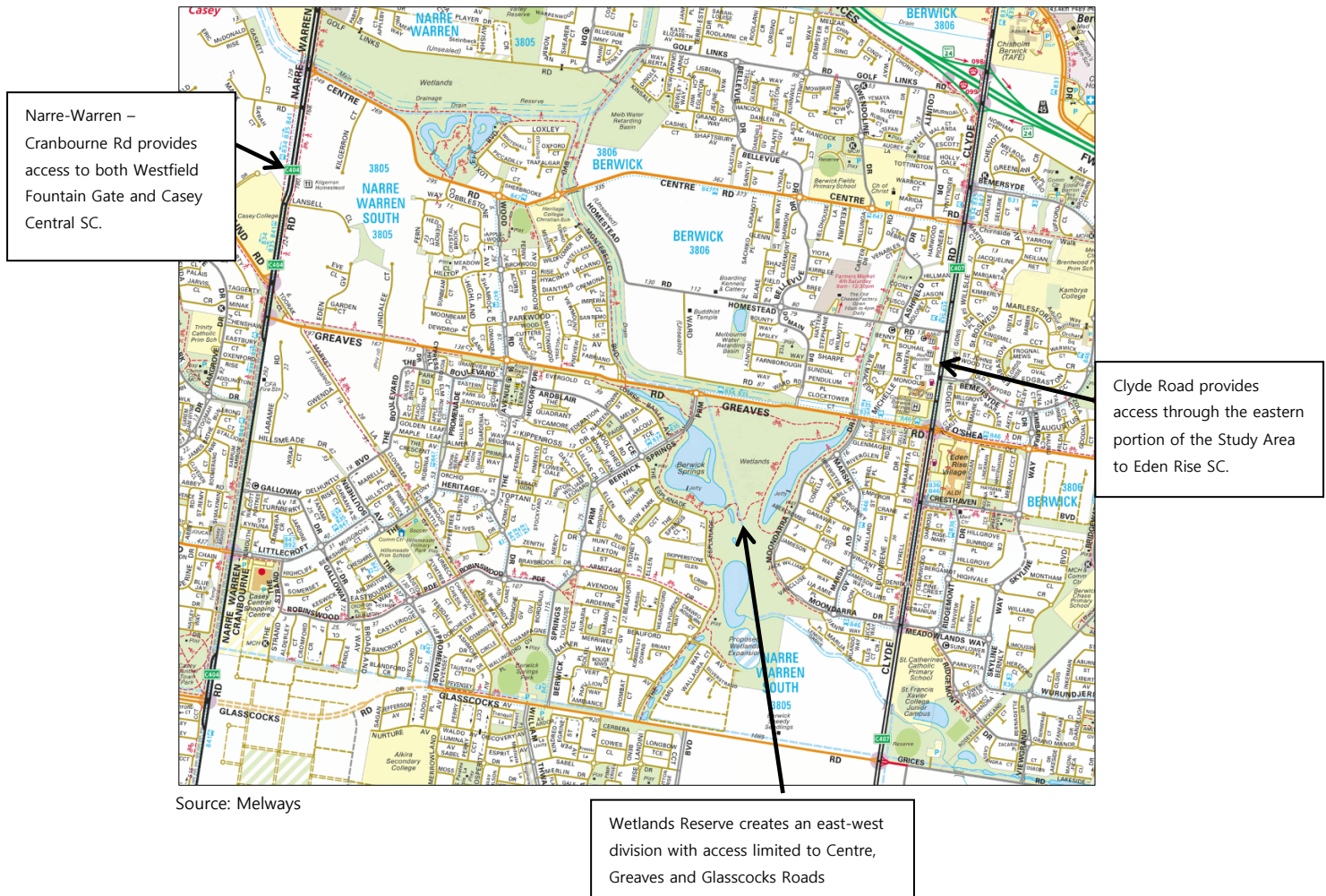
Before assessing the potential to support additional retail floorspace within the Study Area, it is useful to review the factors influencing the operating environment for supermarkets and the neighbourhood activity centres that they anchor. Such a review also provides a context for understanding the core assumptions that underpinned any retail floorspace assessment.

7.1 Accessibility

In addition to the physical barriers that define the Study Area boundary, the Wetlands Reserve extending from the Narre Warren Railway Station in a south-easterly direction to the junction of Glasscocks and Clyde Roads, divides the Study Area into two local areas. Together with the influence of the two north-south arterial roads, being Narre Warren-Cranbourne Road and Clyde Road, this creates two north-south corridors which impacts upon the relative convenience of the existing Casey Central or Eden Rise Village for households within each sub-area.

The trade area for each centre would be expected to be approximated by the sub-area within which they are located. Similarly, trade areas for potential future neighbourhood activity centre locations will also be influenced by these physical characteristics.

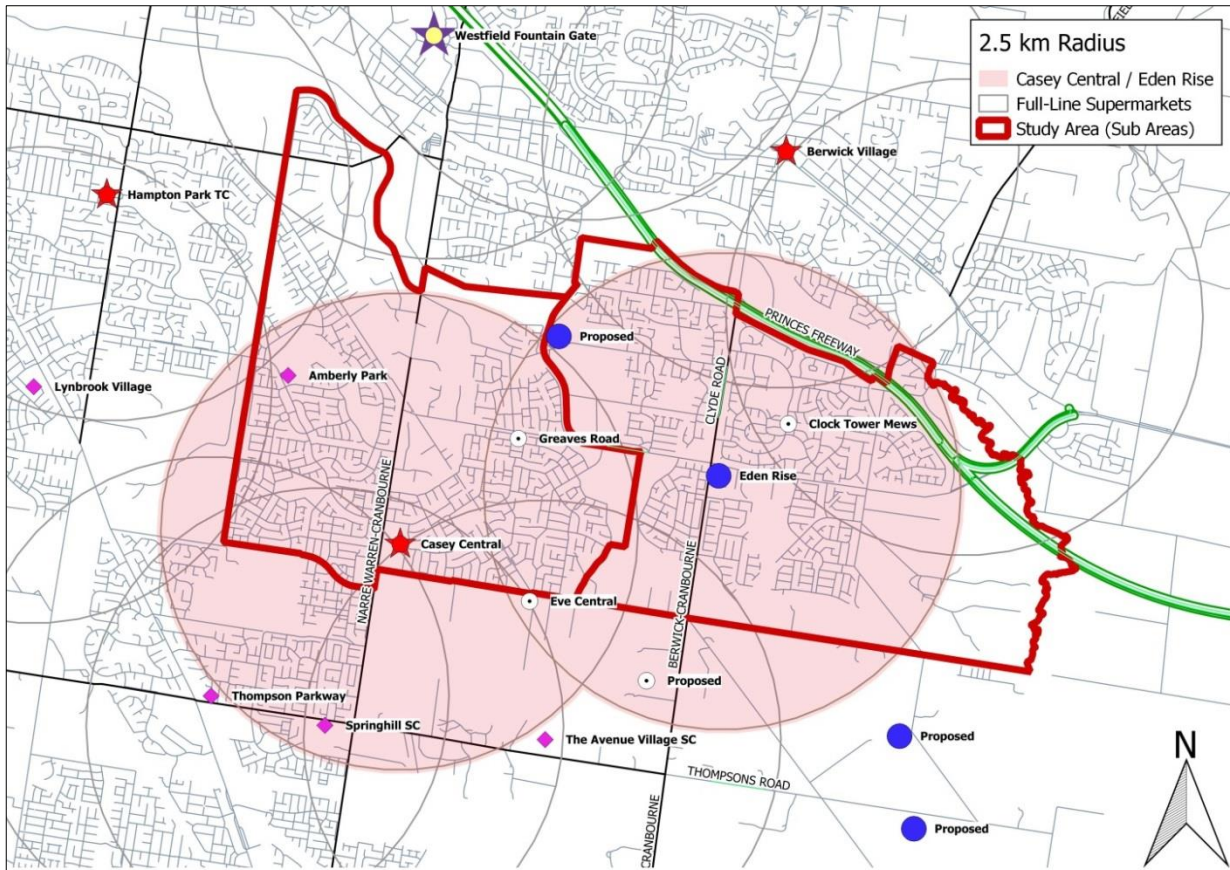
Figure 33: Study Area Accessibility Context



The analysis of VISTA data undertaken in Section 6.2 indicated that 69% of supermarket visits were within 2.5 km (in a straight line) of survey respondents' home. Trips outside this area are likely to be at regional shopping centres as part of a multi-purpose shopping trip, or alternatively small random purchases associated with an unrelated trip. Hence, it may be concluded that Melbourne households have the opportunity to shop at the supermarket of their choice within 2.5 km of their home.

Figure 34 shows the 2.5 km radius around the Eden Rise Village and Casey Central shopping centres, as well as other centres anchored by a full-line supermarket. Virtually all of the populated area of Berwick South is within 2.5 km of the Eden Rise Village, while the northern portion of Berwick South also falls within the 2.5 km radius of supermarkets at Berwick and Beaconsfield. However, an analysis of travel distance and times using Google Maps indicates that Eden Rise is noticeably closer and requires significantly less travel time than these other centres (refer Figure 35). The distance by road from Eddie Baron Reserve to Eden Rise Village is only 1.8 km, compared to 3.4 and 4.4 km respectively for the next nearest full-line supermarkets at Berwick and Beaconsfield.

Figure 34: Full-Line Supermarket 2.5 km Radius



While Berwick South residents may access Coles and Aldi supermarkets at Eden Rise Village within the distance typically travelled by shoppers across metropolitan Melbourne to undertake local supermarket shopping, they may not be shopping at their preferred supermarket. That is, they do not have the additional option of shopping at either a Woolworths supermarket or larger independent supermarket such as a Supa IGA.

A new Woolworths full-line supermarket located centrally within Berwick South would provide additional supermarket shopping options for the maximum number of households within the area. While the same may also apply to an independent supermarket, their potential to establish strong loyalty within a local community together, with a lower turnover requirement to be viable, means that they are also suited to locations connected to a local community. This also reduces the level direct competition with the larger supermarket chains.

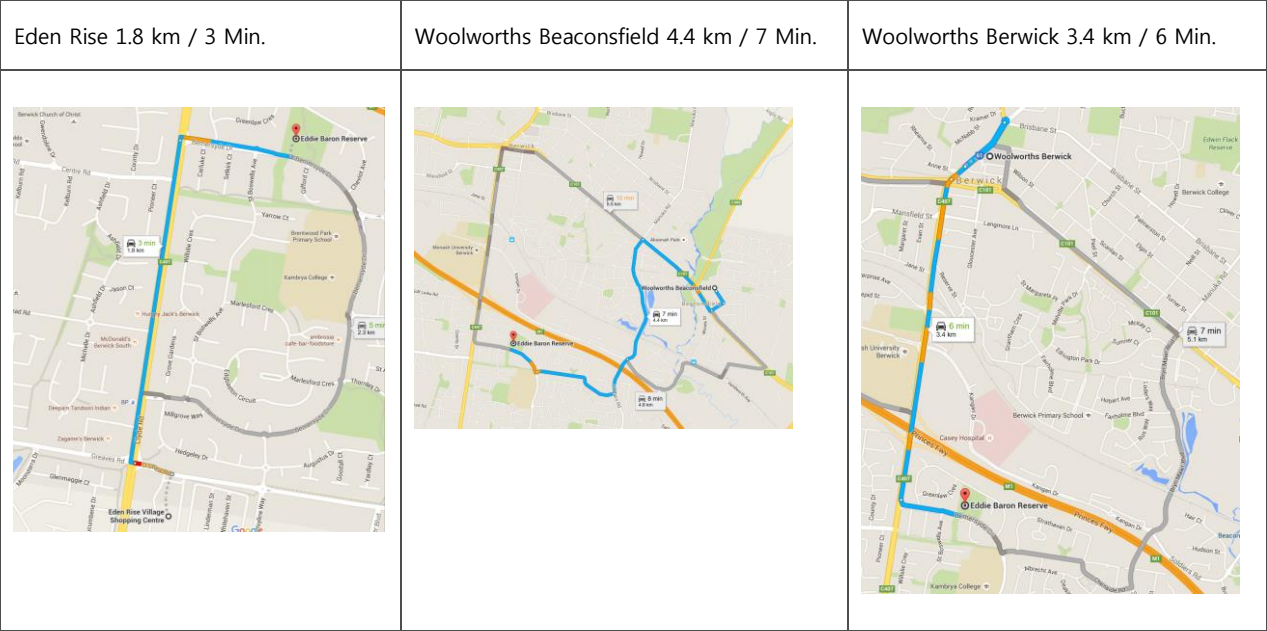
Although the 2.5 km radius around Casey Central includes residential areas to the south, there is significant competition from full-line supermarkets at three nearby centres being Thompson Parkway, Springhill and The Avenue Village shopping centres. To the west, there is only non-residential land within the 2.5 km radius beyond the Study Area boundary. To the north and east the 2.5km radius generally coincides with the boundary of Narre Warren South,

When the physical and competitive context is taken into account, there is a significant portion of both Berwick South and Narre Warren South which do not fall into the 2.5 km radius of other centres. As a result, there is relatively little competitive pressure from other centres upon Eden Rise and Casey Central shopping centres. The physical barriers that protect the existing centres will however also limit the capacity of these and any new centres to attract shoppers from outside of the local area.

The implication of this analysis for the location of any potential future centres is that any centres will face the greatest competition from, and have the greatest economic impact upon, existing centres within the Study Area. Similarly, the physical barriers that define the Study Area and the two sub-areas, may also limit the ability of centres to attract shoppers.

The proposed Berwick Waterways LTC faces a number of physical barriers that limit access to potential shoppers, including Sweeney Reserve / Monash Freeway (800 metres to the north) and the wetlands reserve immediately to the north-west. While this may not preclude such a centre, it will reduce its competitiveness and the amount of retail floorspace that may be supported.

Figure 35: Travel Distance and Time - Eddie Baron Reserve (Berwick) to Nearest Full-Line Supermarket

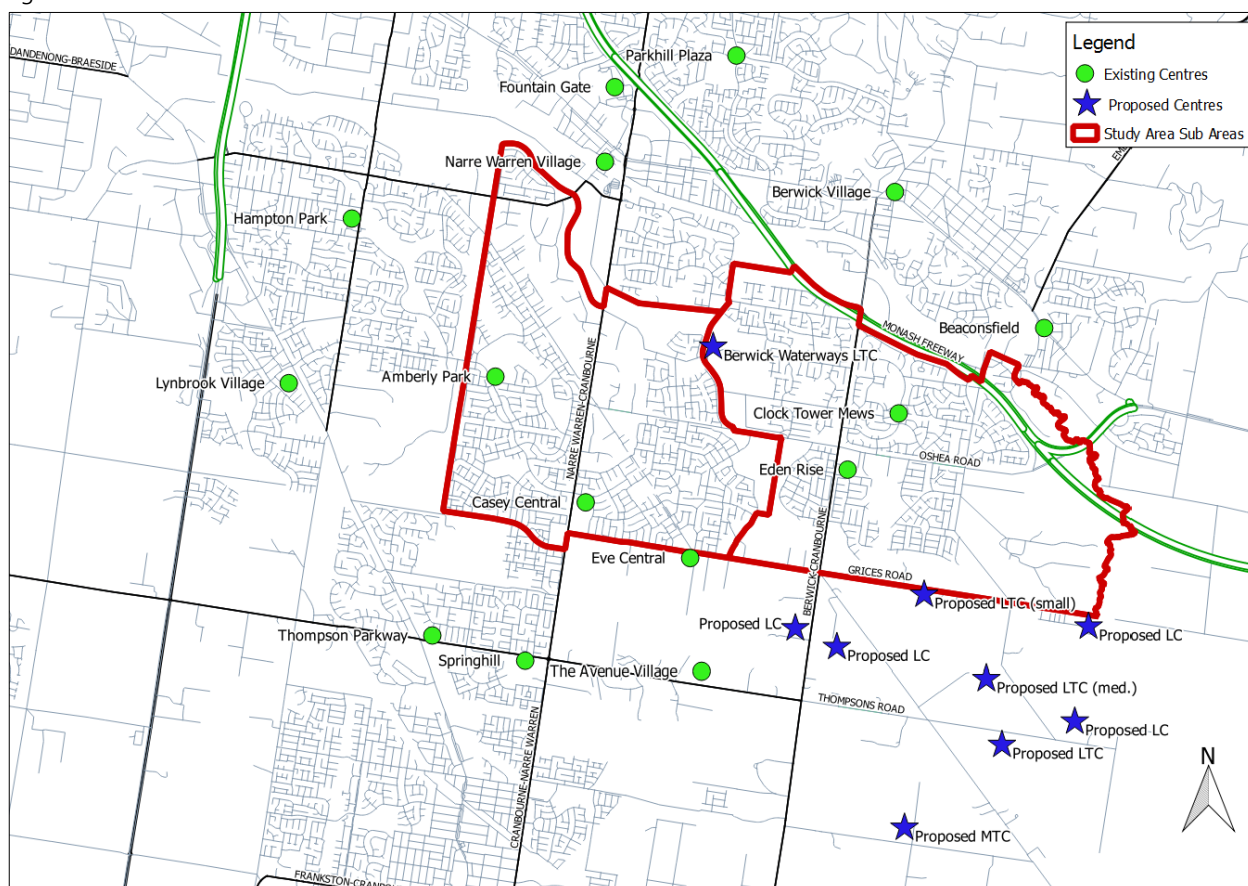


Source: Google Maps

7.2 Local Areas

Due to the influence of the wetlands reserve and the two major north-south roads upon accessibility, and the reduced likelihood of households crossing the reserve to undertake weekly shopping activities, it is appropriate to assess the potential for a new neighbourhood activity centre at a local area level rather than for the entire Study Area. These areas are defined by the Berwick South and Narre Warren South statistical areas (SA2) as shown in the figure below.

Figure 36: Local Areas



Id Consultants project that the population of Berwick South will continue to increase by 24% over the period 2016-2026, whereas the population of Narre Warren South will experience a minor decline (refer Figure 13).

Figure 37: Projected Population Growth 2011-2036

Forecast Area	2011	2016	2021	2026	2031	2036	% Change 2016-2026	% Change 2026-2036
Berwick South	22,493	24,011	26,841	29,757	30,468	29,957	23.9%	0.7%
Narre Warren South	29,548	29,610	29,207	28,635	28,053	27,635	-3.4%	-3.5%
Total	52,041	53,621	56,048	58,392	58,521	57,592	-1.5%	-1.4%

Source: Id Consultants

As already discussed in Section 6.1, estimated per capita retail expenditure of residents within Narre Warren represents the most reliable estimate for future residents within Berwick South and Narre Warren South. Marketinfo estimates that in 2014, Narre Warren residents spent \$5,099 per person on food, groceries and liquor (FG&L). Applying this rate to the projected population of Berwick South and Narre Warren South results in the projected level of FG&L expenditure shown in the figure below.

Currently the level of available household FG&L expenditure within Narre Warren South significantly exceeds that generated by households within Berwick South. Strong population growth within Berwick South will increase available expenditure over the next decade to a level similar to Narre Warren South.

Figure 38: Projected Food, Grocery and Liquor Expenditure (\$2014 Million)

Sub Area	2011	2016	2021	2026	2031	2036
Berwick South (\$m)	114.7	122.4	136.9	151.7	155.4	152.8
Narre Warren South (\$m)	150.7	151.0	148.9	146.0	143.0	140.9
Total Study Area (\$m)	265.4	273.4	285.8	297.7	298.4	293.7

Source: Marketinfo, Id Consultants, Charter Keck Cramer

Importantly, the Narre Warren South sub area provides an important insight into the likely future requirement for supermarkets and neighbourhood activity centres within neighbouring Berwick South due to:

- Narre Warren South's population and available household FG&L expenditure currently peaking at levels consistent with that projected for Berwick South in 2026.
- The current expansion of Casey Central Shopping Centre providing the opportunity to address any previous under-supply of retail floorspace.
- Residential development and neighbourhood activity centres to the south of Casey Central providing a similar competitive context to planned residential areas in Clyde North.
- Casey Central having a similarly well-defined trade area due to the physical barrier created by the transmission line to the west.

Given the similarities, the level of retail provision within Berwick South would also be expected to be comparable to that within the Narre Warren South sub region. With the current expansion of Casey Central, Narre Warren South will be serviced by two full-line supermarkets and an Aldi supermarket, as well as an IGA supermarket at Amberly Park Shopping Centre. With population levels in Narre Warren South stabilising at just under 30,000 residents, there will be 15,000 residents per full-line supermarket.

This level of full-line supermarket provision is generally consistent with that identified below in Section 7.5 with 13,500 – 14,800 residents per full-line supermarket within outer suburban areas across Melbourne.

7.3 Supermarket Floorspace Performance Benchmarks

Determining whether the projected turnover is sufficient to support a new full-line supermarket is usually based upon a turnover per square metre. Consultants typically assumed this to be the minimum required to support a full line supermarket, and therefore less than the average turnover rate for existing supermarkets.

It may however be argued that the average rate for existing supermarkets would be more appropriate given:

- increasing competition facing the two full-line supermarket chains from Aldi, Costco and potentially the German supermarket chain Lidl in the future;
- the potential for supermarket performance to decline over time as stores become less efficient and the local population ages resulting in declining household size, population and expenditure at supermarkets; and
- perhaps most importantly, the importance of supermarkets in anchoring retail centres and attracting a critical mass of shoppers to support specialty retailers.

The last point highlights the key issue being, not whether a new supermarket is commercially viable but rather whether an additional neighbourhood activity centre including specialty retailers is economically sustainable.

Urbis surveys the turnover of a sample of supermarket-based centres for inclusion in its annual Retail Averages Report. Average turnover per supermarket is currently estimated to be \$44.2 million, with an average floor area of 3,770 m², resulting in an average retail turnover density of \$11,700 per square metre. An indication of average turnover across all stores may also be obtained from Woolworths and Coles annual reports, with an average of \$41.9 million per store (refer Figure 51) which is consistent with the findings of Urbis.

Figure 39: Full-line Supermarket Chains – Average Turnover per Store 2015

	Food and Liquor Sales	No. Stores	Average Turnover per Store (\$m)
Woolworths	\$42,132 mill.	961	\$43.8 mill.
Coles	\$30,430 mill.	771	\$39.5 mill.
Total	\$72,562 mill.	1,732	\$41.9 mill.

Source: Woolworths and Westfarmers Annual Reports 2015

However, total supermarket turnover rather than per square metre sales is of most relevance to the role of a supermarket as a retail anchor for a new neighbourhood activity centre. Adopting the minimum per square metre turnover rate required to support a supermarket would be expected to result in a below average total store turnover. Consequently, the performance of specialty retailers, reliant upon a supermarket anchor to attract potential customers, would also be expected to be below that of retailers in a typical neighbourhood centre. This may impact upon the sustainability of these businesses and their ability to meet the needs of local residents. Similarly from a developer's perspective, the commercial viability of a new retail centre is determined by the income generated by specialty retailers rather than a supermarket. The capacity of specialty retailers to afford higher rents will be dependent upon the number of potential customers attracted to the centre by the supermarket anchor.

7.4 Small Business Context

Neighbourhood activity centres play a key role in meeting the weekly shopping needs of local residents, primarily with respect to supermarket shopping. Supermarkets play an important role as a retail anchor for these centres through attracting shoppers which then provides exposure to potential customers for specialty retailers. The capacity for these specialty retailers to be supported is therefore largely determined by the performance of the supermarket anchor.

Unlike supermarkets, specialty retailers are small owner-operated businesses with limited flexibility to adjust labour inputs in order to maintain their commercial viability. That is, a threshold level of turnover is required to offer the required range of products, provide an acceptable return on investment and remunerate the owner for their labour. By comparison, supermarkets have much greater capacity to adjust stock levels and labour inputs in order to remain viable.

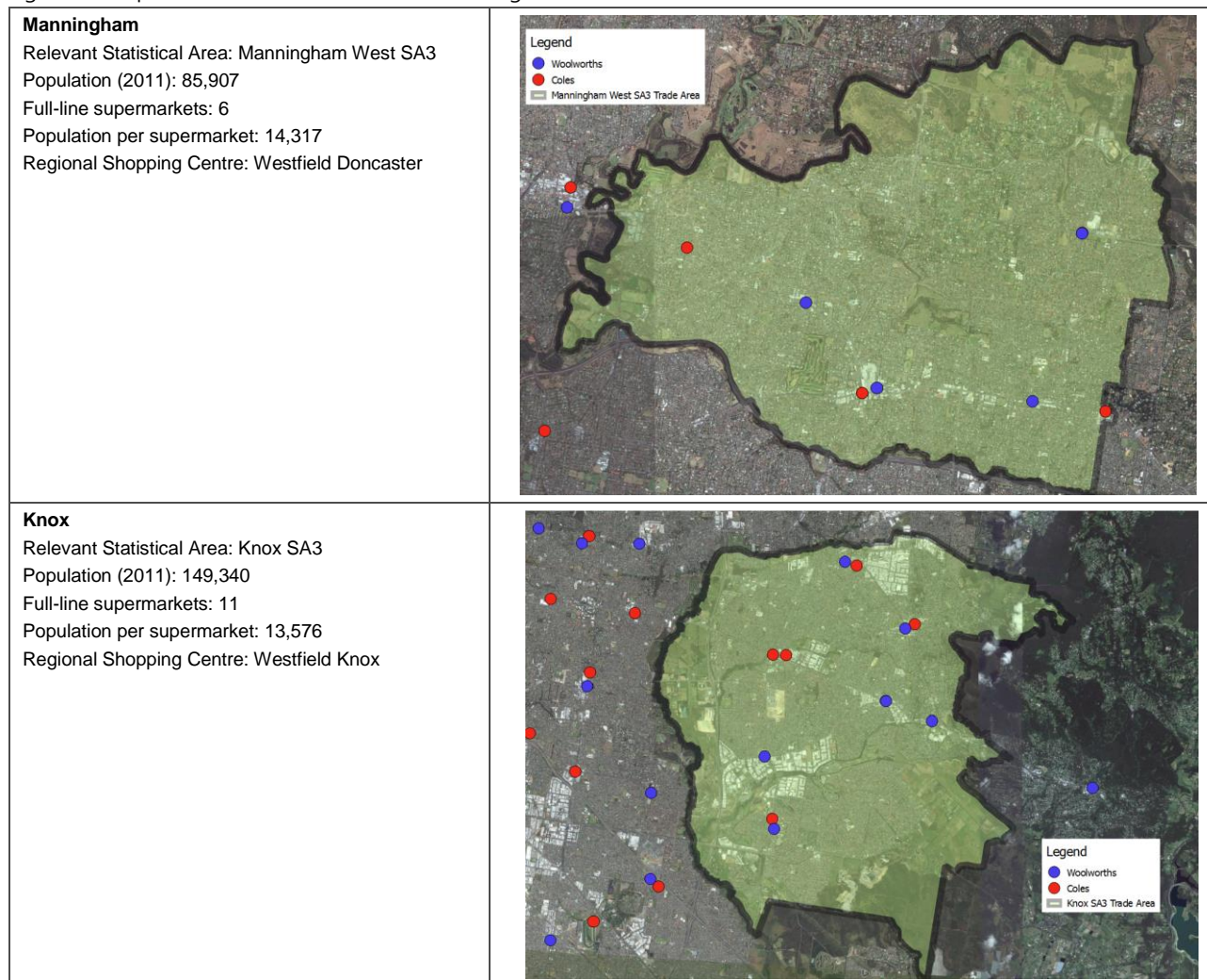
Within this context, total sales rather than per square metre sales generated by a supermarket is a more important indicator of the contribution of a supermarket anchor to the sustainability of specialty retailers and an overall centre. Similarly, in order for specialty retailers to perform at levels comparable to other businesses in neighbourhood activity centres, they will require a similar level of exposure to potential customers. Hence supermarkets in their role as retail anchors will also need to generate sales consistent with industry averages, rather than the minimum turnover required to support their own viability.

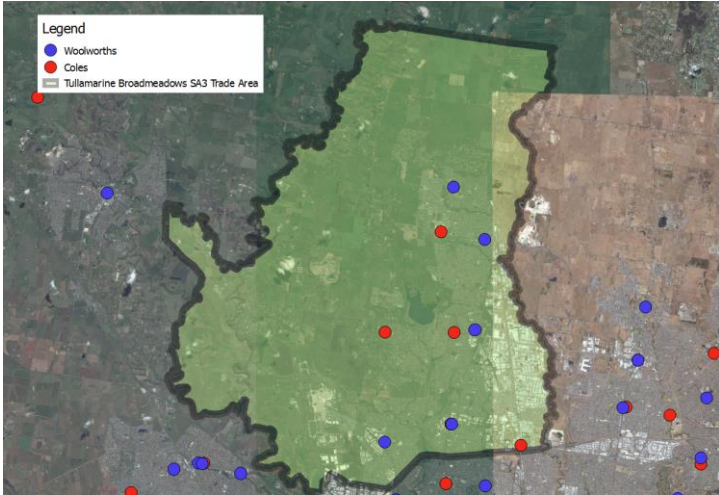
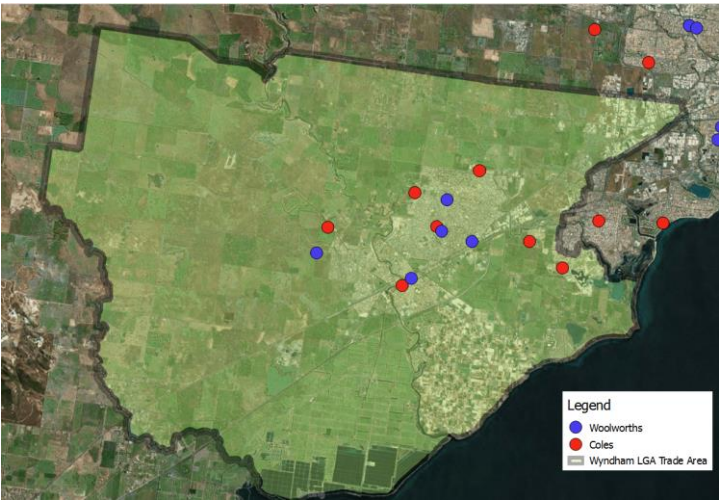
7.5 Full-Line Supermarket Provision Case Studies

Before assessing the potential for a new neighbourhood (supermarket anchored) activity centre to be supported within Berwick South, it is useful to review the per capita provision of full line supermarkets within comparable outer metropolitan locations. These locations have also been selected on the basis that they include a regional shopping centre similar to Westfield Fountain Gate and are well defined by physical barriers.

Based upon 2011 population levels, all four regions profiled below had 13,500 – 14,800 residents for each full-line (Coles or Woolworths) supermarket.

Figure 40: Supermarket Provision Case Studies - Regional Trade Areas



<p>Tullamarine - Broadmeadows</p> <p>Relevant Statistical Area: Tullamarine - Broadmeadows SA3</p> <p>Population (2011): 132,559</p> <p>Full-line supermarkets: 9</p> <p>Population per supermarket: 14,728</p> <p>Regional Shopping Centre: Broadmeadows Shopping Centre</p>	
<p>Wyndham</p> <p>Relevant Statistical Area: Wyndham LGA</p> <p>Population (2011): 161,575</p> <p>Full-line supermarkets: 12</p> <p>Population per supermarket: 13,464</p> <p>Regional Shopping Centre: Werribee Plaza</p>	

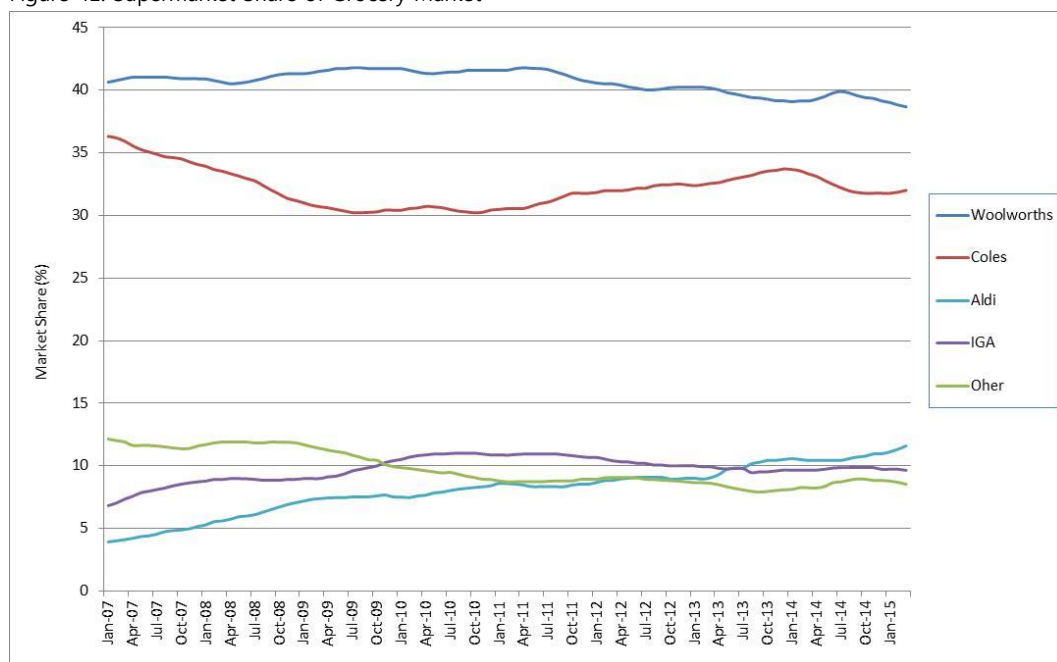
7.6 Supermarket Market Shares

Food, groceries and liquor (FG&L) may be purchased from a variety of retailers including supermarkets, specialty food stores, liquor outlets, convenience stores, discount department stores as well as farmers markets and online retailers. According to the ABS's Retail Trade series, supermarkets account for 85% of total sales within the supermarket, specialty food and liquor sectors within Victoria. When additional FG&L sales at other retailers are taken into account, it is expected that supermarkets account for around 70-80% of total household expenditure on these items.

Supermarket share of total FG&L sales will vary depending upon the level of demand for, and competition from, specialty retailers within an area. This will reflect a number of factors, including the demographic and socio-economic profile of residents as well as the prevalence of strip retailing which typically offers affordable accommodation for specialty retailers. Within new residential areas, such as the Study Area, supermarkets would be expected to attract around 80% of household expenditure on FG&L.

Market shares within the supermarket sector are monitored by a number of market research agencies including Roy Morgan. As Figure 41 indicates, Coles and Woolworths together account for around 70% of the sales across all supermarkets and grocery stores nationally.

Figure 41: Supermarket Share of Grocery Market



Source: Roy Morgan

7.7 Independent Supermarket Case Studies

Independent supermarkets are generally located on major arterial roads where they are able to service passing trade, in addition to local residents. However, there are a number of centres anchored by an independent supermarket that are located internally within a residential area. Four centres across a variety of locations have been profiled below, with all having well defined trade areas with a resident population in the range 6,600-8,100. Floorspace provision was in the range 0.16-0.31 m² per person.

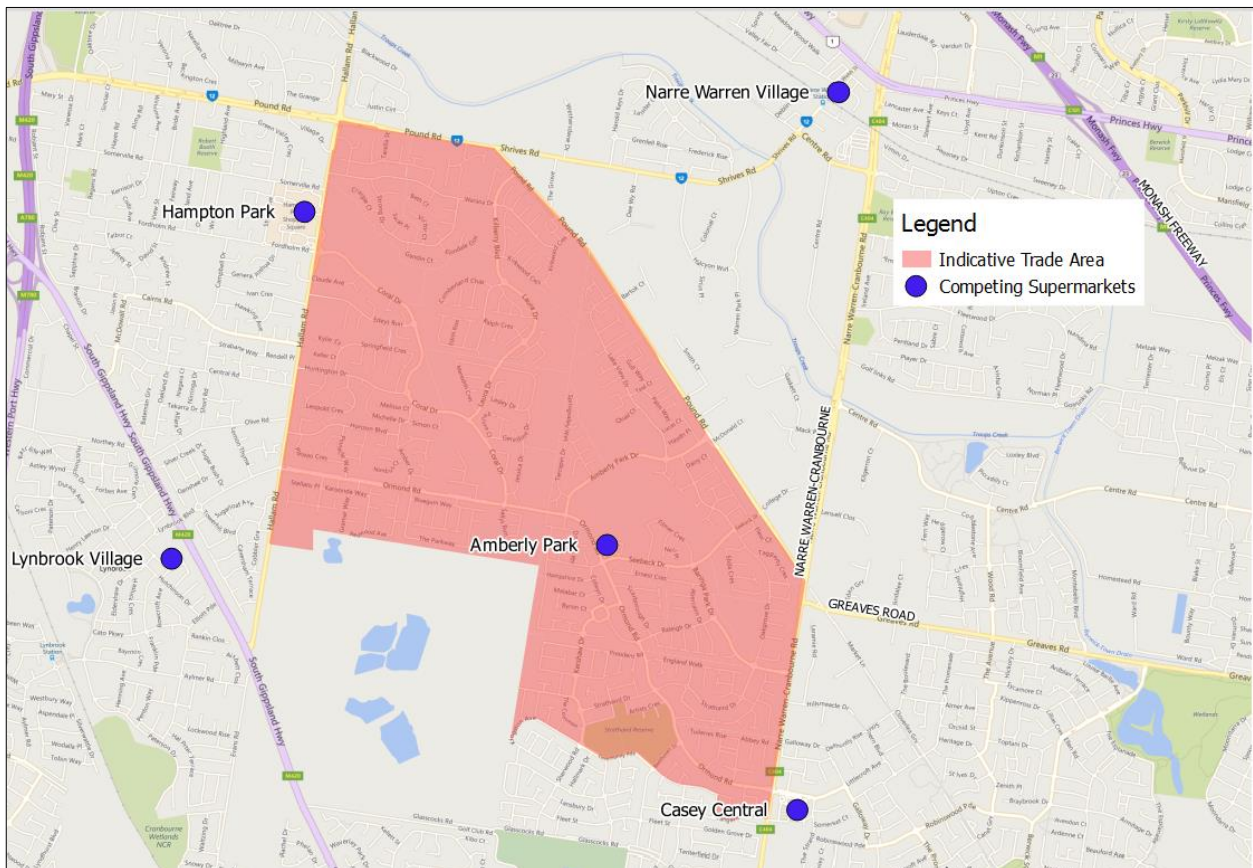
7.7.1 Amberly Park Shopping Centre

This centre is located in the far western portion of the Study Area and faces strong competition from both Hampton Park Shopping Centre and Casey Central. This centre supports an IGA supermarket of approximately 1,600 m² together with a range of specialty retailers including a pharmacy, newsagent, take away food outlets and a Bendigo Bank.

The supermarket appears to be performing strongly with a wide range of grocery items, fresh food and smallgoods together with a liquor section that caters for the weekly shopping needs of local households.

The Indicative Trade Area shown in the figure below had a population of 21,843 in 2011, although the market share captured by the independent supermarket will be significantly limited by full-line supermarkets at the nearby centres.

Figure 42: Indicative Trade Area



7.7.2 Glen Gala Shopping Centre (Fitzgerald Road, Ardeer)

This recently developed centre is nominated as a small neighbourhood centre in the Brimbank Planning Scheme and comprises a Supa IGA supermarket (2,500 m²) together with 12 specialty retailers including a Tatts outlet, bakery, take away food outlets and a variety store together with a hairdresser, gym and a restaurant. A seven day medical clinic has also been developed adjacent to the centre as part of the overall development.

The gross building area of the shopping centre is approximately 4,000 m² and the adjacent medical centre is estimated to have a floor area of approximately 280 m².

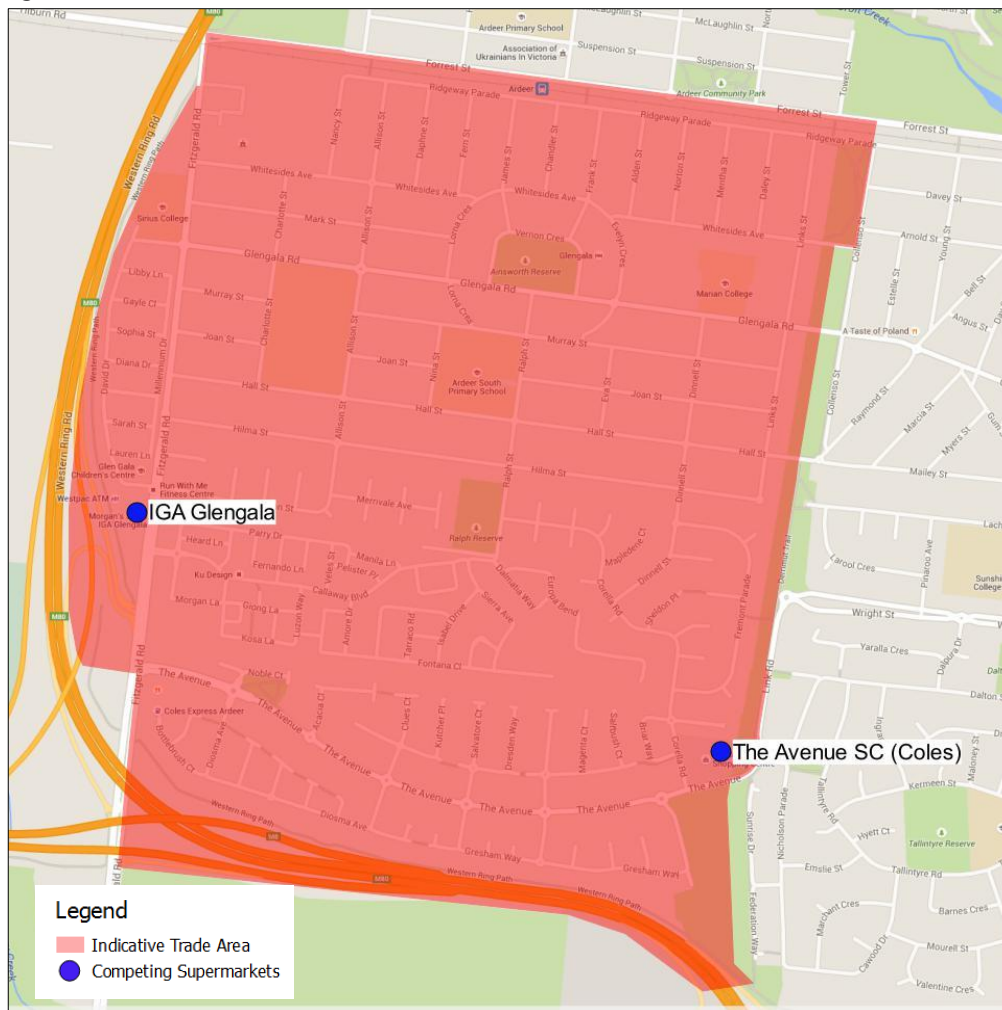


The indicative trade area for the centre as shown in Figure 43 below is well defined by the Western Ring Road to the west and south, the railway line to the north and a power line easement to the east. The main competing centre within this trade area is 'The Avenue' Shopping Centre which offers a Coles supermarket.

The population of this indicative trade area in 2011 was 8,057. While there has been some additional residential development within this area since 2011 it is not expected to have significantly increased population levels. In addition,

residential development opportunities within the area have now been largely exhausted. Based upon the 2011 population, the building area per person is calculated to be 0.5 m² and supermarket floorspace per person of 0.31 m².

Figure 43: Indicative Trade Area



7.7.3 Beaumaris Concourse

The Beaumaris Concourse is an example of a centre with strong links to the local community which supports a Supa IGA supermarket (approx. 1,075 sqm) as well as a range of specialty retailers. These specialty retailers include a greengrocer, bakeries, butcher and a range of non-food specialties.

This centre's indicative trade area is also well defined by Port Phillip Bay to the south and east and golf courses to the north. In addition, competition from the Black Rock and Mentone activity centres also limit the extent of the trade area.

The population of this centre's indicative trade area in 2011 was 6,819. Supermarket floorspace per person is calculated to be 0.16 m² although anecdotally this store appears to be trading strongly and therefore could be expanded.

Figure 44: Indicative Trade Area

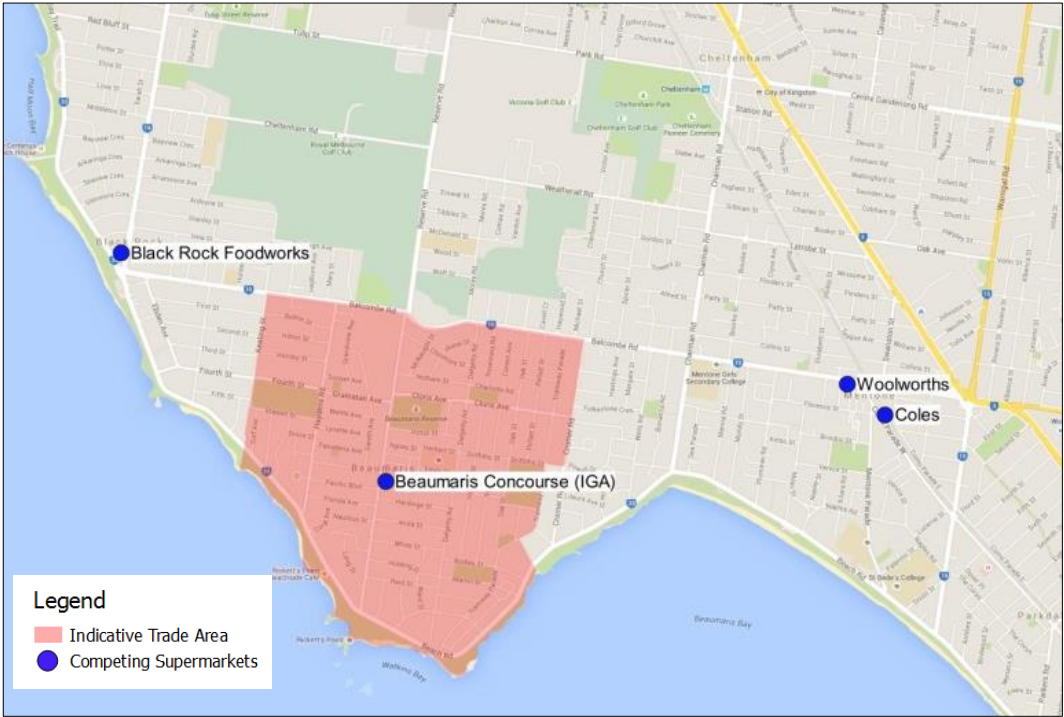


Figure 45: Supa IGA Supermarket



Source: Nearmap

7.7.4 Aspendale Gardens Shopping Centre

The Aspendale Gardens Shopping Centre is well patronised by the local community which supports a 1,800 m² Supa IGA supermarket and 17 specialty stores. The total gross building area of the centre is estimated to be approximately 5,500 m².



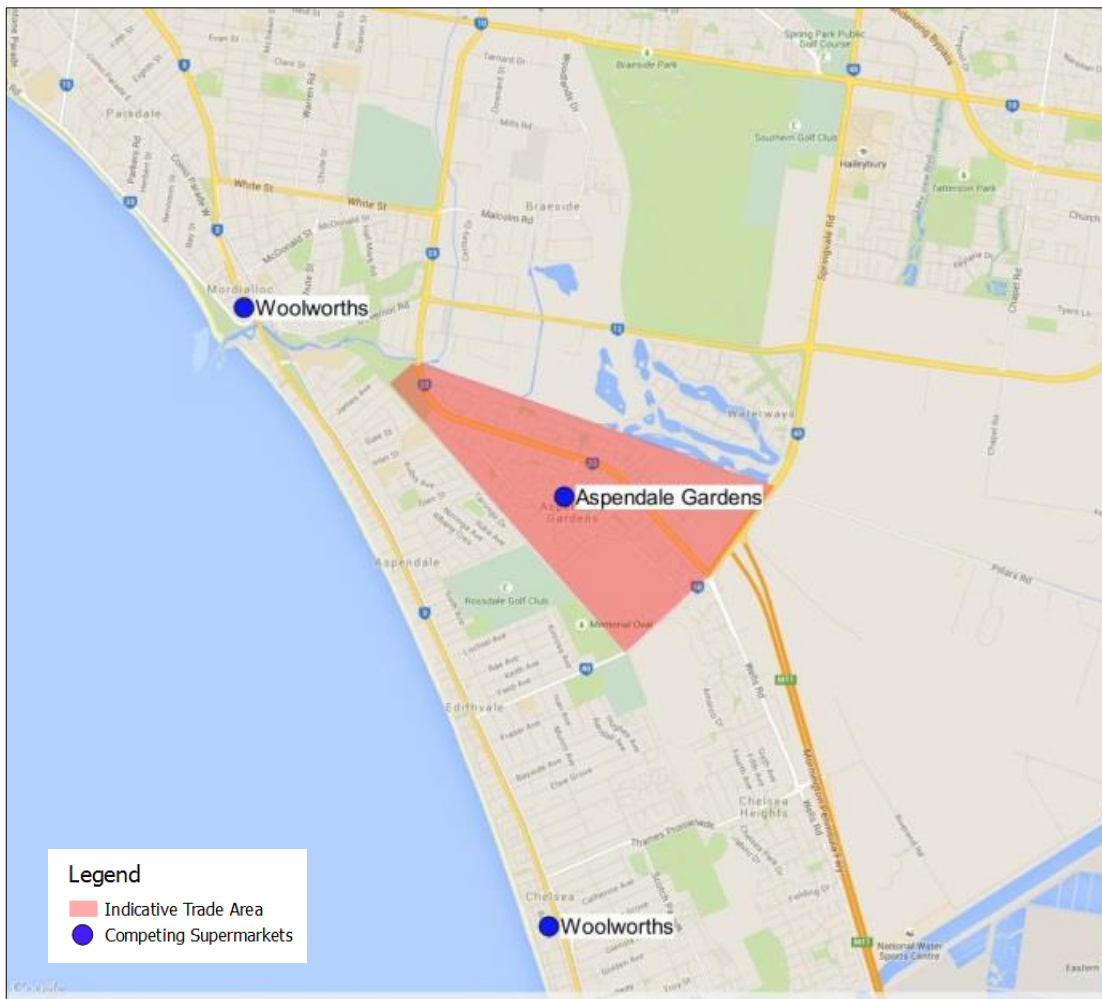
Aspendale Gardens Shopping Centre

This centre's indicative trade area is also well defined by a number of natural barriers being Mordialloc Creek to the north, a drain to the south-west and Edithvale Road to the south-east. Competing centres include the Mordialloc and Chelsea activity centres both of which offer full-line Woolworths supermarkets and are approximately 3 km from Aspendale Gardens. Parkmore Shopping Centre is also easily accessed along Springvale Road (approximately 5 km to the north) and offers sub-regional retail facilities.

The population of the Aspendale Gardens Shopping Centre's indicative trade area was 6,600 in 2011. The building area per person within the indicative trade area is calculated to be 0.78 m² and supermarket floorspace per person is 0.27 m².



Figure 46: Aspendale Gardens IGA - Primary Trade Area



7.8 Conclusion

Accessibility to the two main activity centres within the Study Area, Casey Central and Eden Rise Village, is defined by not only physical barriers but also the arterial road network. Together, these factors result in two well defined north-south corridors, each being primarily serviced by one of these centres.

While households within Berwick South may access supermarkets at Eden Rise Village, they do not have the same level of choice available to offer households across metropolitan Melbourne. Similarly, physical barriers limit the ability of households to access other centres. These barriers also limit the level of competition from other centres experienced by Eden Rise Village. As a result, Eden Rise Village may hold significant monopoly power within Berwick South which limits local households' choice of retailers, and potentially higher prices for retail goods and services.

Narre Warren South provides a valuable case study for the future retail provision within Berwick South given that:

- its population is currently peaking at levels similar to that projected for Berwick South; and
- the expansion of Casey Central provides the opportunity to maximise supportable retail floorspace within the area.

The future provision of two full-line supermarkets at Casey Central, resulting in approximately 15,000 residents per supermarket, highlights the potential for a second full-line supermarket to be supported within Berwick South. This is

confirmed by the provision rates of 13,500-14,800 residents for each full-line supermarket across Melbourne's outer suburban regions.

Assessing the capacity to support additional supermarket floorspace based upon retail turnover densities below industry averages, ignores the important role of supermarkets as retail anchors for neighbourhood activity centres. Below average performing supermarkets can be expected to result in similarly underperforming specialty retailers and/or a limited range of retailers. In order for new neighbourhood activity centres to perform at levels consistent with comparable centres, the supermarket anchor should have the capacity to deliver sales consistent with industry averages.

The two major supermarket chains (Coles and Woolworths) would be expected to capture around 80% of household expenditure on food, groceries and liquor given the absence of traditional strip shopping. A well-managed independent supermarket catering for the needs of local community may however be expected to attract the necessary market share to be supported, while also providing additional supermarket options for households.

8. Berwick Waterways Local Town Centre Assessment

A Local Town Centre of up to 5,000 sqm has been identified for the Berwick Waterways PSP area. The trade area of such a centre will be however be limited by the local road network, with inconvenient access from the north-west, resulting in residents favouring other centres such as Casey Central and Fountain Gate activity centres. This places greater reliance upon attracting shoppers from other residential areas where there is direct competition from Eden Rise Village.

An assessment of the turnover potential of a supermarket at the Berwick Waterways LTC, based upon the residential development capacity of the area, indicates that a full-line supermarket may be supportable. However, this would most likely be limited to a Woolworths supermarket given that Coles would probably not wish to cannibalise sales at its existing Eden Rise store. In addition, there is the risk that the assumed market share for the less accessible portion of the trade area may not be achieved. This may undermine not only the supportability of a full-line supermarket but also the amount of specialty retailing and the overall commercial viability of such a centre.

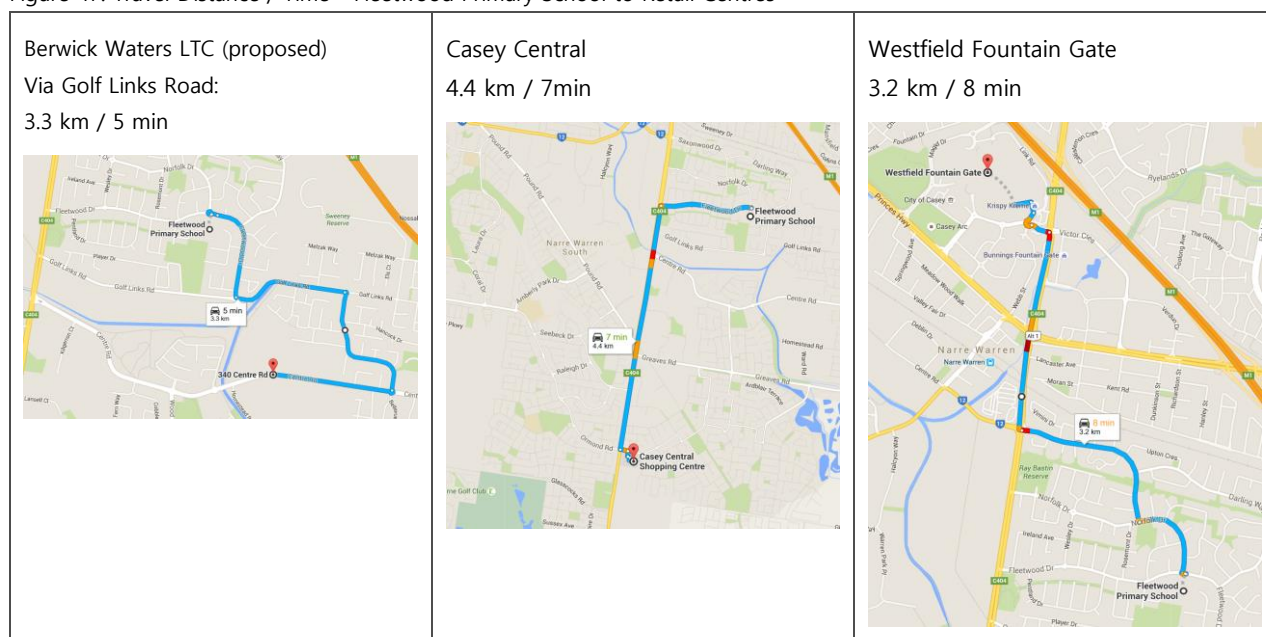
The opportunity may however exist for an independent supermarket of approximately 2,000 m² to be supported within Berwick Waterways, which may provide an anchor for a smaller scale neighbourhood activity centre. Such a centre may offer a point of difference to larger centres through establishing stronger links to the local community.

The Berwick Waterways PSP provides for a Local Town Centre with an anticipated retail floorspace of 5,000 m². This section provides an assessment of the capacity for either a full-line or independent supermarket to be supported as an anchor for such a centre.

An economic assessment was undertaken on behalf of the landowner by Urbis in 2010, with a subsequent peer review prepared by Essential Economics for the Metropolitan Planning Authority. Both reports indicated that a full-line supermarket would be supportable, although only the latter report has been provided to Charter Keck Cramer.

Essential Economics noted that access to the proposed local town centre from the north-west is compromised by the drainage reserve and the need to travel via Golf Links Road. Figure 47 identifies the shortest route from two locations to the north-west of the site, with the distance relative to both Westfield Fountain Gate and Casey Central Shopping Centre also shown. The distance from Fleetwood Primary School to the proposed centre is 3.3 km via Golf Links Road, which is approximately the same distance required to travel to Westfield Fountain Gate (3.2 Km), and around 1 km less than the distance to Casey Central (4.4 Km).

Figure 47: Travel Distance / Time - Fleetwood Primary School to Retail Centres



Source: Google Maps

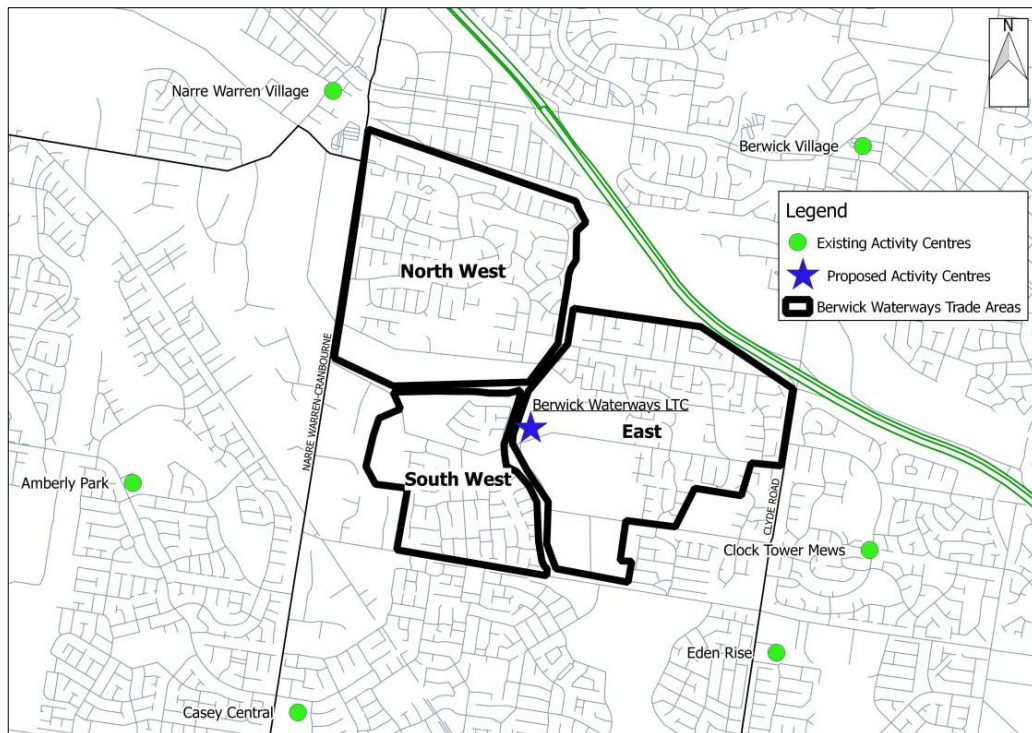
In addition, there will also be competition from smaller centres such as Narre Warren Village located adjacent to the Narre Warren railway station which offers a Ritchies IGA supermarket.

As a result, the proposed local town centre is likely to experience stronger competition from both Fountain Gate and Casey Central, than would be the case if it were located on a major arterial road where it could be more easily accessed. This will impact upon likely market share of household expenditure generated within the residential area to the north-west, as well as limit the opportunity to attract expenditure from outside the immediate area.

8.1 Trade Area Analysis

The trade area that may potentially be served by the proposed local town centre at Berwick Waterways is well defined by a number of physical barriers, including the Monash Freeway and railway line to the north as well as a number of arterial roads. Three trade areas have been defined as shown in Figure 48 below.

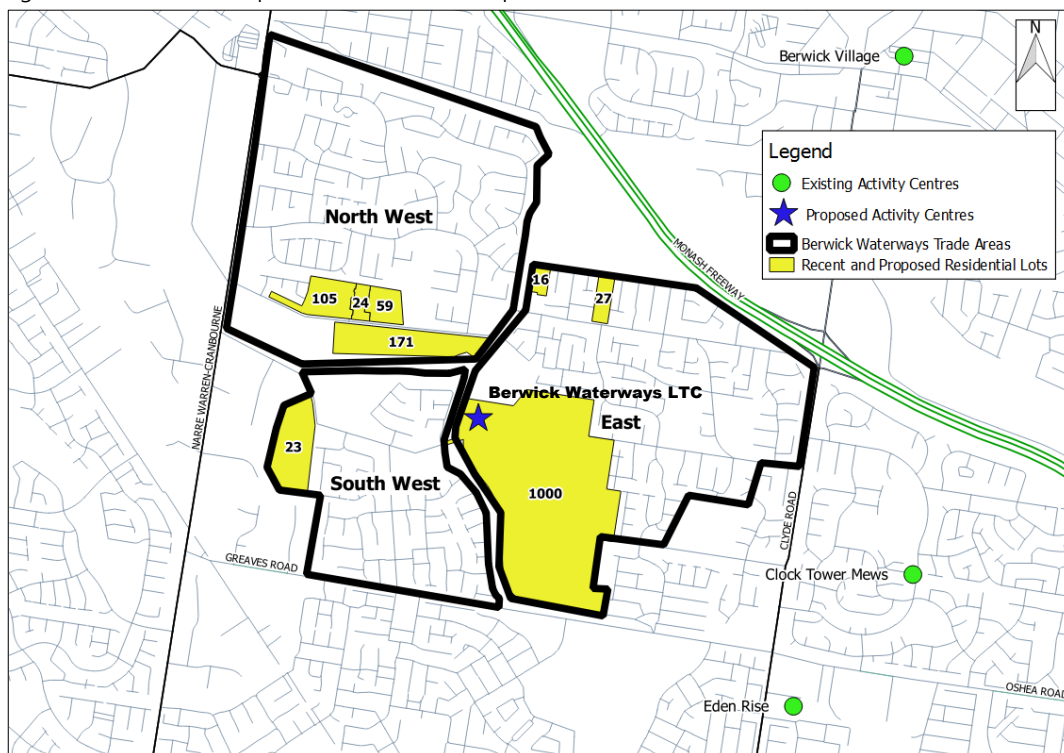
Figure 48: Berwick Waterways Local Town Centre - Trade Areas



Source: Charter Keck Cramer

The population of each of these trade areas in 2011, together with projected population growth associated with recent and proposed residential development (refer Figure 49), provides an indication of the population capacity of the trade areas when fully developed as shown in Figure 50 below.

Figure 49: Recent and Proposed Residential Development – Number of Allotments



Source: Urban Development Program

It is estimated upon full residential development, the total trade area for the proposed Berwick Waterways LTC will accommodate approximately 16,724 residents. A significant portion (36%) of these residents will however be within the North-West trade area. As already discussed, access from this area to the proposed centre is limited by the local road network.

Figure 50: Berwick Waterways Trade Area Population Capacity

Trade Area	Population 2011	Additional Residential Development Capacity	Additional Population Capacity*	Estimated Total Population Capacity
South-West Trade Area	2,753	23	64	2,817
North-West Trade Area	5,029	359	1,005	6,034
East Trade Area	4,952	1,043	2,920	7,872
Total	12,734	1425	3,990	16,724

Source: Charter Keck Cramer, Berwick Waterways PSP

*based on average household size of 2.8 persons

8.2 Supportable Full-Line Supermarket Floorspace

The potential for either a full-line supermarket or a smaller independent supermarket within the proposed Berwick Waterways Local Town Centre has been assessed. This is calculated based upon:

- projected population capacity of each of the trade areas that it will service (refer Figure 50) ;
- estimated expenditure on food, groceries and liquor by households within each trade area;
- the likely share of this expenditure directed towards a supermarket within the Berwick Waterways LTC; and
- the proportion of total supermarket turnover attributable to households residing outside the trade areas.

As already discussed in Section 6.1, Narre Warren provides the most reliable estimates of per capita retail expenditure generated within each of the trade areas at \$5,099 per annum.

Across the three trade areas, total household expenditure on food, groceries and liquor is estimated to be \$74.4 million based upon the expected population capacity identified in Figure 50. Typically 80% of this expenditure will be directed towards supermarkets in various locations, with the remainder being captured by a range of retailers such as convenience stores, specialty food retailers and discount department stores. Supermarkets also stock a range of general merchandise including stationery, homewares and electrical items which generally account for around 5% of total store turnover. After taking these factors into account, it is estimated that residents within the three trade areas would generate approximately \$62.7 million in supermarket sales.

The distribution of supermarket spending across centres will be determined by a range of factors including accessibility, car parking provision, choice of supermarkets and the range of specialty stores offered by each centre. It is expected that a full-line supermarket at Berwick Waterways would capture around 70% of expenditure on food, groceries and liquor generated within the South-West and East trade areas, but only 20% within the North-West trade area given the limited accessibility to the centre from that area.

The total turnover generated by a full-line supermarket at the proposed centre is calculated to be approximately \$39.3 million, of which 5% is assumed to be attributable to households beyond the trade areas (refer Figure 51).

Figure 51: Berwick Waterways - Projected Full-Line Supermarket Turnover (\$2014)

	South West	North West	East	Total
Population Capacity	2,817	6,034	7,872	16,724
Per Capita Annual Food, Grocery & Liquor Expenditure	\$5,099	\$5,099	\$5,099	\$5,099
Annual FG&L Expenditure (\$m)	\$14.4	\$30.8	\$40.1	\$85.3
FG&L Expenditure Directed to Supermarkets (80%)	\$11.49	\$24.61	\$32.11	\$68.22
Total Supermarket Sales (incl. Gen. Merch. 5% of total sales)	\$12.1	\$25.9	\$33.8	\$71.8
Spending Directed to Berwick Waterways LTC (%)	70%	20%	70%	52%
Spending Directed to Berwick Waterways LTC (\$mill)	\$8.5	\$5.2	\$23.7	\$37.3
Beyond Trade Area: % Trade Area Supermarket Turnover				5%
Total Annual Full-Line Supermarket Turnover (\$m)				\$39.3

This projected turnover is around 6% less than the turnover of a typical full-line supermarket (\$42 million). Based upon a 'minimum turnover density' of \$9,000 per square metre, a supermarket of 3,950 m² may theoretically be supported.

There are however a number of practical considerations that may limit the opportunity for a full-line supermarket at the Berwick Waterways LTC such as the likelihood that Coles may not consider such a store as it would impact upon their existing store at Eden Rise Village. Also the risk that such a supermarket may not attract the assumed market share from the north-west trade area may also be a disincentive.

It is therefore appropriate to also consider the potential for an independent supermarket to be supported at the proposed centre.

8.3 Supportable Independent Supermarket Floorspace

While many independent supermarkets are located on major arterial roads where they can be easily accessed by passing motorists, there are a number of examples where stores have been developed internally within a residential area. Local residents often have a strong loyalty towards such supermarkets due to their support for community projects. As a result, well managed supermarkets stocking a sufficiently wide range of products may capture a significant share of household expenditure.

An independent supermarket at the Berwick Waters LTC would be expected to capture around 20% of supermarket expenditure within the South West and East trade areas, and 5% of expenditure within the north-west trade area. Such a supermarket would not be expected to attract any significant expenditure from households living outside of these areas. As shown in Figure 52, such a supermarket would be expected to generate turnover of \$10.5 million per annum, which based upon an average retail turnover density of \$5,000 per square metre would support a store of 2,095 m².

Figure 52: Berwick Waterways – Projected Independent Supermarket Turnover (\$2014)

	South West Trade Area	North West Trade Area	East Trade Area	Total
Population Capacity	2,817	6,034	7,872	16,724
Per Capita Annual Food, Grocery & Liquor Expenditure	\$5,099	\$5,099	\$5,099	\$5,099
Annual FG&L Expenditure (\$m)	\$14.4	\$30.8	\$40.1	\$85.3
FG&L Expenditure Directed to Supermarkets (70%)	\$11.49	\$24.61	\$32.11	\$68.22
Total Supermarket Sales (incl. Gen. Merch. 5% of total sales)	\$12.1	\$25.9	\$33.8	\$71.8
Spending Directed to Berwick Waterways LTC (%)	20%	5%	20%	15%
Spending Directed to Berwick Waterways LTC (\$mill)	\$2.4	\$1.3	\$6.8	\$10.5
Beyond Trade Area: % Trade Area Supermarket Turnover				0%
Total Annual Independent Supermarket Turnover (\$m)				\$10.5
Benchmark Average Turnover per sqm				\$5,000
Supportable Floorspace (sqm)				2,095

Alternatively, the level of independent supermarket floorspace that may be supported within the Berwick Waterways LTC may be estimated based upon the earlier case studies of independent supermarket provision. Two stand-alone retail centres being the Glen Gala and Aspendale Gardens Shopping Centres provide 0.31 m² and 0.27 m² of supermarket floorspace per resident within their respective trade areas. For the Beaumaris Concourse strip centre, supermarket floorspace provision was much less at 0.16 m² per person, which although a much smaller store is trading strongly.

Assuming a supermarket floorspace provision rate of 0.25 m² per person, the future combined population of the East and South West Trade Areas of 10,690 residents would support an independent supermarket of 2,670 sq.m.

8.4 Conclusion

The above analysis indicates that while there is the potential for a full-line supermarket to be supported within the Berwick Waterways LTC, this is likely to be limited by Coles seeking to support its existing store at Eden Rise Village.

The indirect access route from the North-West trade area, combined with the lack of exposure/access to a major arterial road places a greater reliance upon capturing market share within the remaining trade areas where there is more direct competition with Eden Rise Village. Given the dominant position of Eden Rise Village, there is the increased risk that the assumed market share for a full-line supermarket may not be achieved, thereby compromising the performance of not only the supermarket but also the overall centre.

An independent supermarket would offer a differentiated and potentially more convenient shopping experience to supermarkets at Eden Rise Village, particularly for top-up shopping. In addition, independent supermarkets often have stronger links to the local community which may enable them to attract a significant share of household expenditure.

9. Berwick South Retail Demand Assessment

Future growth in demand for retail goods and services within the Study Area will be concentrated within Berwick South. Similarly, given that the expansion of Casey Central is expected to adequately meet the needs of Narre Warren South residents, any future provision of neighbourhood activity centre floorspace is also expected to be focused within Berwick South. In addition to servicing residents within Berwick South, centres would be expected to also attract shoppers from the adjacent residential area between the Wetlands Reserve and Narre Warren - Cranbourne Rd, as would Casey Central. Similarly, a small portion of shoppers would be expected to reside beyond the immediate area.

Modelling future household expenditure at supermarkets across activity centres within Berwick South reflects projected population growth, expected per capita expenditure on supermarket type merchandise and households' expected shopping behaviour. This modelling indicates that there is currently the capacity to support an additional full line supermarket within Berwick South, with a further full-line supermarket able to be comfortably supported by 2021.

Accordingly by 2021, there is the opportunity for two additional neighbourhood activity centres to be supported in Berwick South to complement the existing Eden Rise Village. This will include the approved Berwick Waterway's Local Town Centre together with one additional neighbourhood centre. Potential locations for such a centre are assessed in the following section.

In the event that an independent supermarket, rather than a full-line supermarket, were developed at the Berwick Waterways Local Town Centre, higher sales would be expected at the remaining full-line supermarkets, thereby reducing any impact upon Eden Rise Village.

9.1 Context

This stage analyses the capacity for additional full-line supermarket facilities to anchor new neighbourhood activity centres within the Study Area. Full-line supermarkets represent relatively large investments, comprising approximately 3,000 – 4,000 m² of floorspace, that play a key role in attracting the necessary shoppers to support smaller independent specialty retailers within a centre. In the event that a significant portion of additional supermarket floorspace cannot be supported, the capacity to support specialty retailers and other small businesses will be reduced, as well as the overall vibrancy and amenity of the centre.

As highlighted in Section 7.2, future population growth will be concentrated within Berwick South, which is currently serviced by Coles and Aldi supermarkets at Eden Rise Village and a small Foodworks supermarket at Clock Tower Mews. By comparison, Narre Warren South, which is forecast to experience negative population growth, will be serviced by both Coles and Woolworths full line supermarkets and an Aldi supermarket upon completion of the current expansion of Casey Central. At this time, two full-line supermarkets within Narre Warren South for a population of approximately 30,000 residents will be consistent with the provision rate for other outer metropolitan regions identified by the case studies presented in Section 7.5.

Given that the population of Berwick South is projected to reach similar levels to Narre Warren South, it follows that priority should be given to Berwick South as a location for any additional supermarket, subject to there being demonstrated demand.

9.2 Methodology

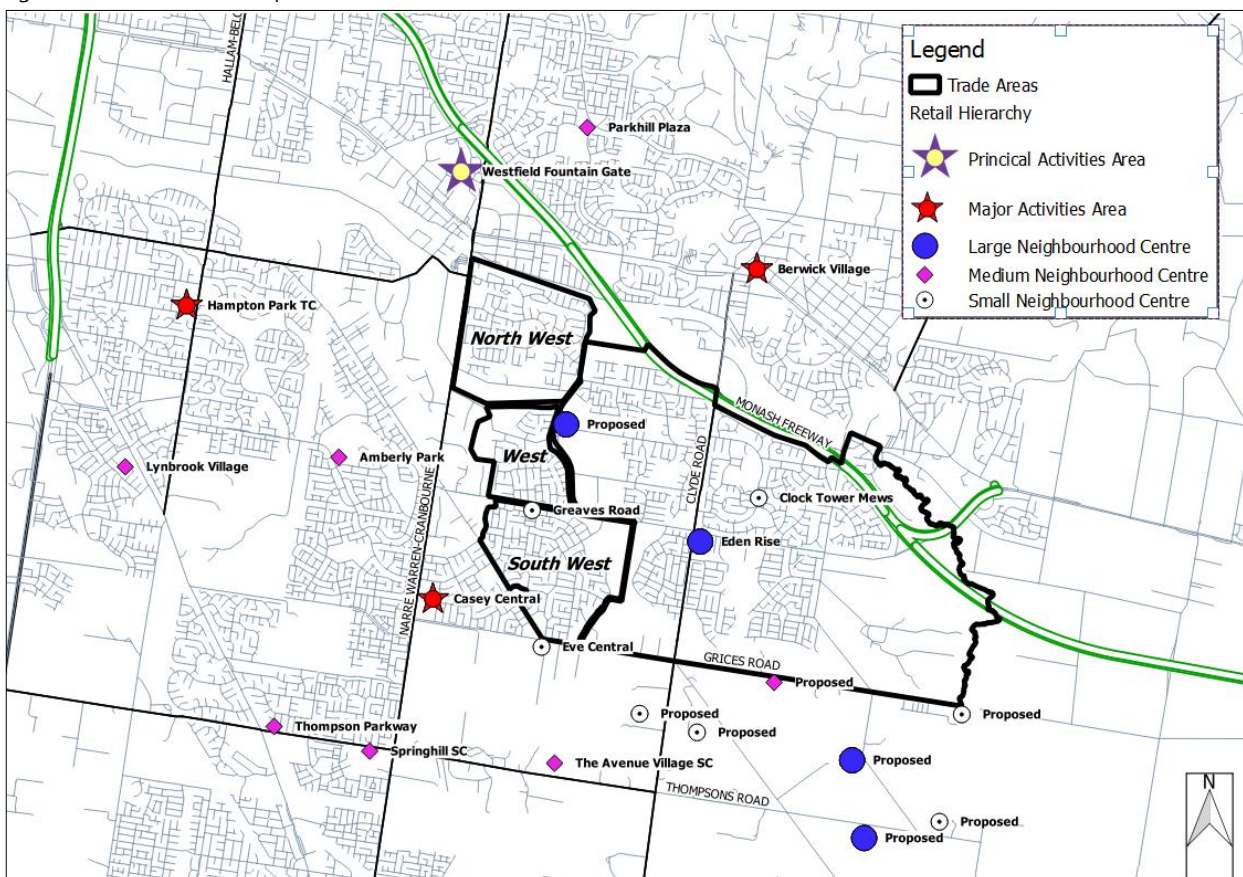
The methodology adopted for assessing the capacity for new full-line supermarkets within Berwick South comprises a number of stages being:

- Defining primary and secondary trade areas for existing and potential supermarkets within Berwick South.
- Projecting future expenditure on Food, Groceries and Liquor (FG&L) generated within each trade area based upon population forecasts and estimates of per capita expenditure provided by Marketinfo.
- Distributing estimated FG&L expenditure across various locations and retail formats, including supermarkets, based on indicative market shares and the likely future competitive environment within the immediate area.
- Estimating supportable supermarket floorspace based upon indicative minimum and average retail turnover densities and total supermarket turnover.

9.3 Supermarket Trade Areas

Berwick South is well defined by the Monash Freeway to the north, Cardinia Creek to the east, the wetlands reserve to the west, and Glasscocks Road to the south. To the South of Glasscocks Road are a number of existing and proposed activity centres that will service future residents within that area.

Figure 53: Berwick South Supermarkets -Trade Areas



Existing and proposed neighbourhood activity centres within Berwick South will also service residents within the area immediately to the west of the wetland reserve, as will Casey Central. In addition, activity centres such as Eden Rise Village will attract passing trade travelling along Clyde Road which provides a connection between the Monash Freeway and new residential areas to the South.

A Primary Trade Area has been defined as shown in Figure 53 to represent that area within which Berwick South supermarkets would be expected to be the primary destination for food, groceries and liquor shopping for households. Three Secondary Trade Areas (North-West, West and South-West) have also been defined to represent those areas where Berwick South's neighbourhood activity centres would face stronger competition from Casey Central Shopping Centre, Westfield Fountain Gate and to a lesser extent Narre Warren Village. Within these areas, the share of FG&L expenditure captured by activity centres in Berwick South would be expected to be much less.

The Berwick South Primary Trade Area coincides with both the ABS's Berwick South Statistical Area 2 and Id Consultants Berwick South Forecast Area. Accordingly, Id Consultants population forecasts have been adopted for this trade area. Population forecasts for the secondary trade areas reflect the total population capacity of these areas based upon the 2011 Census population plus additional residential development capacity identified by the State Government's Urban Development Program, and an assumed household size of 2.8 persons. The Primary Trade Area accounts for approximately 65% of the combined Main Trade Area population (refer Figure 54).

Figure 54: Trade Areas - Projected Population Capacity 2011-2036

	2011	2016	2021	2026	2031	2036
Primary Trade Area	22,493	24,011	26,841	29,757	30,468	29,957
Secondary Trade Areas	13,436	13,436	14,506	14,506	14,506	14,506
<i>North West</i>	5,029	5,029	6,034	6,034	6,034	6,034
<i>West</i>	2,753	2,753	2,817	2,817	2,817	2,812
<i>South West</i>	5,654	5,654	5,654	5,654	5,654	5,654
Total Main Trade Area	35,929	37,447	41,347	44,263	44,974	44,463

Source: ABS, Id Consultants, Urban Development Program,

The level of FG&L expenditure (2014\$) generated by households within the Berwick South Primary Trade Area is expected to increase from \$122 million in 2016, to \$153 million by 2036 (refer Figure 55). Similarly, FG&L expenditure generated by households within the Secondary Trade Area is projected to increase from \$69 million to \$74 million as a result of population growth associated with potential residential development which is assumed to have occurred by 2021.

Figure 55: Trade Areas - Projected FG&L Expenditure 2011-2036 (\$ Million) (\$2014)

	2011	2016	2021	2026	2031	2036
Primary Trade Area	114.7	122.4	136.9	151.7	155.4	152.8
Secondary Trade Areas	68.6	68.6	74.0	74.0	74.0	74.0
<i>North West</i>	25.7	25.7	30.8	30.8	30.8	30.8
<i>West</i>	14.0	14.0	14.3	14.3	14.3	14.3
<i>South West</i>	28.8	28.8	28.8	28.8	28.8	28.8
Total Main Trade Area	183.3	191.0	210.9	225.7	229.4	226.8

Source: ABS, Id Consultants, Urban Development Program, Marketinfo

9.4 Distribution of FG&L Expenditure

Food, groceries and liquor may be purchased from a variety of retailers, with supermarkets typically accounting for around 70-80% of total expenditure (refer Section 7.6).

Supermarket shopping is primarily undertaken close to where shoppers live with an estimated 70% of supermarket visits within 2.5 km (refer Section 6.2.2). The leakage of retail expenditure generated within Berwick South is likely to be limited by the physical barriers that define the region. However, local households are expected to still undertake supermarket shopping at centres such as Casey Central Westfield Fountain Gate, typically as part of a multi-purpose shopping trip, or alternatively may purchase supermarket items elsewhere as part of a non-shopping trip.

Within the Primary Trade Area it is estimated that 80% of household supermarket expenditure is likely to be directed towards local stores within Berwick South if residents had the choice of all three major supermarket chains.

Supermarkets within Berwick South will also attract expenditure from households living outside of the defined trade areas, which is likely to account for 15% of the total turnover of Berwick South supermarkets.

9.5 Potential Supermarket Turnover / Supportable Floorspace

The potential turnover of supermarkets within Berwick South has been calculated in Figure 56 based upon the estimates outlined above. Within the Secondary Trade Area, Berwick South supermarkets will need to compete with other centres for available FG&L expenditure. For simplicity, this has been accounted for by assuming that the size of the Secondary Trade Area market is half of total estimated household expenditure. The same market share as the Primary Trade Area may then be applied to the Secondary Trade Area

It is estimated that the total potential turnover of supermarkets within Berwick South will increase from \$118 million in 2011 to:

- \$124 million in 2016;
- \$150 million by 2026; and
- \$150 million by 2036.

Figure 56: Berwick South Supermarkets - Potential Supermarket Turnover (\$million) (\$2014)

	2011	2016	2021	2026	2031	2036
Available FG&L Expenditure						
Primary Trade Area	114.7	122.4	136.9	151.7	155.4	152.8
Secondary Trade Areas (50%)	34.3	34.3	37.0	37.0	37.0	37.0
Total (\$m)	149.0	156.7	173.9	188.7	192.4	189.8
FG&L Expenditure Directed to Supermarkets (80%)	119.2	125.4	139.1	151.0	153.9	151.8
Total Supermarket Sales (incl. Gen. Merch. 5% of sales)	125.5	132.0	146.4	158.9	162.0	159.8
Spending Directed to Berwick South Supermarkets (%)	80%	80%	80%	80%	80%	80%
Spending Directed to Trade Area Supermarkets (\$mill)	100.4	105.6	117.1	127.1	129.6	127.8
Beyond Trade Area: % Total Supermarket Turnover	15%	15%	15%	15%	15%	15%
Potential Supermarket Turnover	118.1	124.2	137.8	149.6	152.5	150.4

The distribution of this potential supermarket turnover across the various supermarket formats within Berwick South will be dependent upon whether a full-line or independent supermarket is developed at the Berwick Waterways LTC. This will then determine the capacity for an additional full-line supermarket to be supported.

Accordingly, two development scenarios have been modelled being:

- Scenario 1: independent supermarket developed at Berwick Waterways LTC.
- Scenario 2: full line supermarket developed at Berwick Waterways LTC.

9.5.1 Development Scenario 1: Berwick Waterways LTC Independent Supermarket

Under this scenario, an independent supermarket of approximately 2,000 m² at the Berwick Waterways LTC together with other independent supermarkets, would be expected to capture approximately 11% of total expenditure at supermarkets within Berwick South. The Aldi Supermarket at Eden Rise Village would be expected to attract 15% of expenditure. The remaining 76% of expenditure is expected to be distributed across full-line supermarkets, being the existing Coles supermarket at Eden Rise and a proposed supermarket at Berwick Springs.

Full-line supermarkets are therefore estimated to potentially generate sales (refer Figure 57) of:

- \$102 million by 2021;
- \$111 million by 2026; and
- \$111 million by 2036.

Figure 57: Berwick South Supermarkets - Potential Turnover by Supermarket Format (\$million 2014)

	2011	2016	2021	2026	2031	2036
Potential Supermarket Turnover (\$m)	\$118.1	\$124.2	\$137.8	\$149.6	\$152.5	\$150.4
Market Share						
Full-Line (Coles / Woolworths)	74%	74%	74%	74%	74%	74%
Aldi	15%	15%	15%	15%	15%	15%
Independent	11%	11%	11%	11%	11%	11%
Total	100%	100%	100%	100%	100%	100%
Annual Sales (\$m 2014)						
Full-Line (Coles / Woolworths)	\$87.4	\$91.9	\$102.0	\$110.7	\$112.8	\$111.3
Aldi	\$17.7	\$18.6	\$20.7	\$22.4	\$22.9	\$22.6
Independent (IGA, Foodworks etc.)	\$13.0	\$13.7	\$15.2	\$16.5	\$16.8	\$16.5
Total	\$118.1	\$124.2	\$137.8	\$149.6	\$152.4	\$150.4

Retail analysts often assess the capacity for supermarket floorspace to be supported based upon the minimum retail turnover density required to support the ongoing operation of a supermarket. This is typically around \$9,000 per sqm, considerably less than the average of \$11,700 per square metre identified by Urbis's Retail Averages Report. Similarly, a retail turnover density of \$9,000 per square metre translates into total annual sales of \$34 million, compared to a combined average store turnover of \$42 million for Coles and Woolworths in 2014-15 (refer Section 7.3).

However, a key objective of activity centre planning is to also ensure the ongoing viability of specialty retailers and other businesses, at levels generally consistent with that of traders in a typical supermarket-anchored centre. It is therefore more appropriate that new supermarkets have a total turnover consistent with that of established supermarkets in order to attract a similar number of potential customers for other businesses. For this reason, the capacity to support

additional supermarket floorspace has also been assessed based upon the 'industry average' retail turnover density and turnover per store.

Based upon a minimum retail turnover density of \$9,000 per square metre, it is calculated that 10,211 m² of full-line supermarket floorspace is currently supported in 2016, increasing to 12,298 m² by 2026 (refer Figure 58).

Adopting the higher 'industry average' supermarket retail turnover density of \$12,000 per square metre indicates that 7,658 m² of supermarket floorspace is currently supported, increasing to 9,223 m² by 2026. This indicates that two full-line supermarkets would currently be supported within Berwick South, generating average sales consistent with industry benchmarks.

Based upon a benchmark average total turnover per store of \$42 million per annum, the potential turnover of full line supermarkets would be sufficient to currently support the equivalent of 2.19 supermarkets within Berwick South, increasing to 2.64 supermarkets by 2026 (refer Figure 58).

Figure 58: Scenario 1 - Supportable Full-Line Supermarket Floorspace / Stores.

Benchmark	2011	2016	2021	2026	2031	2036
Supportable Floorspace (sqm)						
Retail Turnover Density: \$9,000 per m ²	9,706	10,211	11,329	12,298	12,534	12,364
Retail Turnover Density: \$12,000 per m ²	7,280	7,658	8,497	9,223	9,401	9,273
Supportable Full-Line Supermarket (no. stores)s						
Store Turnover: \$42 mill per Store	2.08	2.19	2.43	2.64	2.69	2.65

9.5.2 Development Scenario 2: Berwick Waterways LTC Full-Line Supermarket

Under this scenario, where a full-line supermarket is developed at the Berwick Waterways LTC, the proportion of supermarket expenditure directed to full-line supermarkets within Berwick South would be expected to increase to 82%. The existing Aldi supermarket and independent supermarkets would be expected to capture approximately 15% and 3% respectively.

Full line supermarkets would currently generate sales of \$102 million under this scenario increasing to \$113 million by 2021, and \$123 million by 2026 (refer Figure 59).

Figure 59: Berwick South Supermarkets - Potential Turnover by Supermarket Format (\$million) (\$2014)

	2011	2016	2021	2026	2031	2036
Potential Supermarket Turnover (\$m)	\$118.1	\$124.2	\$137.8	\$149.6	\$152.5	\$150.4
Market Share						
Full-line	82%	82%	82%	82%	82%	82%
Aldi	15%	15%	15%	15%	15%	15%
Independents	3%	3%	3%	3%	3%	3%
Total	100%	100%	100%	100%	100%	100%
Annual Sales (\$m 2014)						
Full-line	\$96.8	\$101.8	\$113.0	\$122.7	\$125.0	\$123.3
Aldi	\$17.7	\$18.6	\$20.7	\$22.4	\$22.9	\$22.6
Independents	\$3.5	\$3.7	\$4.1	\$4.5	\$4.6	\$4.5
Total	\$118.1	\$124.2	\$137.8	\$149.6	\$152.5	\$150.4

The total amount of full-line supermarket floorspace that may currently be supported is estimated (refer Figure 60) to be:

- 11,317 m², based upon a minimum retail turnover density of \$9,000 per square metre; and
- 8,487 m² based upon a retail turnover density of \$12,000 per square metre.

This indicates that although three full-line supermarkets may currently be supported based upon the lower retail turnover density of \$9,000 per square metre, they will be performing at levels below that of a typical supermarket. This may have implications for the performance of other retailers within existing and proposed centres.

Continued population growth over the next decade is expected to result in a total of 10,222 m² of full-line supermarket floorspace being supported by 2026, based upon the retail turnover density of \$12,000 per square metre. This indicates that three full-line supermarkets may be comfortably supported with sales generally consistent with that of a typical Coles/Woolworths supermarket.

Applying an average store turnover benchmark of \$42 million indicates that 2.4 full-line supermarkets would be currently supported, increasing to 2.69 stores by 2021 and 2.92 stores by 2026. This indicates that if three full-line supermarkets were to be developed by 2021, average sales per store would be around 10% below the industry average. This is not considered significant and therefore may be concluded that three full-line supermarkets would be comfortably supported at this time.

Figure 60: Scenario 2 - Supportable Full-Line Supermarket Floorspace / Stores.

Benchmark	2011	2016	2021	2026	2031	2036
Supportable Floorspace (sqm)						
Retail Turnover Density: \$9,000 per m ²	10,758	11,317	12,555	13,629	13,891	13,703
Retail Turnover Density: \$12,000 per m ²	8,068	8,487	9,417	10,222	10,418	10,277
Supportable Full-Line Supermarket (no. stores)						
Store Turnover: \$42 mill per Store	2.31	2.42	2.69	2.92	2.98	2.94

9.6 Conclusion

Population growth within the trade area serviced by Berwick South supermarkets is forecast to increase by 18% over the next decade. Given the limited capacity for an additional supermarket and other retail floorspace to be accommodated at Eden Rise Village, increasing congestion would be expected to negatively impact upon the shopping experience of all visitors to the centre. Anecdotally, Eden Rise Village also appears to be over-performing relative to typical neighbourhood centres, which is consistent with the current population of the immediate Berwick South area (26,841) being similar to that of Narre Warren South that will shortly be serviced by an expanded Casey Central offering two full-line supermarkets. Similarly, this population is approximately double the average provision rate for full-line supermarkets.

The capacity for a full-line supermarket at Berwick Waterways LTC may be limited by the impact of the local road network upon access to the centre from the north-west. Therefore a smaller independent supermarket based centre may be more appropriate in this location. Accordingly, for the purpose of this assessment, two scenarios have been modelled to reflect either a full-line or independent supermarket at Berwick Waterways LTC.

Quantitative modelling undertaken in this section highlights the immediate potential for an additional full-line supermarket to be supported within Berwick South, with average sales across both existing and additional supermarkets expected to still be above industry benchmarks. As a result, the existing full-line Coles supermarket at Eden Rise Village would continue to over-perform if a second full-line supermarket were to be developed within Berwick South. By 2026, the potential annual turnover of full-line supermarkets within Berwick South is expected to be almost three times that of an average full-line supermarket.

A second additional full-line supermarket by 2026 would be expected to result in average sales across the three existing and additional full-line supermarkets of \$40.8 million which is comparable to the industry average. Therefore a total of three full-line supermarkets may be comfortably supported within Berwick South, with the average patronage of each supermarket sufficient to support a mix of specialty retailers within three neighbourhood activity centres.

In the event that an independent supermarket (rather than a full-line supermarket) was to be developed at the Berwick Waterways LTC, there is expected to be approximately \$6 million of additional supermarket expenditure directed to full-line supermarkets within Berwick South. This will reduce the potential impact upon sales at Eden Rise Village. Such a centre may potentially be differentiated from larger centres through offering a more convenient shopping experience with stronger connections to the local community.

The smaller convenience style supermarkets at Clock Tower Mews and Greave Roads will continue to provide top-up shopping opportunities for local residents and passing motorists and not expected to be adversely impacted by any additional supermarkets within Berwick South.

10. Potential Activity Centre Locations

A new supermarket based centre within Berwick South will need to be located where they are easily accessed by the households for weekly and top-up shopping, complement rather than directly compete with existing centres, and contribute to the lifestyle and employment opportunities available to local residents.

Full-line supermarket anchored centres require sites of approximately 1.5-2.0 ha, ideally on a major arterial road. Smaller centres anchored by an independent supermarket would require 1.0-1.5 ha but may be supported internally within a residential area, provided they attract strong loyalty from the local community. Centres should have well-defined trade areas to reduce investment risk and support their long-term viability.

Centre locations should also provide opportunities for non-retail activities (e.g. health, business services and entertainment) and overall provide a net benefit to the community through improving the livability of the surrounding area.

In addition to the approved Berwick Waterways LTC, three other locations that may be suitable for a neighbourhood activity centre within Berwick South are:

- Greaves Road, immediately east of the wetlands reserve.
- Greaves Road, immediately west of the Berwick Springs Hotel and connecting through to Clyde Road, for which Council has received a request to rezone land to facilitate development of a neighbourhood activity centre.
- O'Shea Road, west of Eden Rise Village.

The site adjacent to the Berwick Springs Hotel has been identified as a preferred location given the opportunity to:

- Strengthen the role and function of the existing retail / commercial precinct that it abuts.
- Consolidate commercial activity in a central location with the potential to leverage higher-order retailing and related non-retail activities.

The previous section identified the capacity for two additional full-line supermarkets to be supported within Berwick South by 2021 to complement the existing Coles and Aldi supermarkets at Eden Rise and the Foodworks supermarket at Clock Tower Mews. Alternatively, an independent supermarket at the Berwick Waterways LTC may be more appropriate given the limited access from the north-west portion of its trade area. It is therefore necessary to identify those locations within Berwick South that may best meet the needs of local residents as well as contribute to the achievement of planning and economic development objectives for activity centres identified in Section 4

The location of additional neighbourhood activity centres will need to meet a number of criteria in order to ensure that they meet the needs of both local households and businesses. This includes being located where they are easily accessed by the households that they will service, complementing rather than directly competing with existing centres, and contributing to lifestyle and employment opportunities available to local residents.

This section identifies potential locations for additional neighbourhood activity centres within the Study Area based upon a selection criteria that addresses the key factors underpinning the performance of centres and the overall retail hierarchy. Economic development opportunities are assessed in the next section for those locations that meet these selection criteria.

10.1 Selection Criteria

Potential locations for additional neighbourhood activity centres have been identified based upon the following factors which will influence their capacity to best meet the needs of local residents as well as support the commercial viability of businesses.

- Accessibility

Neighbourhood activity centres are typically visited a number of times per week by households to undertake weekly and top-up food and grocery shopping. Given the generic nature of supermarket shopping, with only two full-line supermarket chains, the accessibility of centres and the convenience with which supermarket shopping may be undertaken are key factors influencing households' choice of centre.

As a result, centres located on major arterial roads provide the greatest level of accessibility as well as exposure to passing motorists that may also undertake top-up shopping at the centre. Arterial roads enable shorter travel times for motor vehicles which increases the trade area from which visitors are likely to travel. In addition, locations on arterial roads also provide a greater awareness of shopping opportunities within a centre.

- Site Area

The site area required for a contemporary neighbourhood activity centre anchored by a full-line supermarket is approximately 1.5-2.0 ha. Similarly, a neighbourhood activity centre anchored by an independent supermarket would require a site of around 1.0-1.5 ha.

- Trade Area Fundamentals

A well-defined trade area ensures that a centre will be the preferred shopping location for residents within the surrounding area. This may result from centres being well accessed from within that area via an efficient road network, while the likelihood of households using competing centres is also limited by natural barriers or main roads that must be crossed.

The population of the trade area should typically be in excess of 10,000 residents, unless there is the opportunity to capture expenditure from passing trade, in which case a centre may be supported by a lower trade area population. Where there are competing centres nearby, the trade area population will naturally have to be higher to support more than one centre.

A key consideration in planning for the long term sustainability of neighbourhood activity centres is the impact of an ageing population upon demand for retail goods and services. It is often the case that centres dedicated to servicing new residential areas experience a decline in performance as households age and the population of the area declines. As a result, it is preferable that centres service a broad range of households.

- Relationship to Existing Centres

Existing centres typically represent a source of competition that will reduce the level of household expenditure that may be available to retailers within a new centre. Where two centres are co-located however, there may be the opportunity to offer a wider range of shopping opportunities that enable the two centres together to better compete with other centres.

This is similar to that achieved by sub-regional shopping centres that may be anchored by two supermarkets and a discount department store. The population of the Main Trade Area serviced by Berwick South supermarkets projected to reach 44,983 by 2031, which is similar to the average population per discount department store across Melbourne. As a result, there may be the opportunity to establish a sub-regional retail precinct within Berwick South comprising two full-line supermarkets and a range of discretionary retailers.

- Economic Development Opportunities

There may be the opportunity to leverage off a neighbourhood activity centre to support a range of other non-retail uses such as commercial offices, medical centres, hospitality and entertainment related uses. In doing so, an identifiable precinct may be created which provides a greater profile for the centre and thereby attract visitors from a wider trade area. This has already occurred within Eden Rise Village where there are a number of non-retail activities.

- Net Community Benefit

The likely Net Community Benefit associated with a new neighbourhood activity centre is a key factor in identifying potential locations for a neighbourhood activity centre and includes many of the factors identified above. In addition, there are a range of other economic, social and environmental factors that contribute to the broader livability of a location. These include providing the opportunity for greater social inclusion, encouraging greater use of public transport and improving the general amenity of a location.

10.2 Potential Locations

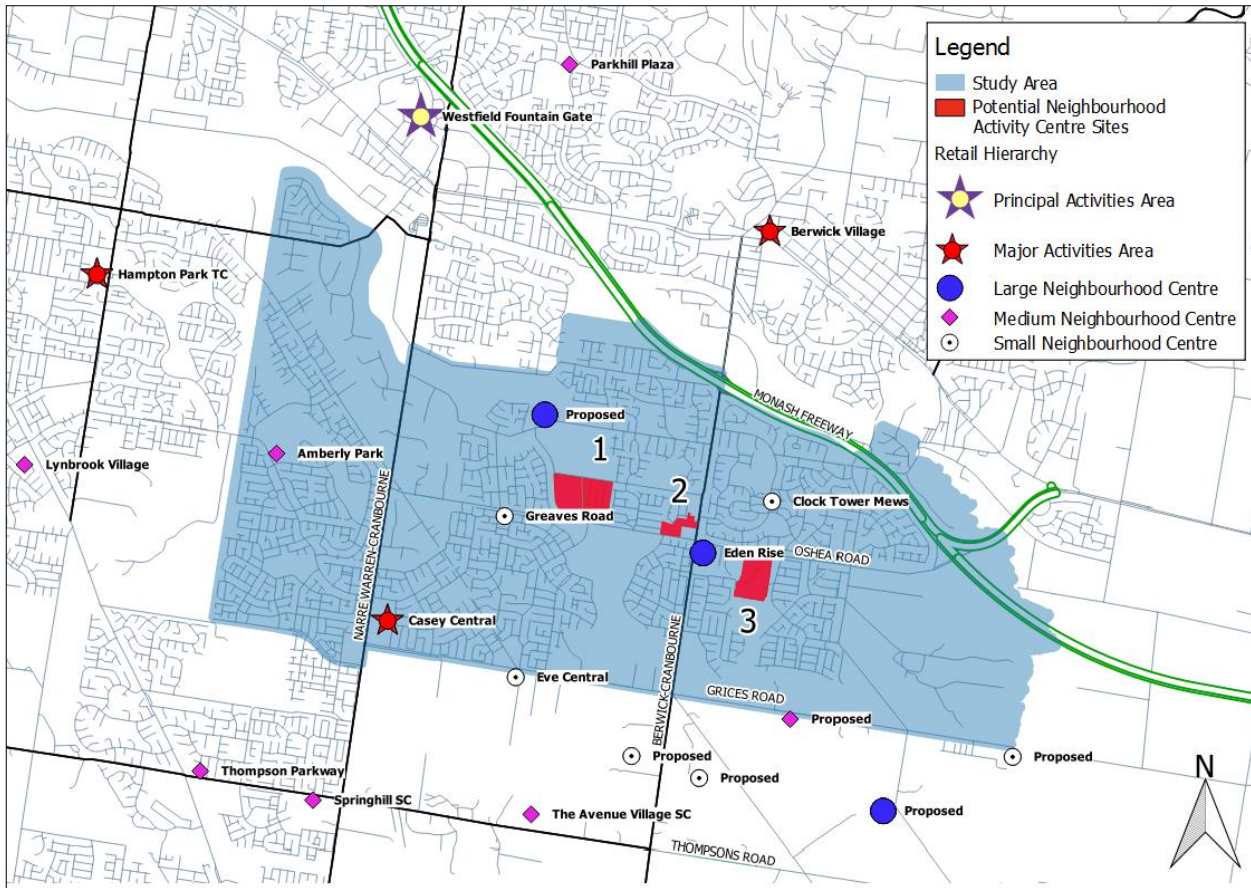
The key physical requirement for a new neighbourhood activity centre is the availability of a suitably sized development site, either as a single site or a number of sites that may be consolidated together. In addition, a location upon an arterial road is preferred for the reasons outlined above. Within the Study Area there are limited sites that meet these criteria.

When trade area fundamentals are taken into account, the number of potential sites is further reduced. The expansion of Casey Central to include all three major supermarket chains, combined with the concentration of future population growth within Berwick South, dictates that sites within the eastern portion of the Study Area would provide the greatest capacity to support a new neighbourhood activity centre.

Based upon these criteria, a number of locations and sites are identified as shown in Figure 61. In addition to the approved Berwick Waterways LTC, three other locations that may be suitable for a neighbourhood activity centre are:

- Location 1: Greaves Road, immediately east of the wetlands reserve.
- Location 2: Greaves Road, immediately west of the Berwick Springs Hotel and connecting through to Clyde Road, for which Council has received a request to rezone land to facilitate development of a neighbourhood activity centre.
- Location 3: O'Shea Road, west of Eden Rise Village.

Figure 61: Potential Neighbourhood Activity Centre Locations



All three locations are located within the Berwick South sub-area, with any neighbourhood activity centre upon these sites expected to broadly service the trade area identified in Section 9.3. While the purpose of this assessment is not to provide a detailed assessment of each of these locations, a number of observations may be made, being that:

- Locations 1 and 3 are located some distance from Clyde Road and therefore less accessible from within Berwick South, while also offering less exposure to passing trade along Clyde Road.
- Location 2 is located immediately adjacent to the broader retail / commercial precinct comprising Eden Rise Village, Berwick Springs Hotel and the fast food precinct to the north. The distance from Location 2 to Eden Rise Village is approximately 400 metres which is considered a walkable distance, and similar to that between the Coles and Woolworths supermarkets in the Berwick Town Centre. As a result, there may be the opportunity for a consolidation of existing and future retail and commercial activity in this location.
- Locations 1 and 3 are more isolated from Eden Rise Village and therefore represent 'out of centre' developments that are more likely to result in a fragmentation of retail and commercial activity.
- Location 2 is the most centrally located site within the Berwick South sub-area which would enable it to better service a larger proportion of local households.
- Location 1 offers a greater area of land to accommodate non-retail activities and potentially a greater diversity of housing.

While all locations will attract retail spending away from both Eden Rise Village and any future centre at the Berwick Waterways LTC, the extent of this impact will differ, with:

- Location 1 likely to have a greater impact upon the proposed Berwick Waterways LTC as it would more directly compete with that centre.
- The potential for shoppers at a centre at Berwick Springs (Location 2) to still shop at Eden Rise Village, either as part of the same visit or as a separate visit due to a greater familiarity with the location. Therefore, there will be greater opportunities for synergies between the two centres.

10.3 Conclusion

The availability of main road sites of sufficient size to accommodate a neighbourhood activity centre is the key factor limiting the future location of such centres within Berwick South. Given that the projected population of the Main Trade Area is expected to be serviced by local supermarkets will reach 45,000 residents by 2031, there is the additional opportunity to support a sub-regional retail and commercial precinct.

The consolidation of retail activity in adjacent to Eden Rise Village would be expected to result in a stronger regional focus for commercial activity that may support a range of additional non-retail uses. Concentrating retail activity in one location would also be expected to result in the improved ability to withstand increased competition from an expanded Casey Central.

Location 2, adjacent to the Berwick Springs Hotel, is therefore considered the preferred location for a new neighbourhood activity centre anchored by a full-line supermarket.

11. Non-Retail Development Opportunities

Assessing the opportunities for non-retail development requires a greater reliance upon subjective assessments of the location preferences of businesses, rather than the form of quantitative analysis used to assess retail development opportunities. This includes acknowledging the existing Narre Warren office precinct and Berwick health precinct, which will continue to attract the majority of new business activity, thereby limiting opportunities in nearby locations such as Berwick South.

Typically, demand for suburban office space in activity centres comes from professional service providers such as accountants, financial planners, solicitors and employment agencies that service local residents and other businesses. These businesses often commence as small scale operations and therefore have the option of locating in home-based offices or quasi office space such as shop fronts. As they grow, some businesses will graduate to purpose-built office space in locations where they can better serve their clients.

Health service providers represent another key source of demand for commercial floorspace in neighbourhood activity centres, either as purpose built medical centres or more conventional office space.

Based upon the relationship between resident population and office / health employment across Melbourne and Berwick South's long-term population capacity, there is expected to be the potential to support in the order of:

- 500-750 m² of commercial office space;
- 500-600 m² for a medical clinic, with additional stand-alone health providers possibly requiring an additional 100-200 m²; and
- approximately 700-1,500 m² of floorspace for recreational activities such as a gym.

Of the three potential locations identified for a neighbourhood activity centre in Berwick South, the greatest opportunity to support non-retail activities is expected to be within the proposed Berwick Springs Neighbourhood Activity Centre. This reflects the exposure and accessibility offered by Clyde Road and proximity to the amenity and services offered by Eden Rise Village for workers.

In addition to the retail development opportunities that may be supported within Berwick South, there will also be the opportunity for additional commercial activities which have been assessed below. Assessing the level of non-retail commercial floorspace that may potentially be supported however is much less predictable than for retailing. As a result, determining the amount of floorspace that may be supported within a new neighbourhood activity centre in Berwick South is a more subjective assessment informed by anecdotal evidence and professional judgement.

This section provides an assessment of the potential demand for commercial floorspace for office uses, health services and recreational activities such as a gym being the main non-retail activities typically located within a neighbourhood activity centre.

11.1 Context

Assessing the opportunities for non-retail commercial development within Berwick South needs to recognise the pattern of development activity within the office and health care sectors as it has occurred both across metropolitan Melbourne and perhaps more importantly within the City of Casey.

Within the City of Casey, two important precincts have emerged that will impact upon potential development opportunities within Berwick South. These are

- Narre Warren Office Precinct (Victor Crescent and Verdun Drive)

An office precinct has successfully established in Narre Warren where a number of office suite developments are occupied by a diverse range of small businesses typically servicing industry rather than local households. Proximity to Monash Freeway, Princes Highway and the Narre Warren- Fountain Gate Activity Centre, the availability of affordable development sites and pent-up demand for purpose-built office accommodation would have been key factors supporting demand for office space. The attractiveness of this location will be further reinforced as a critical mass of office development raises its market profile.

- Berwick Health Precinct

The Berwick health precinct has evolved around the Casey public hospital in Kangan Drive, Berwick and includes the Epworth Specialist Centre, Casey 24 hour Super Clinic, and a number of other health providers. The recently completed St John of God Berwick Hospital will further establish this precinct as a location for specialist health services.



Berwick Hospital



St John of God Berwick Hospital

These two precincts would be expected to limit office and health related activities within Berwick South to those which directly service local residents rather than those from across the wider region.

11.2 Office Development Opportunities

Population growth within Berwick South and new residential areas to the south will generate increasing demand for business services and office space. Traditionally, the City of Casey has played only a limited role as an office location due to a number of factors including:

- the limited pool of white collar professionals in the surrounding area, given that this group represents a potential source of entrepreneurs to establish office based businesses as well as employees for existing businesses;
- competition from larger office precincts that are located closer to the Melbourne CBD, such as Dandenong and the Monash Technology Precinct that already perform regional office roles. In addition, Dandenong offers rail services and an activity centre environment; and
- the availability of affordable quasi office space in the form of shop front and shop-top accommodation within local activity centres.

The key source of private sector demand for office space within suburban centres primarily comes from professional service providers such as accountants, financial planners, solicitors and employment agencies. Generally, these businesses initially establish as home based businesses or locate in secondary shopping strips where affordable shop front / shop top accommodation is available.

The opportunities for developing purpose-built office accommodation for these businesses as they grow, is however limited by:

- the need for a critical mass of owner occupiers and investors to purchase office suites, as well as businesses to occupy them, in order to support even a modest office development;
- the tendency for office suites to be purchased upon completion rather than 'off the plan'. This represents a constraint for the financing of office developments in the aftermath of the Global Financial Crisis (GFC) given the reluctance of financiers to fund speculative developments; and
- the rents needed to support new office developments generally exceeding both market rents and the financial capacity of suburban businesses.

Strong population growth within Berwick South would also be expected to generate demand for professional services such as accountants, solicitors, financial planners to service local households which then generate demand for suburban office accommodation. Office employment primarily relates to the following industry sectors classified by the Australian Bureau of Statistics:

- Professional, Scientific and Technical Services
- Financial and Insurance Services
- Administrative and Support Services
- Information Media and Telecommunications

Employment in these four sectors is concentrated within the Melbourne CBD, CBD Fringe regions and to a lesser extent within the Inner East region (refer Figure 62). This is reflected not only in actual employment numbers, but also the number of jobs per 1,000 residents. Outside of these three inner regions, the number of jobs to residents is reasonably consistent within the range 21 - 44 jobs per 1,000 residents.

Furthermore, this variance in employment rates may be logically explained by the location of these regions within the broader metropolitan context. For example, the Inner South region (44 jobs per 1,000 residents) has a higher

employment rate due to a number of key office precincts (Clayton, Moorabbin, Cheltenham, Frankston) and the generally higher socio-economic profile of residents.

Figure 62: Office Employment by Metropolitan Region 2011

Region	Population	Office Employment	Employment per 1,000 Residents
CBD	101,919	156,482	1,535
CBD Fringe	262,289	58,494	223
Inner East	422,856	34,698	82
Inner South	573,737	25,153	44
Inner West	222,440	8,552	38
Inner North East	111,411	3,484	31
Outer East	720,045	22,348	31
Inner North	407,399	11,492	28
Outer North-West	169,407	4,238	25
Outer North-East	209,093	4,521	22
Cardinia	74,333	1,582	21
Outer West	487,232	10,026	21
Total	3,762,161	341,070	91

Source: ABS, Charter Keck Cramer

Importantly, the outer suburban regions have the lowest employment rates being in the range 21 – 25 jobs per thousand residents, with the only exception to this being the Outer East region (31 jobs per 1,000 residents).

This pattern highlights the role of each region as an office location for larger businesses servicing a wide geographic market, through to smaller businesses servicing local households. Businesses within the CBD would be almost entirely in the first group while those in Melbourne's outer region would primarily service local households.

Determining the amount of office space that may be supported within a location such as Berwick South is complicated by a number of factors that reduce demand for purpose built office space including:

- The relative importance of home based businesses in outer suburban locations.
- The financial capacity of small businesses to afford new office space.
- The availability of affordability shop-top office space in older strip centres such as Cranbourne and Berwick.
- Secondary retail centres offering affordable retail space that may be occupied by office users.

The commercial viability of developing office space is limited by:

- Uncertainty about the likely level of demand from investors who typically purchase office suites upon completion rather than off the plan.
- The reduced willingness of financiers to provide development finance for speculative office development.

As a result, there is a need for any office space to cater for a wider variety of uses including health services and gyms, and be incorporated into a retail development. This will reduce market risks and attract development finance as part of a larger mixed-use commercial development.




In a location such as Berwick South, it would be expected that under these circumstances approximately 500-750 m² of commercial office space may be supported within a new neighbourhood activity centre. Ideally, this will be located in a convenient location offering high exposure and the necessary car parking for workers and visitors. The proposed Berwick Springs location is considered the most appropriate given its proximity to Clyde Road.

11.3 Health Services

It is envisaged that a purpose-built medical centre may be supported within any new neighbourhood activity centre in Berwick South to provide generic health services to residents within the surrounding area. There are a wide range of health services unrelated to hospital treatments that may be provided in a variety of locations. Healthcare facilities that may be potentially supported within a new local centre include a range of privately operated businesses, including medical clinics, as well as specialist medical providers such as dentists, radiologists, optometrists and physiotherapists.

Growing demand for health services is occurring nationally in response to technological advances within the health sector and an increasing proportion of households with health insurance. The level of demand for health related floorspace is likely to be in the order of 500-600 m² for a medical clinic with additional stand-alone health providers possibly requiring an additional 100-200 m². The following table profiles a number of contemporary medical centres consistent with that envisaged for the proposed local centre.

Figure 63: Indicative Medical Centre Profiles




	<p>574 Melton Highway, Sydenham</p> <p>GLA 639 m²</p> <p>Two storey medical facility which was constructed in 2012 upon a General Residential zoned allotment of 1,519 m². The property is leased to St Vincent's Hospital (Melbourne) Limited trading as St Vincent's Pathology.</p>
	<p>37 Langhorne Street, Dandenong</p> <p>GLA 588 m².</p> <p>Comprises a single level purpose built facility constructed in 2001 contained upon a Comprehensive Development zoned site of 1,017 m². Occupied by four tenants comprising a general practice, pharmacy, pathology provider and physiotherapist</p>
	<p>334 - 340 Hampshire Crescent, Sunshine</p> <p>GLA 447 m²</p> <p>Comprises a single level purpose built facility constructed in 2008 and utilised as a radiology clinic. The property is leased to a single tenant,</p>

11.4 Recreation

Recreational activities such as gymnasiums are now commonplace within local centres, bulky goods precincts and industrial estates. The amount of floor space occupied by gyms varies from 200-300 m² typical of those within strip shopping centres up to over 2,000 m² in locations offering more affordable floorspace.

Given the projected level of population growth within Berwick South it is envisaged that approximately 700-1,500 m² of floorspace may potentially be occupied by a gym. The following table profiles a number of gymnasiums occupying floor areas consistent with that envisaged for the proposed local centre.

Figure 64: Indicative Gymnasium Profiles

	Unit 7, 1866 Princes Highway, Clayton
	Tenant: Fernwood Gym
	Lettable Area: 1,064 m ² .
	Unit 5A / 98 - 108 Hampstead Road, Maidstone
	Tenant: Boxing Fit
	Lettable Area: 720 m ²
	Lincoln Mills Homemaker Centre 64 - 94 Gaffney Street, Coburg
	Tenant: Fenix Fitness Club – Unit 7a
	Lettable Area 1,420 m ²

11.5 Conclusion

The opportunity for non-retail commercial development within Berwick South will primarily be in the form of office suites, medical centres and gyms incorporated into retail developments, including additional neighbourhood activity centres. Businesses will primarily cater for residents within the immediate area and typically would include accountants, solicitors, and financial planners as well as general practitioners and other health services. The viability of commercial floor space will be enhanced by the ability to cater for the accommodation needs of a variety of potential activities.

The greatest opportunity to support non-retail activities is likely to be within the proposed Berwick Springs Neighbourhood Activity Centre given its proximity to Clyde Road and Eden Rise Village. Such a location will offer greater access and exposure to passing traffic as well as existing visitors to the centre. Similarly, businesses and workers will benefit from being able to access Eden Rise Village for purchasing retail goods and services as well as more regularly purchased items such as food and beverages.

12. Net Community Benefit

The City of Casey's Activity Areas and Non-Residential Uses Strategy identifies key strategic objectives for Neighbourhood Activity Areas and provides Location Assessment Guidelines for evaluating the Net Community Benefit of development proposals. These guidelines have been applied in assessing the Net Community Benefit of a new neighbourhood activity centre at the three potential sites with respect to the opportunity for choice; accessibility and convenience; and viability and efficiency

A new neighbourhood activity centre within Berwick South will provide residents with the choice of all three major supermarket chains as well as a wider choice of specialty retailers and other businesses. The proposed Berwick Springs Neighbourhood Activity Centre would consolidate retail and commercial activity around Eden Rise Village and the adjacent commercial precinct, thereby potentially supporting a greater number of higher-order retailers. This will provide households with a wider choice of retail goods and services that if a new centre were located elsewhere, as well as providing the benefits of a more competitive retail environment.

Accessibility via various transport modes is comparable across all three potential neighbourhood centre locations, although the Berwick Springs site offers better access from the Clyde Road north-south arterial and the convenience of potentially still visiting Eden Rise Village as part of a single trip. The Berwick Springs site also offers the opportunity to consolidate activity into a single, centrally located retail / commercial precinct, thereby providing greater opportunity to support a range of non-retail activities including business services, health services, hospitality and entertainment. Consolidating retail activity into Berwick Springs / Eden Rise would also be expected to support the precinct's competitiveness relative to both new neighbourhood activity centres to the south and the expanded Casey Central. Similarly, through servicing a wider trade area, businesses will attract a more diverse range of households.

Any competitive impacts of a new centre upon Eden Rise Village are more likely to be moderated by locating such a centre on the Berwick Springs site compared to alternative locations, as Eden Rise Village will have greater opportunity to compete for household expenditure than if shoppers were split between two separate centres.

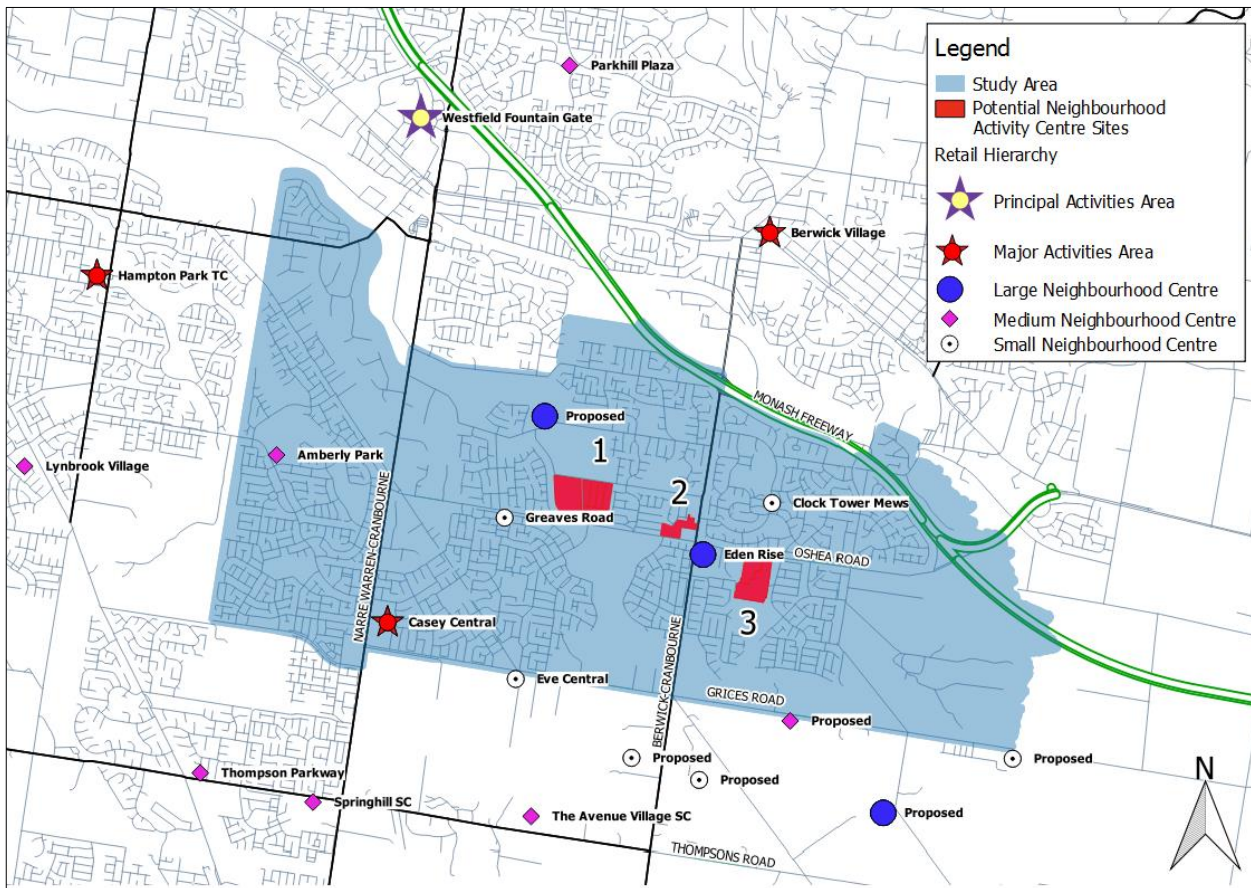
The City of Casey's *Activity Areas and Non-Residential Uses Strategy* (reviewed in Section 4.5) identifies key strategic objectives for Neighbourhood Activity Areas as well as providing Location Assessment Guidelines for evaluating the Net Community Benefit of development proposals.

This section applies these guidelines to assessing the Net Community Benefit associated with a neighbourhood activity centre at each of the three potential locations identified in Section 10.2 being:

- Location 1: Greaves Road, immediately east of the wetlands reserve.
- Location 2: Greaves Road, immediately west of the Berwick Springs Hotel and connecting through to Clyde Road, for which Council has received a request to rezone land to facilitate the development of a neighbourhood activity centre.
- Location 3: O'Shea Road, west of Eden Rise Village.

The map of these locations is repeated below.

Figure 65: Potential Neighbourhood Activity Centre Locations



This assessment focuses upon the key economic and accessibility issues identified in the Strategy relating to:

- Opportunity for choice;
- Accessibility and convenience; and
- Viability and efficiency.

12.1 Opportunity for Choice

It would be expected that any additional full-line supermarket would be a Woolworths store, which will provide households with the choice of all three supermarket chains within Berwick South. In addition, households will have the opportunity to shop at new specialty retailers that would locate within any new neighbourhood activity centre anchored by the supermarket. The key issue is whether any of the three locations is likely to result in a greater range of retailers and other businesses to meet the needs of households.

Locations 1 and 3 essentially would represent out-of-centre developments whereas Location 2 would offer the opportunity to be integrated with Edens Rise Village and adjacent commercial precinct on Clyde Road. In addition, Location 2 would provide greater exposure and accessibility given its proximity to Clyde Road.

The co-location of two full-line supermarkets that would result from a new neighbourhood activity centre at Location 2, together with increased opportunities to attract passing trade, would be expected to provide greater exposure to potential customers for specialty retailers. By comparison, neighbourhood activity centres at Locations 1 & 3 would be reliant upon the ability of their single supermarket anchor to attract shoppers.

The mix of businesses located within Eden Rise Village already indicates the capacity to support a number of higher-order retailers (e.g. clothing, jewellery, optical, mobile phone) and health services (medical centre, pathology). The development of a new neighbourhood activity centre at Location 2 would be expected to further consolidate demand for retail goods and services into this precinct, and potentially further expand access to higher-order retailing.

Locations 1 is not within walking distance of Eden Rise Village, which would prevent both centres being visited as part of a single trip. Although Location 3 is closer, it is physically separated and does not offer exposure to Clyde Road. As a result, both centres would be expected to function separate from Eden Rise Village with a more limited mix of specialty retailers than would be the case for Location 2.

12.2 Accessibility and Convenience

The guidelines for assessing Net Community Benefit indicates that development proposals should provide acceptable and equitable access for the community in locations accessible by public and private transport, while also seeking to encourage walking and public transport / bicycle usage.

All three potential neighbourhood activity centre locations appear to be similarly serviced by bike paths and buses. Access by private vehicles may be considered more favourable for Location 2 given its proximity to Clyde Road and central location within Berwick South.

Perhaps of most importance is the position of each location within the trade area that it will service. Locations 2 and 3 are the most centrally located with the former offering the advantage of being located closer to the intersection of Greaves / O'Shea Road and Clyde Road which further supports accessibility.

Importantly the convenience of each location will also be influenced by the likelihood of households being able to visit other businesses as part of a single, multi-purpose trip. Given the proximity of Location 2 to Eden Rise Village there is greater opportunity for households to more easily access two neighbourhood activity centres as part of a single trip.

12.3 Economic Viability and Efficiency

Alternative neighbourhood activity centres at each of the three locations should:

- contribute to the range of customer choices/land use activities within the area;
- provide local employment opportunities;
- provide land uses and spaces which are adaptable over time and can withstand future market shifts;
- provide acceptable levels of return to both tenants and owners.
- maintain its longer-term sustainability.

Many of these considerations are interrelated and reflect the capacity of each location to service the needs of local residents and businesses in an efficient and competitive manner. The key factor differentiating the three locations is the position of Location 2 adjacent to the existing Eden Rise Village and Clyde Road commercial precinct. Hence, the extent to which a neighbourhood activity centre at this location is able to deliver greater economic development opportunities than other sites is of particular interest.

Consolidating economic activity into a central retail/commercial precinct offering access and exposure via Clyde Road and Greaves/O'Shea Roads would be expected to result in it evolving into a sub-regional destination for retail and other commercial activities. This would result from:

- Increased exposure to potential customers attracted by the option of two full-line supermarkets which may enable higher-order retailing to be supported.
- Improved awareness of the precinct beyond the immediate area, enabling it to support sub-regional office and health related functions.
- The potential to support a wider range of hospitality and entertainment activities that may contribute to the amenity of the precinct, as well as provide a focal point for the community.

The longer-term competitiveness of the precinct would be expected to be enhanced through enabling it to be differentiated from other neighbourhood activity centres located in new residential areas to the south. Similarly, through servicing a wider trade area populated by a greater diversity of households and residents, exposure to an ageing local population (and declining household expenditure) will be reduced. This will support the ongoing viability of businesses and encourage continued investment in the centre.

12.4 Competitive Retail Environment

Eden Rise Village currently accounts for virtually all retail floorspace within the Study Area, and as a result has benefited from strong population growth and relatively little competition. Anecdotally, the centre appears to be trading above that of other centres which indicates that there is the capacity for increased competition from additional retailers. This will benefit local households through offering a wider choice of retailers as well as greater competition between traders.

The consolidation of commercial activity into an expanded retail precinct will also be expected to reduce the extent of any economic impacts of a new neighbourhood activity centre upon Eden Rise Village. The alternative two locations would most likely result in a splitting of retail activity between Eden Rise Village and any new centre without any of the benefits discussed above.

12.5 Conclusion

The opportunity to consolidate retail and commercial activity around Eden Rise Village would be expected to result in a wider range of traders and other businesses not typically found in a neighbourhood activity centre. This will provide households with a wider choice of retail goods and services, as well as the benefits associated with a more competitive retail environment. This increased competition is not expected to interact upon the viability of traders within Eden Rise Village, with any impacts expected to be moderated by the enhanced role of the precinct.

Households' accessibility to the proposed Berwick Springs Activity Centre (Location 2) by various transport modes is comparable to that of alternative locations. This location however offers the additional benefit of being centrally located within the trade area that it will serve, as well as offering greater opportunities to undertake multi-purpose trips.

The opportunities for additional economic development and the generation of local employment opportunities would also be expected to be maximised through consolidating retail activity around Eden Rise Village.

13. Conclusions and Recommendations

Continued population growth within Berwick South will generate demand for additional supermarket floorspace that will support the development of new activity centres within the area. This will include the already approved Berwick Waterways Local Town Centre and the proposed Berwick Springs Neighbourhood Activity Centre for which Council has received a rezoning request. The centrally located Berwick Springs site offers a number of strategic advantages over alternative sites in terms of accessibility and potential to also support non-retail commercial activity.

The consolidation of retail and other commercial activity into the Eden Rise / Berwick Springs precinct will provide the opportunity for higher-order activities, however this is not expected to warrant the elevation of the centre to that of a major activity centre.

In order to facilitate development of a new neighbourhood centre at Berwick Springs via a planning scheme amendment, the City of Casey Activity Areas and Non-Residential Uses Strategy will need to be reviewed based upon updated municipal retail floorspace projections and the findings of this assessment.

A Commercial 1 zone or an equivalent zoning such as a Comprehensive Development Zone would be appropriate for the Berwick Springs site to facilitate retail and other commercial development. There will be the opportunity for Council to control design, infrastructure and development outcomes for the site via an appropriate Design and Development Overlay or Development Plan Overlay.

13.1 Retail Need

This assessment has identified the opportunity for additional full-line supermarkets to be supported within Berwick South. This includes the Berwick Waterways Local Town Centre, which while potentially able to support a full-line supermarket, faces a number of uncertainties and therefore may be better suited to a smaller independent supermarket.

The proposed Berwick Springs Neighbourhood Activity Centre is somewhat better located, offering accessibility for the majority of Berwick South residents, as well as passing motorists. This centre would consolidate retail and other commercial activity around the existing Eden Rise Village and adjacent commercial precinct. As a result, it is anticipated that higher-order retail activities, commercial offices and health services, and lifestyle related activities may be supported.

The need for additional retail space within Berwick South reflects a growing resident population, which is projected to increase by 24% to almost 30,000 over the next decade alone. Anecdotally Eden Rise Village appears to be performing very strongly, with limited capacity to accommodate future growth without reducing the convenience of the centre. This is confirmed by the population of the immediate Berwick South area alone already significantly exceeding the average population served by full-line supermarkets in outer-metropolitan locations.

13.2 Berwick Waterways Local Town Centre (Approved)

The approved Berwick Waterways LTC technically may support a full-line supermarket based upon it capturing an assumed market share of household expenditure within a number of trade areas. Given the generally inconvenient access to the centre from the north-west, there is the potential for the assumed market share of this centre to not be achieved. Under these circumstances, it would be more appropriate for such a centre to be anchored by a smaller independent supermarket rather than a full-line supermarket. This should however not exclude a full-line supermarket in the event that there is a demonstrated commitment from either Coles or Woolworths.

13.3 Berwick Springs Neighbourhood Activity Centre (Proposed)

Berwick Springs is considered to be the most appropriate location for a new neighbourhood activity centre based upon a number of factors including accessibility for residents within Berwick Springs, potential to support non-retail activities and the likely impact upon the existing Eden Rise Village.

13.4 Activity Centres Hierarchy

The existing Activity Areas and Non-Residential Uses Strategy (2012) identifies two Principal Activities Areas being Fountain Gate-Narre Warren CBD and Cranbourne Town Centre, and four Major Activity Areas being:

- Berwick Village;
- Casey Central;
- Endeavour Hills Town Centre; and
- Hampton Park Town Centre

In addition, a new Major Activities Area is proposed within the Clyde Growth Area in the form of the Hardys Road Major Town Centre. The Thompsons Road PSP Identifies this centre as providing 50,000-60,000 m² of additional retail floorspace. This centre will be located approximately 5 km south of Eden Rise Village and will service households within the Berwick-Cranbourne Road / Clyde Road corridor.

Although the opportunity for more discretionary retail and commercial activities to be supported within Berwick South has been identified, this is considered insufficient to justify any elevation of Eden Rise Village/Berwick Springs to a major activities area.

13.5 Activity Areas and Non-Residential Uses Strategy

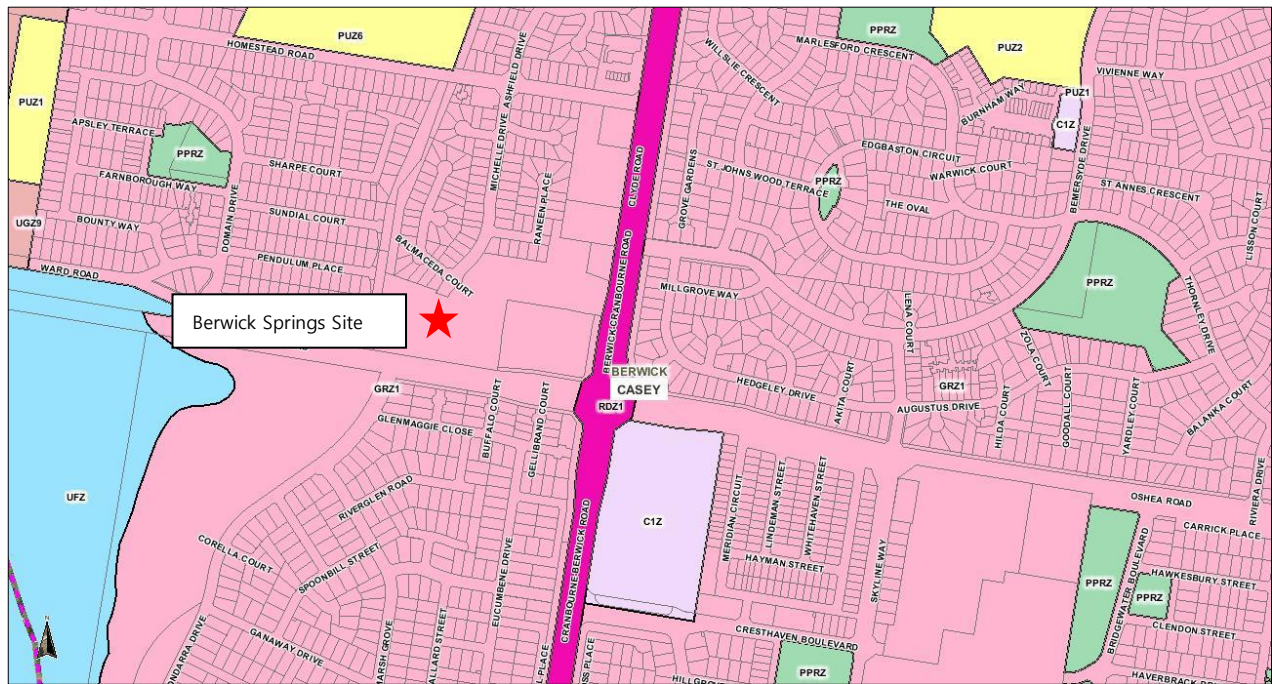
This Strategy is based upon retail floorspace projections prepared in 2004. An updating of these projections and a review of the Strategy needs to be undertaken in order to provide direction for the future activity centres within the City of Casey. The findings of this assessment should be considered as part of such a review of the Strategy and planning scheme amendment to facilitate a new neighbourhood activity centre in Berwick Springs.

13.6 Planning Provisions

The preferred location for a new neighbourhood activity centre adjacent to the Berwick Springs Hotel is currently zoned 'General Residential Zone (GRZ1)' as shown in Figure 66 below. The site is also subject of a Development Plan Overlay (DPO1), although this only relates to the subdivision of land for residential uses.

In order to facilitate the development of a new neighbourhood activity centre it will be necessary to rezone this site to a 'Commercial 1' zone, or an equivalent zoning that can facilitate commercial development such as a Comprehensive Development Zone. The purpose of the Commercial 1 Zone includes *'to create vibrant mixed use commercial centres for retail, office, business, entertainment and community uses'* which is consistent with the opportunities identified for the Berwick Springs site. Retail premises and offices do not require a permit under this zone. Council objectives relating to design, infrastructure and development aspects of a new centre may be achieved via a Design and Development Overlay or Development Plan Overlay.

Figure 66: Current Land Use Zoning



Source: DELWP

14. Appendix A: MacroPlan Dimasi: Berwick Springs Economic Impact Assessment (December 2013)

14.1 Proposed Development

This assessment relates to a proposed Neighbourhood Activity Centre comprising a total of 4,450 m² of retail floorspace in the form of a 3,800 m² supermarket (Woolworths) and 650 m² of specialty retailing, which will include a liquor store (200 m²) and café (100 m²). A petrol station will also be incorporated into the south west corner of the site.

MacroPlan Dimasi assume that a full-line supermarket will be developed at the proposed Berwick waterways LTC. This assumption influences their analysis in terms of the level of food and grocery expenditure captured by local supermarkets as well as the extent of economic impacts upon individual centres. Similarly, assuming that this supermarket will be developed also increases the potential supply of supermarket floorspace, and therefore reduces the requirement for additional floorspace.

14.2 Trade Area

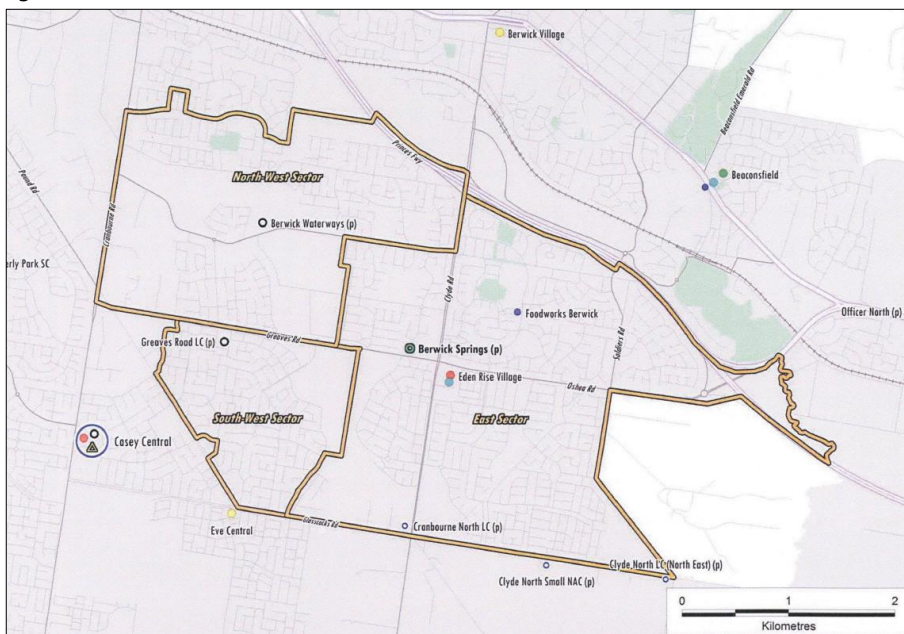
A Main Trade Area, comprising three sectors, has been defined to represent the area which will account for the majority of supermarket sales. With a population of 34,000 in 2011, this area is generally consistent with the Main Trade Area defined in Section 9.3 which had a population of 35,939 in the same year.

The key difference between the Primary Trade Area (identified as the East Sector) and that defined by Charter Keck Cramer is that the former excludes the Berwick Waterways estate. This is due to MacroPlan Dimasi assuming that a full-line supermarket will be developed at the Berwick Waterways LTC.

Conclusion

The trade areas defined by MacroPlan Dimasi are consistent with the residents' use of existing and proposed centres.

Figure 67: Trade Areas



Source: MacroPlan Dimasi

14.3 Demographic and Retail Expenditure Profile

A brief socio-economic profile highlights the higher household incomes and younger age profile of residents in 2011, as being consistent with traditional families in their early life stages. No analysis of the likely impact of changes in this profile upon likely retail expenditure as the population ages.

Estimates of per capita retail expenditure have been sourced from MarketInfo 2010 for 2012/13. The report notes that with per capita retail expenditure by residents within the Main Trade Area (MTA) is consistent with the average for metropolitan Melbourne.

14.4 Demand Assessment

14.4.1 Berwick South Supermarket Sales

MacroPlan Dimasi (Table 4.1) estimate the total level of spending at supermarkets within Berwick South to be \$113 million in 2012/13 (2012/13 dollars). This is comparable to the potential supermarket turnover identified in Section 9.5 (Figure 56) of \$118 million in 2011 (in 2014 dollars) with the difference being largely due to the latter also including liquor sales.

These estimates are based upon a number of assumptions relating to:

- Proportion of food and grocery expenditure directed to supermarkets.

It is assumed that approximately 75% of food and grocery expenditure generated within the Main Trade Area is directed towards supermarkets. This is consistent with the analysis of ABS retail trade data undertaken in Section 7.6.

- Proportion of supermarket spending generated by Main Trade Area households potentially captured by supermarkets within the area.

MacroPlan Dimasi estimate that 72% of food and grocery spending by MTA households may occur at supermarkets within the area, assuming there is an adequate provision of supermarket floorspace. Within the East sector, 80% of spending is expected to be captured, 75% in the north-west sector and 40% in the south-west sector.

These percentages generally reflect the physical boundaries that will limit households travelling to other centres, as well as competition from Casey Central within the south-west sector. They are however based upon the assumption that a full-line supermarket will be developed at the Berwick Waterways LTC. Given that Coles are already located within the Eden Rise Village and a Woolworths supermarket is the subject of this proposal, it is debatable whether either retailer would consider establishing a store at the Berwick Waterways LTC given the potential to impact their sales at other centres within Berwick South.

- Proportion of total supermarket sales accounted for by households beyond the Main Trade Area.

This assessment assumes that 15% of supermarket sales will be accounted for by these households. This is considered realistic given the level of future residential development to the south, and the likelihood that households within this area will travel along Clyde Road to and from the Monash Freeway.

- Proportion of total supermarket sales accounted for by non-food and grocery items.

In addition to food and grocery expenditure at supermarkets, households will also purchase general merchandise. MacroPlan Dimasi assumes that this will equate to approximately 6.5% of total supermarket sales. This is considered a realistic assumption.

14.4.2 Supportable Supermarket Floorspace

The assessment estimates a shortfall of approximately 6,460 m² of supermarket floorspace as at 2012-13, increasing to 7,290 m² by 2016-17. This is directly calculated from total Berwick South supermarket sales and an assumed retail turnover density of \$9,000 per sqm. This compares to approximately 5,000 m² of additional full-line supermarket floorspace by 2016, as identified by the analysis undertaken by Charter Keck Cramer in Section 9.5

This variance is explained by MacroPlan Dimasi:

- Estimating the total amount of supermarket floorspace that may be supported rather than full-line supermarket floorspace.

Charter's analysis allocates supermarket expenditure to each of the supermarket formats (i.e. full-line, Aldi and independent supermarkets) before applying a benchmark retail turnover density to determine supportable floorspace. The second approach implicitly recognises the supermarket preferences of households.

- Assuming a retail turnover density of \$9,000 per square metre represents an assumed minimum required to support the development of a full-line supermarket.

This implies that the commercial viability of these supermarket, and potentially other retailers within a centre will be at the margin of commercial viability. Charter's analysis adopts an average retail turnover density for full line supermarkets which would be expected to result in the performance of a supermarket and specialty retailers being consistent with that of stores in existing centres.

14.5 Economic Impact Assessment

14.5.1 Estimated Impacts

MacroPlan Dimasi estimate the potential economic impact of the proposed centre at Berwick Springs based upon:

- the projected sales turnover of the centre in 2016-17; and
- redistributing sales from existing centres, primarily based upon the estimated current market share of expenditure by households within the main trade area.

While such an approach is considered generally sound, it is dependent upon:

- the projected level of sales for the proposed centre; and
- the assumption that a full-line supermarket will have already been developed at the Berwick Waterways LTC.

The assessment assumes that the full-line supermarket within the proposed centre will generate sales of \$29.9 million or \$7,870 per square metre in 2016-7 (Table 4.2). This is notably less than the \$9,000 per square metre that was adopted in Section 4.1 of the report as representing 'sound, profitable trading conditions for supermarkets' for the purpose of estimating supportable floorspace. While it noted that this assumed retail turnover density is an average across all centres, it would be reasonable to expect that a new supermarket would be best placed to sufficiently meet the needs of shoppers and therefore generate an above average retail turnover density. In addition, the assumed retail turnover

density for the proposed supermarket at Berwick Springs is around 30% less than both total sales and the average retail turnover density for full line supermarkets.

If the proposed supermarket were to generate sales of \$9000 per square metre, total turnover would be \$34.2 million. Similarly, if it were to achieve the average turnover density of \$11,700 per square metre, total sales would be \$44.5 million.

Table 4.4 of the report estimates total sales for existing centres, with Eden Rise Village estimated to generate sales of \$118.7 million in 2016-17. It has been assumed that a proposed centre at Berwick Waterways will have already been developed, and generating sales of \$29.1 million.

It is notable that the centre at Berwick Waterways would generate a retail turnover density of \$7685, compared to \$7745 for the proposed centre at Berwick Springs LTC. This is despite the former being anchored by a much smaller supermarket (2500 m²), less total retail floorspace, and a much more accessible and higher profile location near the intersection of two major arterial roads.

The estimated distribution of household expenditure on food and groceries across various centres is consistent with what would be expected. Eden Rise Village is estimated to attract 44.5% of total expenditure generated by households within the Main Trade Area, with Casey Central attracting a further 18.8% and the proposed centre at Berwick Waterways LTC capturing 13.6%. Together, these centres account for 77% of expenditure.

The projected turnover of the proposed centre at Berwick Springs is assumed to result from the redistribution of expenditure, proportional to the above market shares. Hence, 44.5% of the projected turnover of \$34.4 million at the proposed centre (\$15.7 million) is estimated to be redirected from Eden Rise Village. This amount equates to 13.2% of the estimated sales of \$118.7 million that Eden Rise would be expected to generate in 2016-17 if the proposed development did not occur.

14.5.2 Key Issues

A key issue related to this assessment of economic impacts is the assumption that a centre at the Berwick Waterways LTC has already been developed. This has the effect of spreading the combined economic impact across two centres, thereby reducing the extent of any impact attributable to the proposed centre at Berwick Springs. The assessment does not estimate the current level of sales at Eden Rise Village, instead estimating the likely level of sales assuming the centre at Berwick Waterways LTC has already been developed.

Hence, the impact upon the current turnover of the Eden Rise Village of the proposed centre at Berwick Springs will occur in two stages being firstly, the impact of the centre at Berwick Waterways and secondly, the impact of the proposed centre at Berwick Springs. MacroPlan Dimasi estimate total sales at these two centres to be \$59.3 million⁶ in 2016-17. Using the combined estimated market share of Eden Rise and Berwick Waterways (Table 4.4) of 58%, suggests that \$34.4 million worth of sales would be transferred from Eden Rise Village to support the two proposed centres.

Sales at Eden Rise will however also be higher in the absence of the Berwick Waterways Centre, by a portion of the \$29.1 million of sales that MacroPlan Dimasi estimate that centre would generate. Assuming that sales at Eden Rise would be higher by all of this amount (\$118.7 million plus \$29.1 million) provides an estimate of \$148 million. The transfer of \$34.4 million in sales due to the development of the two proposed centres therefore equates to an impact of 23%.

⁶ \$34.5 million for the centre at Berwick Springs and \$24.8 million for the centre at Berwick Waterways.

14.5.3 Interpreting Economic Impacts

While an economic impact of the magnitude identified above would normally be considered excessive, this needs to be interpreted within the context of the likelihood that:

- the existing supermarkets, and the Eden Rise Village generally, are trading above industry benchmarks, and/or
- there is a significant level of escape expenditure that may be reduced through offering a wider choice of retailers.

One objective indicator that suggests Eden Rise Village is performing strongly is the number of visitors on a given day and time, as measured by the number of occupied car spaces compared to other centres. Nearmap aerial photographs provide a source of such information as shown in Figure 68 below. The number of occupied car spaces with at Eden Rise Village on Tuesday 26 May 2015 (363) was approximately double that identified at other nearby centres being Casey Central, Lynbrook Village and Thompson Parkway (144-179).

Figure 68: Car Parks Occupied (Tuesday 26 May 2015)

Centre	Time	Occupied Car Spaces
Eden Rise	1.08 pm	363*
Casey Central	1.14 pm	144
Lynbrook Village	1.01 pm	160
Thompson Parkway	1.23 pm	179

Source: Nearmap 26 May 2015

* Excluding vehicles parked on the south east portion of the site.

The higher number of occupied car spaces at Eden Rise Village is consistent with the population of the centres Primary Trade Area (24,011 in 2016) being around 70% above the indicative resident population per full-line supermarket of 13,500 – 14,800 residents, as identified in Section 7.5.

With a total of approximately 550 car spaces at Eden Rise Village, 363 occupied spaces represents an occupancy rate of 66%. With the population of Berwick South projected to increase by 24% over 2016-2026 (refer Section 5.3), this indicative occupancy rate would increase to 82%.

Figure 69: Eden Rise Customer Car Park Tuesday 26 May 2015



Source: Nearmap 26 May 2015

14.6 Conclusion

In reviewing the assessment prepared by the MacroPlan Dimasi, it may be concluded that it is generally sound and transparent with respect to the assumptions relied upon and therefore represents a valid assessment of the potential to support additional supermarket floorspace in Berwick South. This is however subject to a number of issues that have been identified and discussed as part of our review.

15. Appendix B: Essential Economics: Retail Assessment for Berwick Springs Neighbourhood Activity Centre (December 2015)

This assessment comprises two parts being:

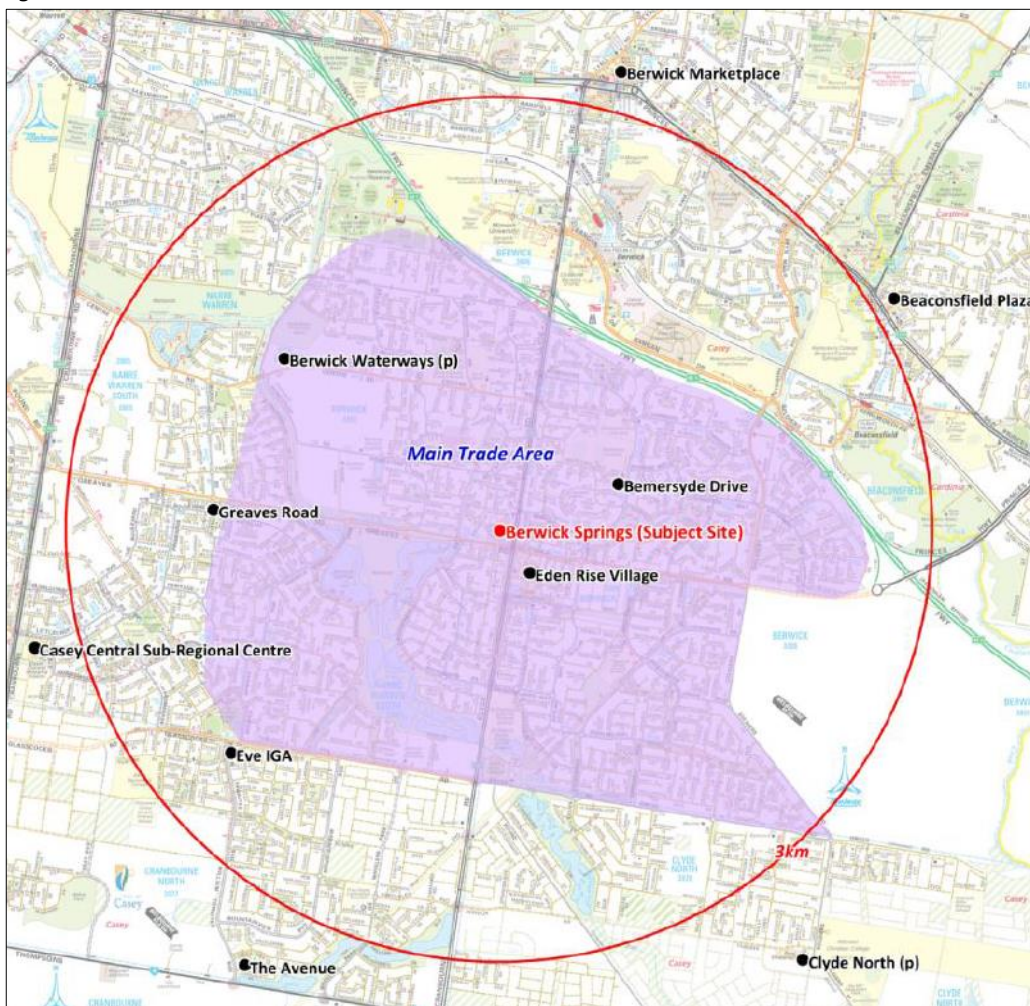
- a review of the MacroPlan Dimasi report which has also been reviewed in the previous section; and
- an alternative approach that 'considers a number of variations in terms of the trade area served and market shares achieved by the new centre'.

This section reviews the alternative assessment provided by this report.

15.1 Main Trade Area

Essential Economics estimates a Main Trade Area which is similar to that identified by Charter Keck Cramer in Section 9.3, with the exception of the north-west secondary trade area. The projected population of the Main Trade Area as shown in Figure 70 below is consistent with that identified by Charter Keck Cramer after excluding the North-West Trade Area.

Figure 70: Trade Area



Source: Essential Economics

15.2 Retail Floorspace Demand: Per Capita Provision Approach

The report provides an analysis of the supply and demand situation for total retail floorspace within the Main Trade Area based upon a metropolitan-wide demand for of 2.3 m² per person, and the likely proportion of this demand that is met by local centres.

Population growth is projected to increase total retail floorspace demand from 76,180 m² in 2017 to 89,400 m² by 2025. Existing and proposed retail floorspace within the Main Trade Area, as a proportion of total floorspace demand, it is projected to decline from 27% to 23% over this period. The report suggests that this analysis '*indicates that the total of existing and proposed retail floorspace located in the MTA is supportable*'.

It is unclear how the above conclusion has been reached, as a decline in the proportion of floorspace met locally only indicates that the additional proposed floorspace will be absorbed over time, and not that it is necessarily supported.

15.3 Supermarket Sales Potential

Essential Economics have estimated potential sales for a full-line supermarket at Berwick Springs in 2017 based upon:

- assumptions relating to the share of total food, groceries and liquor expenditure directed to supermarkets that are generally consistent with that assumed by Charter Keck Cramer in Section 9; and
- an assumed 20% of spending generated by households within the Main Trade Area being captured by the proposed supermarket. This contrasts with the two stage process adopted by Charter Keck Cramer whereby a share of supermarket spending is located to supermarkets within the Main Trade Area, and then shares distributed to the various supermarket formats.

Essential Economics estimate that the proposed full-line supermarket at Berwick Springs will generate total sales of \$34.4 million in 2017. This is considered acceptable given that Charter Keck Cramer (refer Section 9.5.2) estimates that in 2016 full-line supermarkets at Eden Rise, Berwick Waterways and Berwick Springs would generate total sales of \$102 million, or an average of \$34 million per supermarket.

15.4 Potential Trading Impacts

The assessment of potential impacts upon other centres follows the same methodology as that adopted in the MacroPlan Dimasi report reviewed in the previous section. This includes assuming that a new centre has been developed at Berwick Waterways.

Projected sales in 2017 at the proposed centre have been reallocated from existing centres, including Berwick Waterways proportional to the estimated market shares held by each centre in 2017. The redistribution of sales from each centre is then expressed as a percentage of each centre's estimated sales that would otherwise be achieved without the proposed Berwick Springs Centre.

Sales at Eden Rise Village are projected to fall by 12%, and at the as yet undeveloped Berwick Waterways centre by 12.4%. The report notes that these estimated impacts are '*within the generally accepted range of 10% to 15%, beyond which issues may arise in regard to potential impacts on the overall roles of the affected centres (unless the impacted centres are over-trading, and in which case the new competition may result in those impacted centres returning to more difficult trading levels)*'.

The issue of existing centres potentially over-trading has been discussed in Section 14.5, where it was concluded that Eden Rise Village is likely to be over-trading and therefore able to sustain the impact of additional competition estimated by Essential Economics.

15.5 Conclusion

The assessment undertaken by Essential Economics is also considered to be sound and consistent with the findings of Charter Keck Cramer with respect to the capacity for an additional full-line supermarket to be supported at Berwick Springs.
