

CRANBOURNE TOWN CENTRE: RETAIL AND COMMERCIAL FLOORSPACE REQUIREMENTS (2012 - 2036)



FINAL REPORT

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PREPARED FOR:

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EXECUTIVE SUMMARY

Cranbourne Town Centre (CTC) is located in the City of Casey south east of Melbourne. The Centre is based along High Street (South Gippsland Highway) and extends from the intersection of Clairmont Avenue in the north to the intersection of South Gippsland Highway and Cameron Street in the south. The Town Centre comprises nine precincts (refer Figure 3) :-

1. Gateway Commercial North
2. Cranbourne Railway Station
3. Employment and Services
4. Retail Core West
5. Retail and Commercial Core East
6. Residential Intensification
7. Casey Complex
8. Gateway Commercial South
9. Racecourse, Tourism and Entertainment

Study Purpose

The purpose of the study is to “deliver a report that forecasts both retail and commercial floor-space in and around the Cranbourne Town Centre based on projected growth scenarios to the year 2036. The report should provide advice on:

- a census of current retail and commercial land use within the Cranbourne Town Centre and selected activity centres / commercial centres around the Cranbourne Town Centre;
- a review of retail and commercial floorspace projections including the Cranbourne Town Centre Plan;
- Provision of new retail and commercial floorspace projections for the Cranbourne Town Centre based upon forecast population and dwelling growth;
- The most appropriate boundary for the Cranbourne Town Centre taking account of projected retail and commercial floorspace requirements;
- Peer review of the *Casey Activity Centres Strategy and the Hunt Club - Cranbourne Retail Demand* (Jebb Consultants, 2011)”

(Quotation by Invitation document, City of Casey, 2012)

Online Retailing

Online retailing is likely to have a range of positive and negative effects on shopping choice and consequential effects on activity centres. Potential impacts on the Cranbourne Town Centre should be viewed within this context. In particular online retailing will likely add to consumer choice and knowledge and will continue to shape consumer behaviour including search and buying patterns within stores. Online retailing will continue to add cumulative competitive pressures on sales and profit margins particularly in relation to discretionary retailing. These effects will apply in the Cranbourne Town Centre.

In our professional judgement potential overall effects of online retailing in relation to activity centres will accentuate issues of place, amenity and store choice in shopping environments. Centres perceived to be at the top end of the scale in terms of high place value with a higher level of amenity and store and services choices would be more likely to retain customer attraction and pedestrian flows. Clearly the implication for the Cranbourne Town Centre is that Council needs to encourage and facilitate the ongoing evolution of the centre as a quality destination with a diversity of attractions and choices.

Consideration should also be given to facilitate an online site for the Cranbourne Town Centre in order to more effectively market the town centre and lift the awareness of stores and services at the centre among potential shoppers and visitors. This type of initiative has already been developed in a number of major shopping centres in Melbourne.

Key Findings

The investigation into the existing and future retail and commercial floorspace for the Cranbourne Town Centre identified the following:-

- Existing land uses are generally in line with the preferred land uses set out in the Cranbourne Town Centre Plan.
- Escape and online expenditures are expected to continue significant growth into the next decade and beyond.
- As new activity centres are built in the south east growth area Cranbourne Town Centre's market share will fall.
- The majority of retail growth identified to 2036 can be accommodated within Precincts 4 and 5 in the Cranbourne Town Centre. All other retail floorspace can be located within surround precincts with the CTC.
- A significant amount of non-retail floorspace will be required in the future. Professional and commercial offices should be located above the existing retail uses in the core precinct. Education, recreation and community uses are encouraged to locate within the Casey Complex as per the "Casey Complex Structure Plan". The supportable medical floorspace could justify a large medical facility within the town centre as well as additional medical offices and services along the highway.
- Additional non-retail that cannot with located within the CTC should be located in new major activities areas in the growth areas.
- The boundary for the Cranbourne Town Centre should not be adjusted to accommodate non-retail uses.
- There is no strategic justification for the Cranbourne East Neighbourhood Activity Centre to accommodate a discount department store. The additional DDSs identified in the analysis can be accommodated within the existing and proposed activity centre network in Principal and Major Activity Areas.

INTRODUCTION

1

In August 2012 Renaissance Planning were commissioned by the City of Casey to undertake the Cranbourne Town Centre: Retail and Commercial Floorspace Requirements (2012 - 2036). Cranbourne Town Centre is one of two Principal Activities Areas (PAAs) in the City of Casey and is a significant retail, commercial and employment hub in Melbourne's south east. Cranbourne is approximately 45 kilometres from Melbourne CBD and is the gateway for those driving along the South Gippsland and Bass Highways heading towards popular tourist destinations including Phillip Island and Wilsons Promontory.

Cranbourne Town Centre hosts a number of retailers within the core retail area, a significant number of these are within Centro Cranbourne. City of Casey recently completed the "Cranbourne Town Centre Plan: A Structure Plan for the Cranbourne Town Principal Activity Centre" (August 2011) which identified nine precincts that comprise the Cranbourne Town Centre (Refer Figure 3).

The study area includes the area defined by the Cranbourne Town Centre Structure Plan as Precincts 1 - 9. The reference area extends to Casey South and parts of City of Frankston and Cardinia Shire (refer Figures 1 and 2).

STUDY OBJECTIVES

2

The purpose of the study is to “deliver a report that forecasts both retail and commercial floor-space in and around the Cranbourne Town Centre based on projected growth scenarios to the year 2036. The report should provide advice on:

- a census of current retail and commercial land use within the Cranbourne Town Centre and selected activities areas / commercial centres around the Cranbourne Town Centre;
- a review of retail and commercial floorspace projections including the Cranbourne Town Centre Plan;
- Provision of new retail and commercial floorspace projections for the Cranbourne Town Centre based upon forecast population and dwelling growth;
- The most appropriate boundary for the Cranbourne Town Centre taking account of projected retail and commercial floorspace requirements;
- Peer review of the *Casey Activity Centres Strategy and the Hunt Club - Cranbourne Retail Demand* (Jebb Consultants, 2011)”

(Quotation by Invitation document, City of Casey, 2012)

STUDY PROCESS

3

The assessment process was undertaken in several key stages. These comprised:

Project Inception

Key tasks included:

- Confirmation of scope of study with Council.
- Commencement of review of relevant policies and documents.
- Confirmation of stakeholders to be consulted.
- Confirmation of success factors and issues to be addressed in the study.
- Commencement of Policy Review.

Surveys and Analysis

Key tasks included:

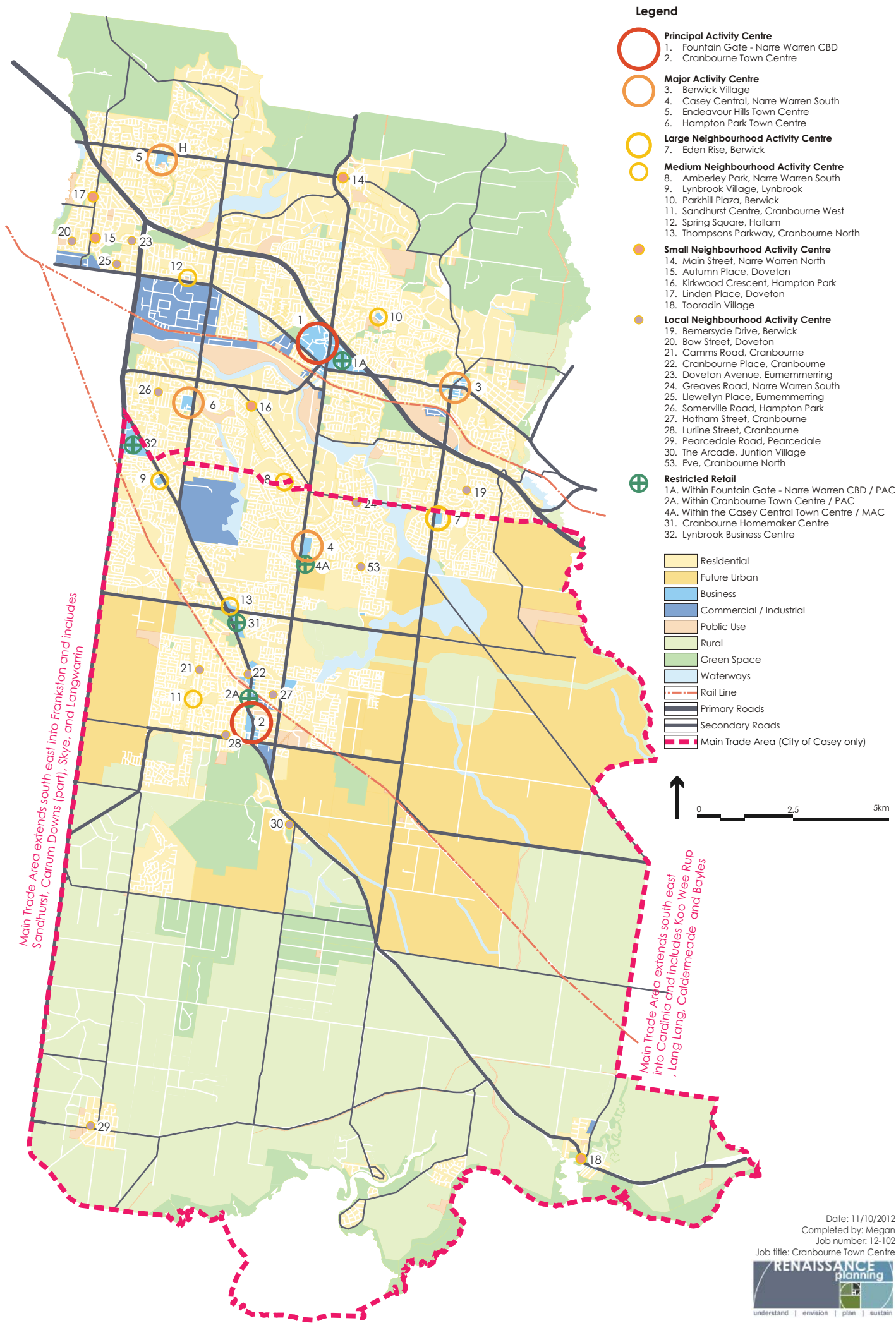
- Assessment of estimated main trade area from available information.
- Floorspace surveys of the Cranbourne Main Trade Area.
- Application of .id population forecasts together with projections for the south east growth area.
- Preparation of retail demand assessments.
- Preparation of demand assessments for non-retail floorspace.
- Initial demand-supply analysis.
- Land use and functional review of the Cranbourne Town Centre.

Consultants Report

Key tasks included:

- Finalisation of demand supply analysis for catchment area.
- Assessment of floorspace and land requirements for Cranbourne Town Centre.
- Assessment of the capacity of the Town Centre to accommodate future demand.
- Planning assessment of Cranbourne East (Hunt Club) NAC site and surrounds.
- Preparation of Consultants draft report.
- Review with team leader / strategic team.
- Modifications to draft report as required.
- Final report to Council.

Figure 1: City of Casey - Existing Retail Hierarchy



POLICY CONTEXT

4

4.1 STATE POLICY

Melbourne 2030 (DSE 2002) & Melbourne @ 5 Million (DPCD, 2008)

Melbourne 2030 (M2030) is the strategic planning blueprint for metropolitan Melbourne. It was released in 2002 by the Department of Sustainability and Environment. Melbourne @ 5 Million (M@5m) should be read in conjunction with M2030 as it provides updated population projections based on the 2006 census information and the Victoria in Future projections. It was released in December 2008 by the Department of Planning and Community Development. They give direction for the sustainable growth of Melbourne. Of particular interest to this study is M2030 *Direction 1: A More Compact City* which has three further directions:-

- ***“Build up activity centres as a focus for high quality development, activity and living for the whole community;***
- *Broaden the base of activity in centres that are currently dominated by shopping to include a wider range of services over longer hours, and **restrict out-of-centre development;***
- *Locate a substantial proportion of new housing in or close to activity centres and other strategic redevelopment sites that offer good access to services and transport” (M2030, DSE, 2002)*

Melbourne 2030 also introduced the urban growth boundary (UGB) which has been amended since but which set a limit to growth to address urban sprawl in Melbourne. M@5m identified investigation areas for future growth and variations of the boundaries have since been made. M@5m also introduced Central Activities Districts (CADs) to metropolitan Melbourne. The closest CADs to Casey are Frankston and Dandenong. These will be the focus of future substantial employment growth and public investment. CADs sit above Principal Activities Areas (PAAs) in the activity centre hierarchy as set out in Melbourne 2030.

In summary both of these documents support the growth of activity centres and discourage out-of-centre development. This highlights the importance of locating as much of the additional floor-space within Cranbourne Town Centre as possible and to locate any additional floorspace in surrounding Major Activities Areas (MAAs).

Growth Corridor Plans: Managing Melbourne’s Growth (Growth Areas Authority, 2012)

In June 2012 The Growth Areas Authority (GAA) released the revised Growth Corridor Plans. The south east growth corridor encompasses parts of the City of Casey and Cardinia Shire. It identifies the following land uses:-

- Existing urban
- Principal freight network
- Opportunity for future Rail Station
- Central Activity Area
- Principal Town Centre
- Major Town Centre

The two future MAAs designated for the Casey growth corridor area proposed to be located at Clyde and Clyde North. The Cranbourne Town Centre Main Trade Area (MTA) encompasses the growth corridor area and the future MAAs and a network of supporting neighbourhood activities areas (NAAs).

The assessment undertaken for future floorspace requirements of the Cranbourne Town Centre has formed the judgement that the Town Centre's market share for a range of goods and services will likely decline over time, as the new growth areas in the MTA develop with a broad complement of MAAs and supporting NAAs.

4.2 LOCAL RETAIL POLICY

Planning Scheme

The Casey Planning Scheme includes two clauses which relate directly to retailing in the Cranbourne Town Centre and surrounds. The first is Clause 21.05 *The Built-up Area* which include the strategy to *“Strengthen the hierarchy of activity centres and direct major commercial, community and entertainment facilities to the two Principal Activity Centres at Cranbourne Town Centre and Fountain Gate - Narre Warren”*.

The second clause, Retail Policy (22.07) includes objectives and policies that highlight the importance of locating significant retail development within the appropriate level/s of the activity centre hierarchy. Relevant objectives include:

- *“To consolidate the development within the retail core of the Cranbourne Town Centre as the Principal Activity Centre servicing the southern part of the City;*
- *To develop robust neighbourhood centres that are presently the weakest link in the retail hierarchy”*

The relevant policies include:

- *“New retail and commercial development is to occur in designated activity centres unless otherwise provided for in this policy;*
- *The broad allocation of floorspace to activity centres is to be based on the **intended role of the centres** rather than the precise floorspace to be provided.”*

Activities Areas and Non-Residential Uses Strategy (City of Casey, 2012)

The Activities Areas and Non-Residential Strategy was adopted by Council on 18 December 2012, providing an update and review of the existing Activity Centres Strategy (2006). The Strategy seeks to create *“a framework for decision making related to new and existing centres in both existing urban areas and in greenfield settings”*. The key objective that relates to the Cranbourne Town Centre is to *“consolidate the development of the Fountain Gate – Narre Warren CBD and Cranbourne Town Centre Principal Activities Area to ensure they are competitive ‘regional centres’ in the metropolitan context”*.

The strategy identified Cranbourne East (Hunt Club) as a proposed Medium Neighbourhood Activities Area (p.13) and includes the following requirements:

- “Catchment population 8,000 - 12,000 persons
- Single supermarket limit (2,500 sqm plus)
- 10 to 15 retail premises and other tenancies
- Medical services
- Other possible retail/commercial uses to co-locate” (Casey, 2012, p.23-24)

Cranbourne Town Centre Plan: A Structure Plan for the Cranbourne Town Principal Activity Centre (City of Casey, 2011)

The Cranbourne Town Centre Plan was adopted by Council on 2 August 2011. The plan identifies issues and opportunities facing Cranbourne as it continues to grow in the future. It provides objectives and actions for each of the strategic directions relating to:

- Activities and Land Use
- Built Form
- Public Environment
- Movement and Transportation
- Cultural and Environmental Values
- Making It Happen

The Cranbourne Town Centre Plan identifies nine precincts with objectives, guidelines, maps and building height and setback for each. The precincts are:

1. Gateway Commercial North
2. Cranbourne Railway Station
3. Employment and Services
4. Retail Core West
5. Retail and Commercial Core East
6. Residential Intensification
7. Casey Complex
8. Gateway Commercial South
9. Racecourse, Tourism and Entertainment

Casey Complex: Structure Plan (City of Casey, 2011)

The Casey Complex: Structure Plan is a high level strategic document that sets strategic planning directions for the development of the Complex. The key elements that underpin the Plan include:

- Movement and Connectivity
- Mixed Use Development
- Public Realm and Active Hubs
- Ecologically Sustainable Design

The designated precincts within the Complex will accommodate a significant amount of additional floorspace identified in Table A.9, particularly for non-retail uses including education, recreation, hospitality, professional and commercial offices, entertainment and medical and healthcare floorspace at ground and upper levels. There is also provision for retail development within the precinct but it isn't likely to go ahead until development of the Cranbourne East Railway Station is confirmed.

Casey Complex Master Plan (City of Casey, 2010)

The Casey Complex Master Plan completed in October 2010 includes micro level details and is intended to complement the Casey Complex Structure Plan. It includes design guidelines, urban design concepts, street network plans, landscape design concepts, activity hubs concepts, parking and staging plans. The plan highlights the unique opportunity that Council have with the site given it is owned by Council and is mostly undeveloped apart from regional community and recreation facilities. The Plan also includes staging and an implementation strategy with indicative costs for the project. It lacks any floorspace specifications or estimates of the amount of floorspace that the complex can accommodate. It is envisaged that a significant amount of office, commercial, education and recreation floorspace will be located within the precinct.

ANALYSIS METHODOLOGY

5

The assessment of floorspace requirements relevant to the Cranbourne Town Centre and its Main Trade Area (MTA) proceeded through several key stages. These were:

5.1 ASSESSMENT OF MAIN TRADE AREA

The estimated main trade area (MTA) for the Cranbourne Town Centre was based on Trade Area Analysis prepared for Centro Cranbourne Shopping Centre by Duane Location IQ (August 2009). The MTA applied by Renaissance Planning is shown at Figure 1 and 2. The boundaries for this area were modified based on small area forecasts prepared by ID Consulting for Casey Council. The revised boundaries also take account of future growth areas in Clyde and Clyde North.

5.2 EXISTING SUPPLY CONDITIONS

A detailed floorspace inventory for the Cranbourne Main Trade Area (MTA) within the City of Casey was undertaken for the study (refer Table 1 and Section 6.2 for a discussion of the findings). The methodology applied for the floorspace survey encompassed the following:-

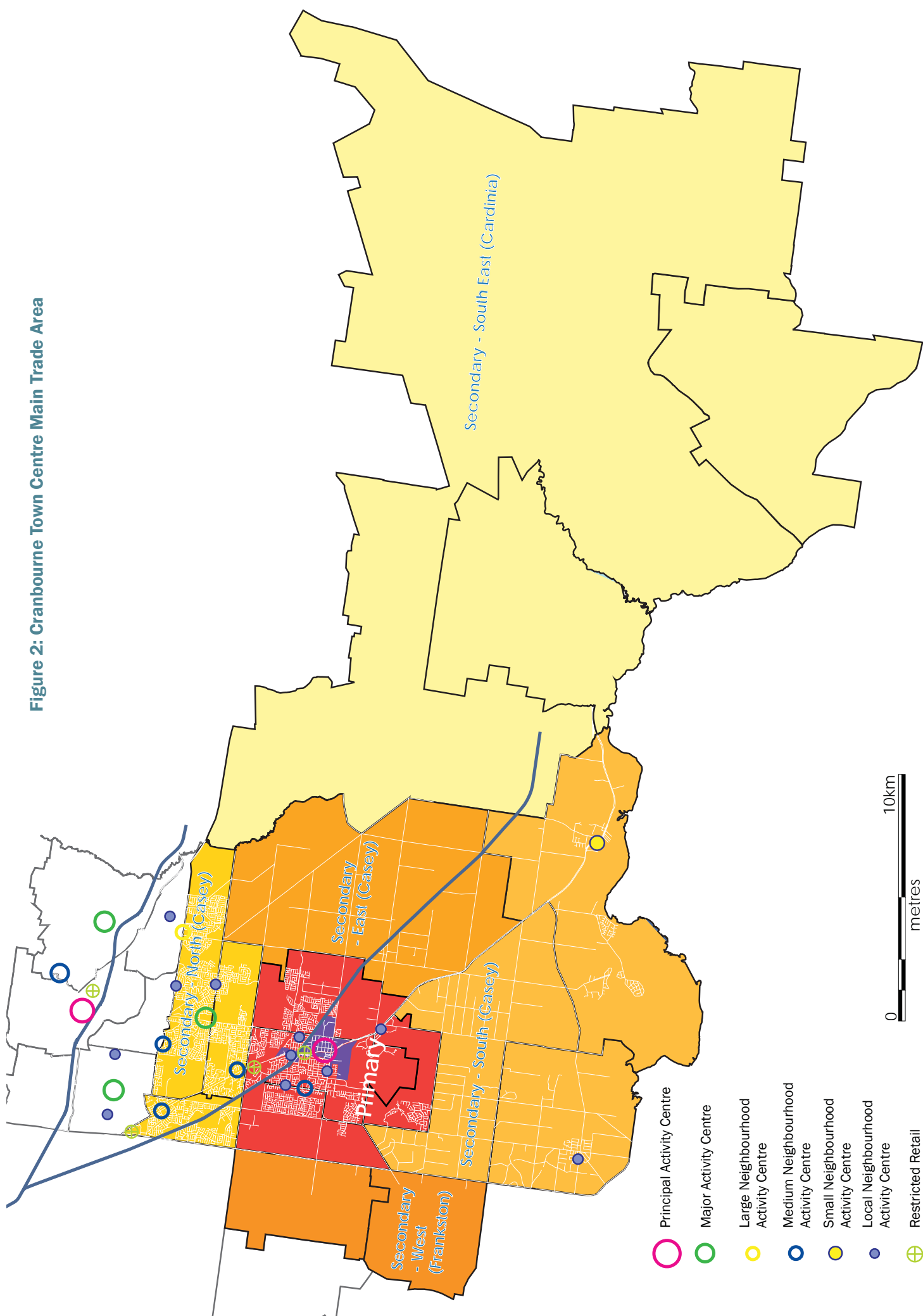
- aerial photographic analysis was used to provide building area information for all retail commercial and community buildings in activity centres, commercial clusters and isolated stores where these could be identified in the MTA in the City of Casey;
- on site surveys were undertaken of all existing uses;
- estimates were made to calibrate the gross building area data to gross leasable area for each building;
- published information for shopping centres was applied where possible;
- a composite table was prepared for all centres and activities within designated activity centres, commercial clusters and isolated stores within the MTA in the City of Casey (refer Table 1 and Figure 3 - 7).

5.3 EXPENDITURE PROFILES FOR RETAIL GOODS AND SERVICES

Current retail expenditure profiles were developed for the City of Casey based on expenditure profiles produced by Marketinfo a specialist consultancy recognised for this work. The profiles developed by Marketinfo were for 2006/07. Profiles were prepared for the analysis in three stages as follows:-

- the expenditure profiles were updated to 2011-12 on the basis of retail sales per capita change ratios for Victoria over the period 2006/07 - 2011/12 (refer Table A.2 and Section 6.3 for a discussion of findings);
- assumptions were made in relation to future real expenditure growth;
- on this basis future expenditure profiles were prepared at 2011-12 constant prices for 2016 and future years at five year intervals to 2036 (refer Table A.2).

Figure 2: Cranbourne Town Centre Main Trade Area



5.4 MARKET BASED RETAIL FLOORSPACE PROVISION LEVELS FOR THE CITY OF CASEY (2012 - 2036)

Retail floorspace provision requirements were assessed for the City of Casey for the period 2012 - 2036 on the following basis:-

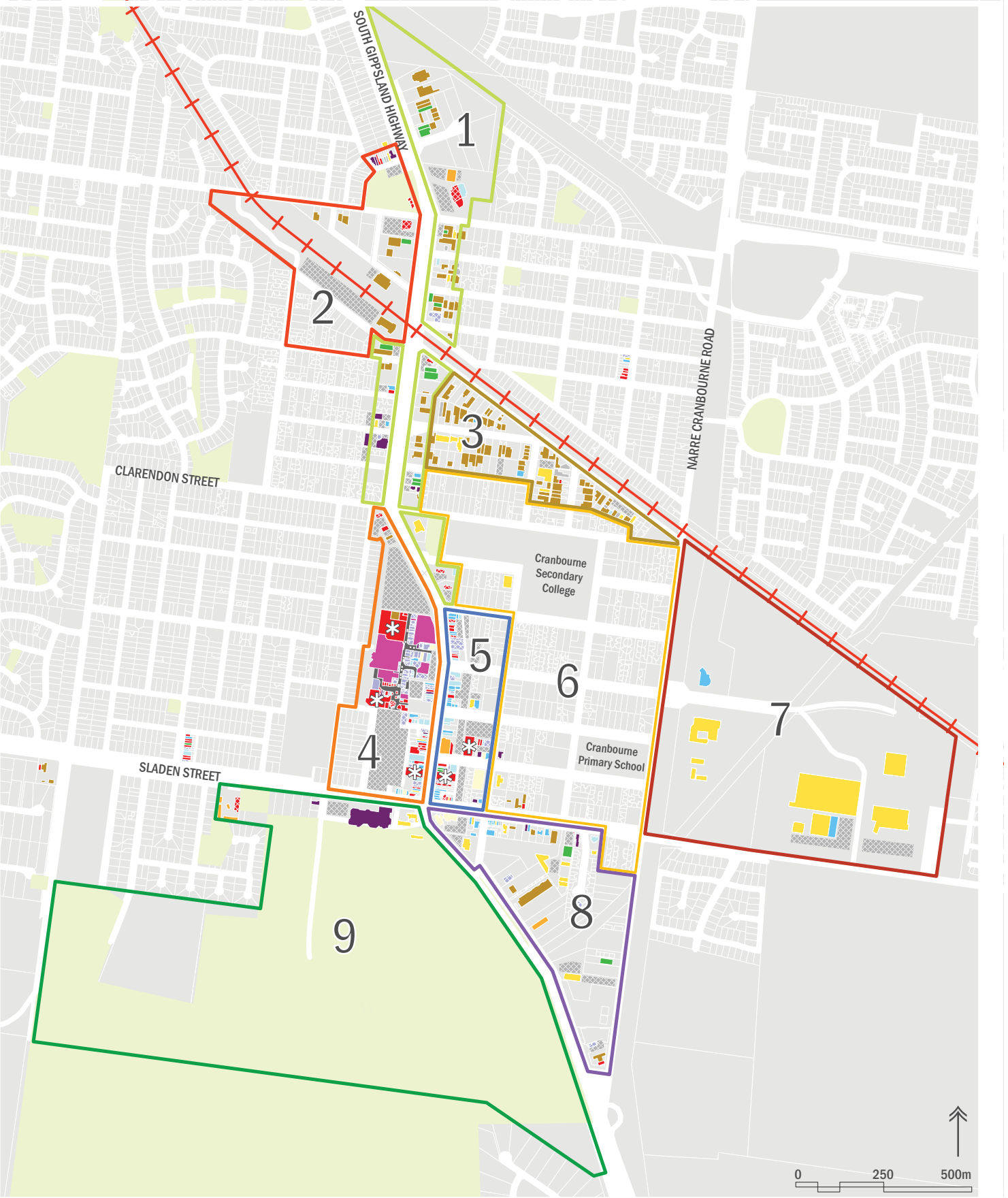
- assumptions were developed regarding proportions of retail expenditure that would be likely directed either to online expenditure or to out-of-City expenditure (refer Table A.5). A recent extensive review of online retailing in Australia with references to overseas trends informed the assumptions (refer Gippsland Commercial Planning Report, Renaissance Planning, 2012). In addition conservative assumptions were made in relation to minimal levels of expenditures likely to be made out-of-City for the foreseeable future. In the consultants' view it is likely that out-of-City expenditures will continue for the foreseeable future given the outer urban location of the City and the influence of work patterns and the conjoint effect of major shopping and bulky goods precincts outside the City (predominately west of the City).

In the consultants' view the assumptions regarding online and out-of-City expenditures are conservative and necessary. It is important to note that almost all of the out-of-City expenditures (excluding online) will likely be destined for other locations in metropolitan Melbourne. On present trends at least half of the online expenditures will be destined to traditional Australian retailers including those represented in Casey. However these are not store specific sales and they cannot be relied upon to justify future store floorspace in the City of Casey: these are returns to retailers and do not contribute to rental returns for store (that is property) owners (refer Table A.5).

In summary the purpose of identifying online and out-of-City expenditures is to provide a realistically founded and conservative basis for assessing the future retail sales stream that will underpin retail floorspace in the City of Casey. This issue is discussed in further detail in Section 6.3.

- Estimates of required levels of retail turnover per square metre of floorspace (retail turnover density) were developed for major store commodity groups at 2011-12 prices. A simplifying assumption was applied for future retail turnover density (RTD) requirements in that notwithstanding ongoing real growth in retail expenditures, real levels of RTD were held constant. The effect of these assumptions would lead to long term real growth in retail floorspace provision (discussed in Section 6.3);
- Market based provision rates of retail floorspace per capita required at 2012, 2016, 2026 and 2036 were calculated by dividing retail sales per capita by major activity group by RTD requirements by major activity group. The resultant per capita provision rates are shown in Table B.4.

Figure 3: Cranbourne Town Centre - Land Use Analysis



Legend

<ul style="list-style-type: none"> 1. Gateway Commercial North 2. Cranbourne Railway Station 3. Employment and Services 4. Retail Core West 5. Retail and Commercial Core East 6. Residential Intensification 7. Casey Complex 	<ul style="list-style-type: none"> 8. Gateway Commercial South 9. Racecourse, Tourism and Entertainment Supermarkets Cafes and Restaurants Other Food, Groceries & Liquor Department & General Stores Clothing, Footwear & Fabrics 	<ul style="list-style-type: none"> Smaller Format Household Goods Larger Format Household Goods Retail Services Commercial & Professional Services Government & Public Administration Education, Sports & Community Development Entertainment, Recreation & Accommodation 	<ul style="list-style-type: none"> Medical & Health Care Services Trade & Related Services Vacant Shop / Office Cadastre Green Space Rail Line Car Parks
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5.5 TOTAL RETAIL FLOORSPEC REQUIREMENTS FOR CITY OF CASEY (2012 - 2036)

Total retail floorspace requirements for the City of Casey were assessed on the following basis:-

- Population forecasts prepared for the City of Casey by ID Consulting were calibrated to the estimated resident population (ERP) at 2011 (refer Table B.1);
- These forecasts were then applied to the market based per capita retail expenditure (minus escape expenditure) divided by average retail turnover densities (Table B.3);
- The resultant product determined the per capita floorspace requirements for retail floorspace for 2012, 2016, 2026 and 2036 (refer Table B.4).

5.6 ASSESSMENT OF ACTIVITY CENTRE FLOORSPEC REQUIREMENTS FOR CRANBOURNE TOWN CENTRE (2012 - 2026 - 2036)

The assessment of activity centre floorspace requirements for the Cranbourne Town Centre proceeded through the following steps:-

- Estimates were developed of current retail sales in the Cranbourne Town Centre based on industry sources and estimates by the consultants (2012, refer Table A.3);
- Estimates were then prepared of sales in the Cranbourne Town Centre by major source area in the MTA;
- Market based retail expenditures in the Cranbourne Town Centre MTA were prepared for 2012;
- This enabled estimates of current market share held by the Cranbourne Town Centre in its MTA to be calculated for 2012 (refer Table A.5);
- Assumptions of future market share likely to be required by the Cranbourne Town Centre in its MTA were then made taking account of likely future retail developments in existing approved centres and in the growth area (refer Table A.5);
- The future sales for the MTA were calculated by applying the market shares and the expenditure profile minus the escape expenditure (online only). The sales were translated into floorspace by dividing them by the average retail turnover density (RTD) (refer Table A.6);
- Non-Retail floorspace requirements were calculated by determining per capita requirements by dividing the current floorspace by the MTA (Casey only) population. The per capita rate was multiplied by the catchment ERP and a market share was applied resulting in forecast floorspace requirements for Cranbourne Town Centre (refer Table A.7).

Figure 4: Cranbourne Town Centre - Land Use Analysis - Precincts 1, 2 & 3



Legend

1. Gateway Commercial North	8. Gateway Commercial South	Smaller Format Household Goods	Medical & Health Care Services
2. Cranbourne Railway Station	9. Racecourse, Tourism and Entertainment	Larger Format Household Goods	Trade & Related Services
3. Employment and Services	Supermarkets	Retail Services	Vacant Shop / Office
4. Retail Core West	Cafes and Restaurants	Commercial & Professional Services	Cadastre
5. Retail and Commercial Core East	Other Food, Groceries & Liquor	Government & Public Administration	Green Space
6. Residential Intensification	Department & General Stores	Education, Sports & Community Development	Rail Line
7. Casey Complex	Clothing, Footwear & Fabrics	Entertainment, Recreation & Accommodation	Car Parks

5.7 ASSESSMENT OF DISCOUNT DEPARTMENT STORE FLOORSPACE REQUIREMENTS IN THE CITY OF CASEY (2012 - 2036)

- An assessment of forecast department store and trade merchandise (DSTM) resident expenditures in the City of Casey net of online expenditures and escape was undertaken as shown in Table B.5;
- The estimated and projected sales of non-food retail goods in the City of Casey net of online and escape expenditure were multiplied by 85% to give estimated and potential DSTM expenditures;
- A market share of 16 - 18% for 2012 - 2036 was applied to give the estimated and projected DSTM turnover. Total DDS floorspace requirements can be calculated by multiplying the DSTM turnover by an average RTD;
- The supportable floorspace is then divided by the average store size to give the total number of department and discount department stores required in the City of Casey to 2036.

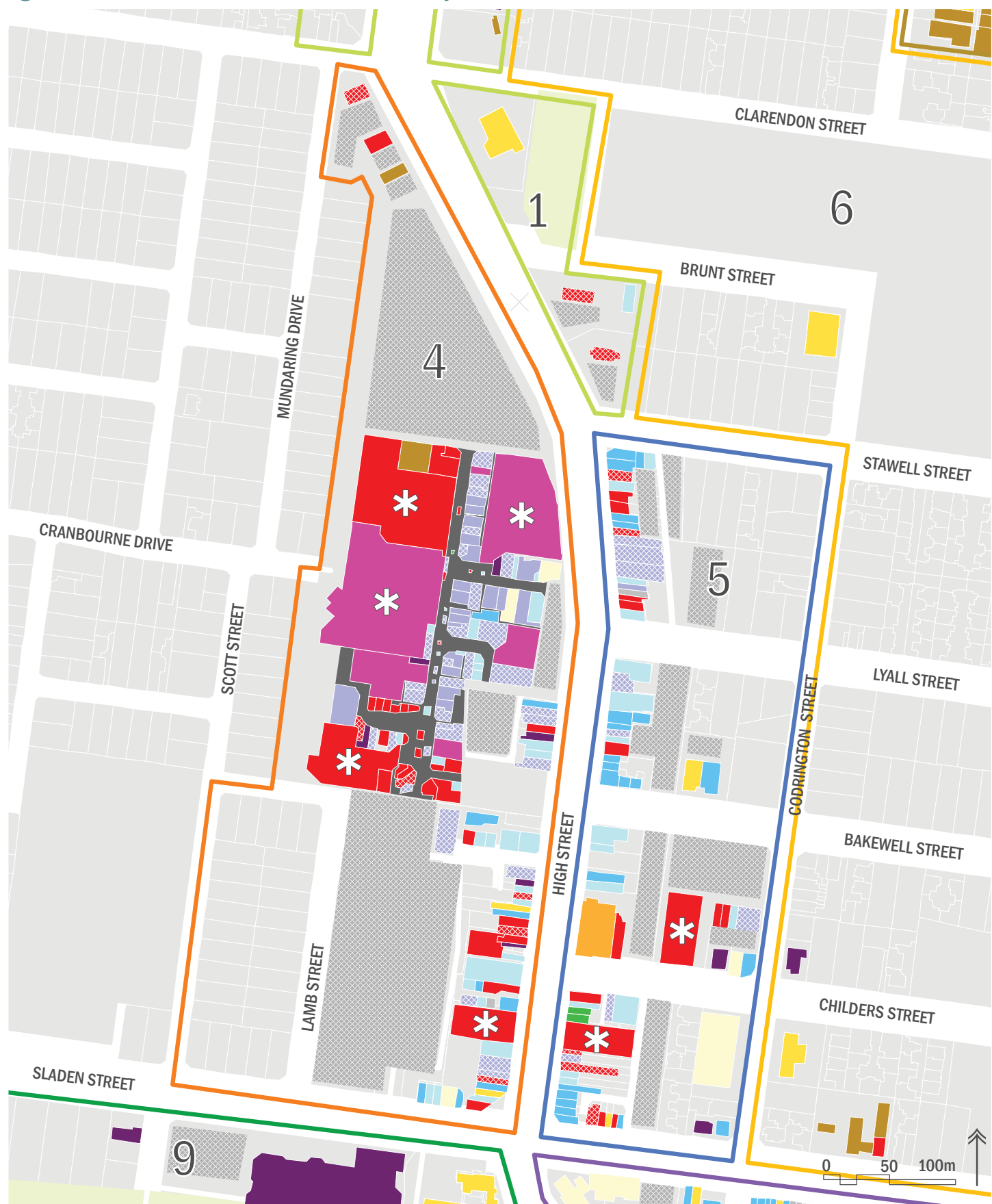
5.8 CRANBOURNE TOWN CENTRE: RECONCILIATION OF FLOORSPACE CAPACITY AND FUTURE REQUIREMENTS (2012 - 2036)

- Assessment of retail and non-retail net additional floorspace requirements by major forecast period (2012 - 2026 - 2036) was made (refer Tables A.8 and A.9);
- Table A.10 endeavours to distribute the net additional floorspace to 2036 identified in the previous two tables. The floorspace is divided into categories of precincts and shopfront and non-retail where non-retail is divided further into the four key uses;
- Review of existing plans for the Cranbourne Town Centre and Casey Complex;
- Overview of floorspace requirements, existing plans and future capacity issues;
- Recommended approaches to address capacity requirements (refer Section 6.4).

5.9 CRANBOURNE EAST NEIGHBOURHOOD CENTRE REVIEW

- Policy status of approved centre;
- Overview of net additional DDS requirements in the City of Casey (refer Table B.5);
- Likely allocation of future DDS requirements (refer Section 6.3);
- Review of strategic argument for inclusion of Cranbourne East NAA in the Cranbourne Town Centre (refer Section 6.5);
- Planning review of the case for a DDS at the Cranbourne East NAA (site development capacity and amenity, refer Section 6.5).

Figure 5: Cranbourne Town Centre - Land Use Analysis - Precincts 4 & 5



Legend

1. Gateway Commercial North	8. Gateway Commercial South	Smaller Format Household Goods	Medical & Health Care Services
2. Cranbourne Railway Station	9. Racecourse, Tourism and Entertainment	Larger Format Household Goods	Trade & Related Services
3. Employment and Services	Supermarkets	Retail Services	Vacant Shop / Office
4. Retail Core West	Cafes and Restaurants	Commercial & Professional Services	Cadastre
5. Retail and Commercial Core East	Other Food, Groceries & Liquor	Government & Public Administration	Green Space
6. Residential Intensification	Department & General Stores	Education, Sports & Community Development	Rail Line
7. Casey Complex	Clothing, Footwear & Fabrics	Entertainment, Recreation & Accommodation	Car Parks

KEY FINDINGS

6

The key findings from the assessment are set out below in this section. These have been addressed in terms of the following:

- Demographic analysis and population forecasts
- Land use survey
- Retail and commercial demand forecasts
- Revision of Cranbourne Town Centre Boundary
- Peer review of *Casey Activity Centres Strategy & The Hunt Club - Cranbourne Retail Demand*

6.1 SOCIO DEMOGRAPHIC ANALYSIS

Cranbourne Town Centre (CTC) is a designated Principal Activities Area located along South Gippsland Highway (High Street) between the Proposed Cranbourne Bypass Road and Cranbourne Racecourse (refer Figure 3). The demographic analysis highlighted the high proportion of young people compared to more established municipalities with over 30 per cent of the population aged 19 years and under compared to 24.7 per cent for Greater Melbourne.

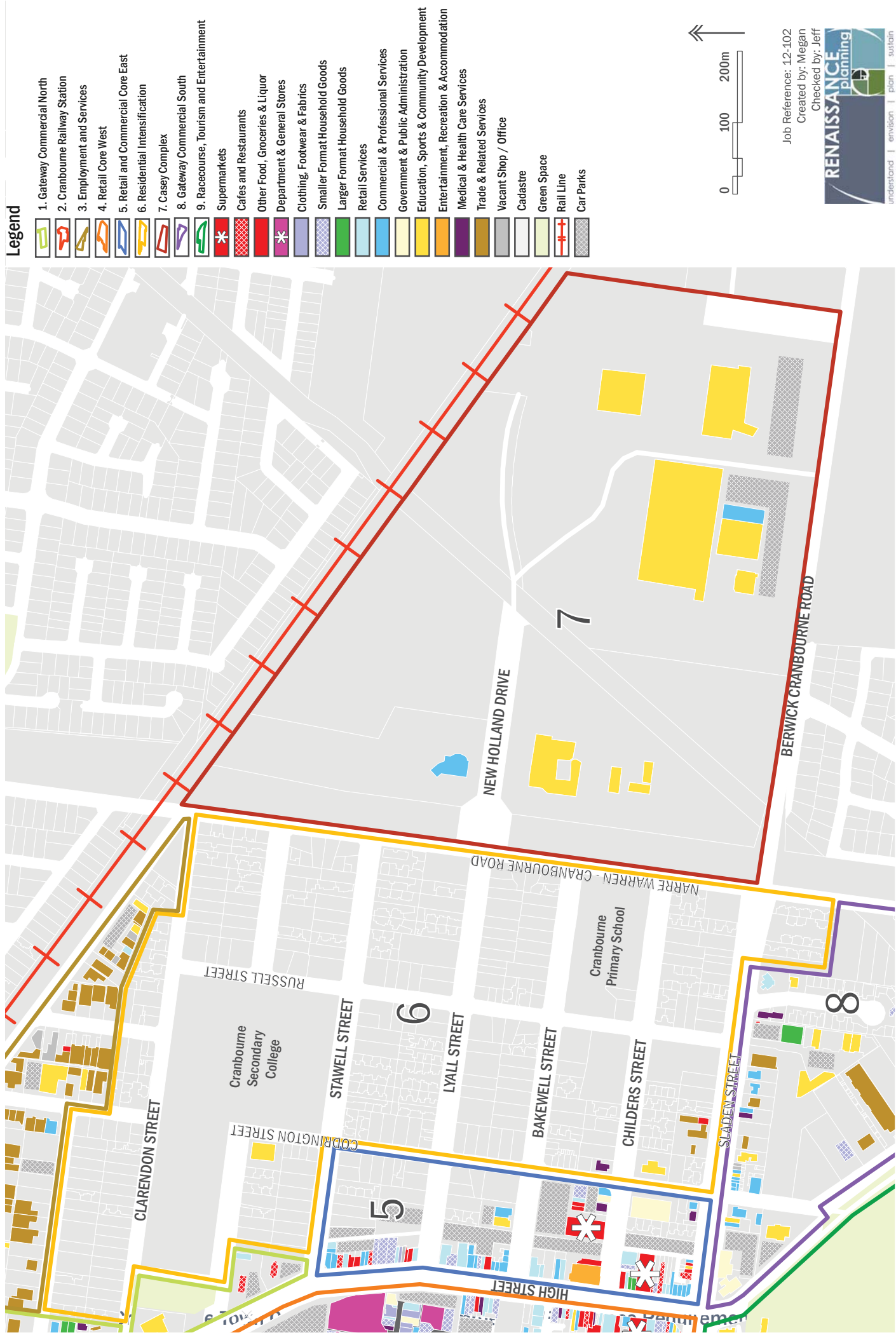
Population forecasts have previously been prepared for the City of Casey by small area by ID Consultants (November 2010). These forecasts have been applied until 2036. At the request of Council, Renaissance Planning have used the population projections provided and updated them to reflect the 2011 estimated resident population (ERP) for the Cranbourne Town Centre MTA (refer Table A.1 and B.1 respectively). The current population of the Cranbourne Town Centre Main Trade Area is approximately 160,750. This is forecast to grow to almost 362,000 persons by 2036.

6.2 LAND USE SURVEY

A land use survey was undertaken for the Cranbourne Town Centre Main Trade Area (refer Table 1 and Figures 3 - 7). The survey included each of the activity centres within the catchment area as well as selected retail and commercial clusters outside of designated activity centres. The floor-space inventory (Table 1) and maps show the concentration of retail shopfront uses within precincts 4 and 5 (Retail Core West and Retail and Commercial Core East respectively). The land uses fronting onto High Street (South Gippsland Highway) between Stawell Street and Sladen Street are the focus for retail activity in the centre. Each of the precincts within the Cranbourne Town Centre has a clear role and function as identified in the *Cranbourne Town Centre Plan* (City of Casey, 2011). The land uses designated for each precinct in “The Plan” typically already reflect the preferred use. :-

- Precinct 1 - Gateway Commercial North (refer Figure 4)
 - Has a relatively small proportion of core retail goods floorspace (5% of CTC total)
 - Location of almost 70% of bulky goods within the Cranbourne Town Centre
 - Approximately 17% of medical and health care floorspace is located in the precinct, most is situated along the Highway.

Figure 6: Cranbourne Town Centre - Land Use Analysis - Precincts 6 & 7

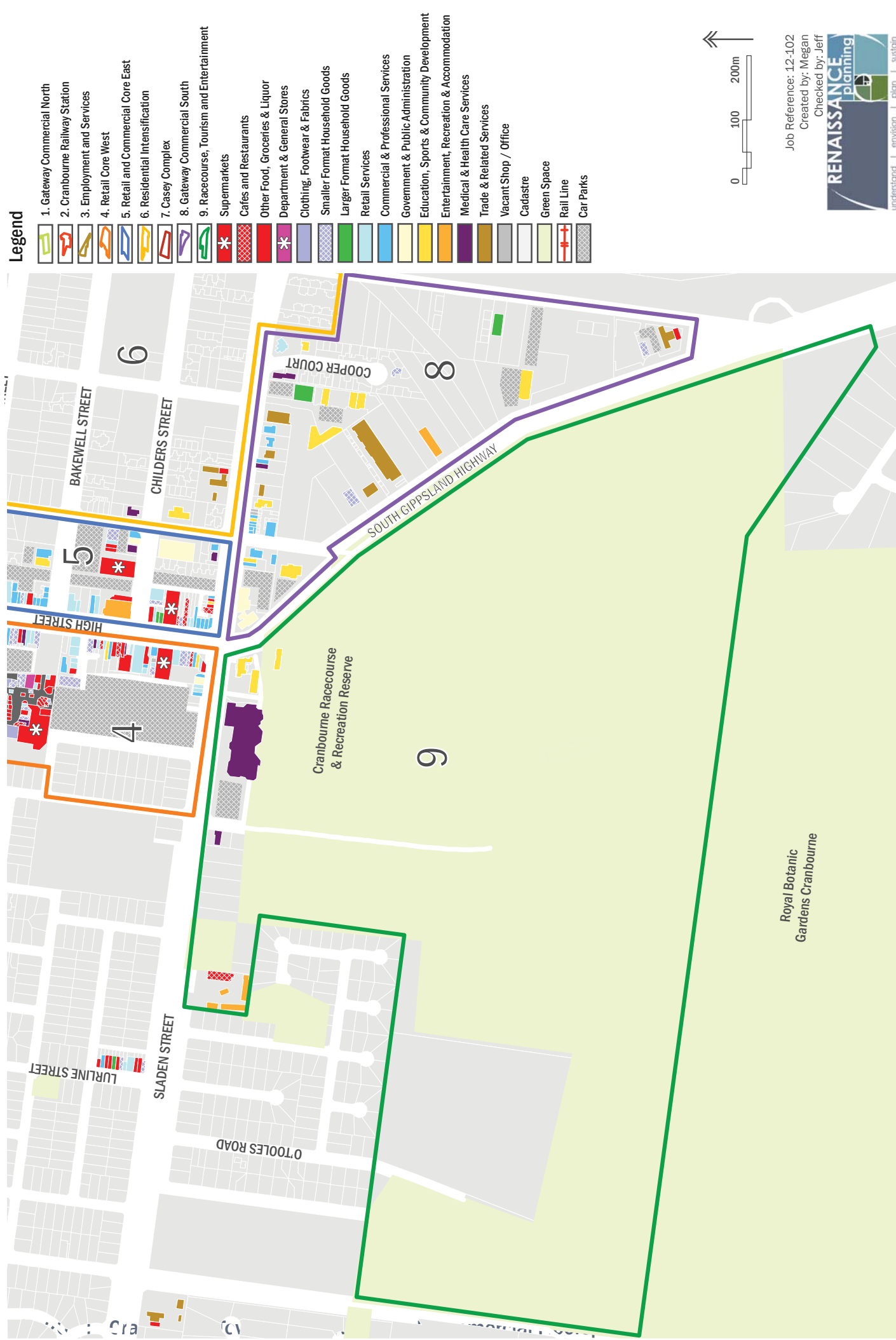


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- Precinct 2 - Cranbourne Railway Station (refer Figure 4)
 - Small precinct west of High Street next to the Cranbourne Railway Station with identified opportunities for higher density residential development and commercial uses at ground level;
 - Includes Cranbourne Place a designated Local Neighbourhood Activities Area;
 - Includes a combination of retail, commercial and community uses throughout the precinct.
- Precinct 3 - Employment and Services (refer Figure 4)
 - Precinct is set back from High Street and hosts a large number of factories and industrial uses. Cranbourne Town Centre Plan encourages business and employment opportunities for the Precinct.
 - Minimal retail / commercial opportunities in the Precinct
 - Includes a number of community, sport and recreation uses within the Precinct.
- Precinct 4 - Retail Core West (refer Figure 5)
 - Majority of the retail floorspace in the Cranbourne Town Centre is located within the Precinct (approximately 76%). A large proportion is within Centro Cranbourne which has plans to expand to include another discount department store / supermarket in the near future.
 - All department and discount department store floorspace is within Precinct 4.
 - Almost half of the retail services within CTC are located in the Precinct.
 - 35% of activity centre floorspace is within the Precinct.
 - Opportunity to redevelop council car park south of Centro Cranbourne.
- Precinct 5 - Retail and Commercial Core East (refer Figure 5)
 - Located on the eastern side of High Street and extends east to Codrington Street.
 - Over a third of retail services located in the Precinct.
 - Highest provision of office services for CTC.
 - Opportunity to promote 'The Avenue' as a vibrant mixed use street.
 - Reflects the traditional town centre streetscape.
- Precinct 6 - Residential Intensification (refer Figure 6)
 - Precinct 6 incorporates significant residential development, two schools and limited activity centres uses (1,360m² GLA in total).
 - Includes Cranbourne Primary School and Cranbourne Secondary College.
 - Opportunity for intensification of residential land and higher density living within the activity centre.

Figure 7: Cranbourne Town Centre - Land Use Analysis - Precincts 8 & 9



- Precinct 7 - Casey Complex (refer Figure 6)
 - Core of Precinct is approximately 1.2km east of Sladen Street (Core area)
 - Currently provides approximately 30,600m² of education, sports, community development and recreation floorspace including Chisholm TAFE, Casey RACE, Cranbourne Library, The Shed, Casey Indoor Sports Centre
 - Opportunities in the future for further education, community development and recreation uses fronting onto Berwick-Cranbourne Road (Sladen Street)
 - Future opportunities to encourage Transit Oriented Development and retail and commercial uses at the site once the development of the Cranbourne East train station is confirmed by State Government.

- Precinct 8 - Gateway Commercial South (refer Figure 7)
 - Located south of Precincts 5 & 6 and Berwick-Cranbourne Road, east of South Gippsland Highway.
 - Hosts office and other services, bulky goods fronting onto Berwick-Cranbourne Road and limited core retail uses.
 - Opportunity for high amenity employment, small-scale industrial uses and accompanying retail uses.

- Precinct 9 - Racecourse, Tourism and Entertainment (refer Figure 7)
 - 20% of total office services in the CTC are located in the precinct.
 - Cranbourne Integrated Care Centre (Southern Health) is the most significant health provider in the precinct and is situated at the corner of Sladen Street and South Gippsland Highway.
 - Includes Cranbourne Racecourse which is a regional attractor north of the Royal Botanic Gardens.
 - Opportunity for short term accommodation, civic and community uses, and other uses associated with the racecourse.
 - Potential for retail and entertainment uses.

Table 1: Cranbourne Main Trade Area Floorspace Inventory¹

Precinct Reference	Precinct Name	Gross Leasable Floor Area (m ²)																			Total		
		Core Retail Floorspace										Office Services				Other Services			Total Services Floorspace				
		Supermarkets	Cafes and Restaurants	Other Food Stores ³	Department and Discount Department Stores	Clothing, Footwear and Fabrics	Smaller Format Household Goods Stores ⁴	Total Core Retail Goods Floorspace	Retail Services	Total Core Retail Floorspace	Bulky Goods	Total Shopfront Floorspace	Professional, Commercial and Business Services	Government Offices	Medical and Healthcare Services (excl. Hospitals)	Total Office Services	Education, Sports and Community Development Services (excl. Schools)	Entertainment, Recreation and Accomodation					Total Other Services
Cranbourne Town Centre ²																							
1	Gateway Commercial North	0	1,170	640	0	0	740	2,550	840	3,390	3,750	7,140	500	0	1,540	2,040	1,210	730	1,940	3,980	0	0	11,120
2	Cranbourne Railway Station	0	650	360	0	0	0	1,010	90	1,100	340	1,440	0	0	600	600	120	0	120	720	0	180	2,340
3	Employment and Services	0	0	70	0	0	0	70	100	170	0	170	470	0	0	470	2,890	0	2,890	3,360	0	0	3,530
4	Retail Core West	8,440	690	3,370	15,020	3,160	5,200	35,880	3,090	38,970	10	38,980	2,640	610	1,020	4,270	1,220	0	1,220	5,490	50	290	44,810
5	Retail and Commercial Core East	2,400	610	1,200	0	180	2,110	6,500	2,610	9,110	180	9,290	3,450	1,510	270	5,230	580	960	1,540	6,770	90	150	16,300
6	Residential Intensification	0	0	110	0	0	0	110	0	110	0	110	0	0	190	190	1,060	0	1,060	1,250	0	0	1,360
7	Casey Complex	0	0	0	0	0	0	0	0	0	0	0	2,040	0	0	2,040	30,640	0	30,640	32,680	0	0	32,680
8	Gateway Commercial South	0	0	140	0	0	550	690	250	940	1,120	2,060	1,910	990	500	3,400	3,630	560	4,190	7,590	230	0	9,880
9	Racecourse, Tourism and Entertainment	0	470	0	0	0	0	470	0	470	0	470	0	0	4,760	4,760	1,050	930	1,980	6,740	0	0	7,210
Cranbourne Town Centre Total		####	3,590	5,890	####	3,340	8,600	47,280	6,980	54,260	5,400	59,660	####	3,110	8,880	23,000	42,400	3,180	45,580	68,580	370	620	129,230
Cranbourne Town Centre: Main Trade Area																							
Major Activity Centre																							
4	Casey Central, Narre Warren South	3,160	10	800	0	0	890	4,860	440	5,300	0	5,300	260	0	0	260	270	0	270	530	0	0	5,830
Neighbourhood Activity Centres																							
7	Eden Rise, Berwick (Large NAC)	7,550	190	1,370	0	70	970	10,150	700	10,850	0	10,850	2,030	0	650	2,680	0	0	0	2,680	190	0	13,720
8	Amberley Park, Narre Warren South (Medium NAC)	1,320	140	490	0	0	310	2,260	490	2,750	0	2,750	0	0	550	550	2,040	0	2,040	2,590	0	0	5,340
9	Lynbrook Village, Lynbrook (Medium NAC)	3,090	180	850	0	0	480	4,600	700	5,300	0	5,300	360	0	440	800	870	0	870	1,670	480	0	7,450
11	Sandhurst Centre, Cranbourne West (Medium NAC)	2,140	40	510	0	0	310	3,000	100	3,100	0	3,100	0	0	240	240	0	0	0	240	0	0	3,340
13	Thompsons Parkway, Cranbourne North (Medium NAC)	3,180	60	1,300	0	630	900	6,070	70	6,140	640	6,780	0	0	610	610	380	0	380	990	340	0	8,110
18	Tooradin Village (Small NAC)	570	820	950	0	0	610	2,950	290	3,240	0	3,240	170	0	130	300	220	0	220	520	1,010	0	4,770

19	Bernersyde Drive, Berwick (Local NAC)	210	210	230	0	0	0	40	690	130	820	0	820	0	820	0	0	0	0	0	0	160	160	0	0	980
21	Camms Road, Cranbourne (Local NAC)	0	0	780	0	0	0	0	780	190	970	0	970	0	970	0	0	0	0	0	90	140	230	0	0	1,200
24	Greaves Road, Narre Warren South (Local NAC)	0	0	130	0	0	0	0	130	0	130	0	130	0	130	0	0	0	0	0	0	1,240	1,240	0	0	1,370
27	Hotham Street, Cranbourne (Local NAC)	0	0	440	0	0	0	130	570	0	570	0	570	0	570	120	0	0	0	120	90	210	0	0	780	
28	Lurline Street, Cranbourne (Local NAC)	0	0	610	0	0	0	190	800	300	1,100	110	1,210	110	1,210	160	0	0	0	110	0	110	0	0	1,320	
29	Pearcedale Road, Pearcedale (Local NAC)	540	140	510	0	0	0	270	1,460	510	1,970	180	2,150	160	2,150	530	0	0	0	280	530	810	0	0	2,960	
30	The Arcade, Junction Village (Local NAC)	0	0	280	0	0	0	0	280	80	360	220	580	0	580	0	0	0	0	0	0	0	0	0	580	
53	Eve, Cranbourne North (Local NAC)	470	170	200	0	0	0	170	1,010	60	1,070	0	1,070	160	1,070	0	0	0	0	160	0	160	0	0	1,230	
Neighbourhood Activity Centres Total		####	1,950	8,650	0	700	4,380	34,750	3,620	38,370	1,150	39,520	3,200	0	2,740	5,940	5,670	0	5,670	11,610	2,020	0	53,150	0	0	53,150
Restricted Retail																										
31	Cranbourne Homemaker Centre	0	1,080	510	0	0	1,890	3,480	0	3,480	29,070	32,550	0	0	0	0	1,190	0	1,190	1,190	0	0	33,740	0	0	33,740
32	Lynbrook Business Centre	0	910	1,060	0	0	0	1,970	0	1,970	9,550	11,520	1,600	0	1,600	0	3,530	3,530	5,130	0	0	16,650	0	0	16,650	
Restricted Retail Total		0	1,990	1,570	0	0	1,890	5,450	0	5,450	####	44,070	1,600	0	1,600	1,190	3,530	4,720	6,320	0	0	50,390	0	0	50,390	
Uses Outside of Designated Activity Centres																										
D	Clyde	0	0	120	0	0	0	0	120	0	120	0	120	0	0	0	0	0	0	0	0	0	0	0	120	
E	Cranbourne	0	0	90	0	0	130	220	0	220	0	220	0	190	190	0	2,360	2,360	2,550	0	0	2,770	0	0	2,770	
J	Cranbourne West	0	160	510	0	0	0	670	0	670	0	670	0	0	0	0	0	0	0	0	0	0	0	0	670	
AD	Tooradin	0	0	190	0	0	0	190	0	190	0	190	0	0	0	440	1,250	1,690	1,690	0	0	1,880	0	0	1,880	
Uses Outside of Designated Activity Centres Total		0	160	910	0	0	130	1,200	0	1,200	0	1,200	0	190	190	440	3,610	4,050	4,240	0	0	5,440	0	0	5,440	
Cranbourne Town Centre: Main Trade Area Total		####	4,110	####	0	700	7,290	46,260	4,060	50,320	####	90,090	5,060	0	2,930	7,990	7,570	7,140	14,710	22,700	2,020	0	114,810	0	0	114,810
Total		33,070	7,700	17,820	15,020	4,040	15,890	93,540	11,040	104,580	45,170	149,750	16,070	3,110	11,810	30,990	49,970	10,320	80,290	91,280	2,390	620	244,040	0	0	244,040

¹ Note the inventory only includes uses within the Main Trade Area for Cranbourne Town Centre within the City of Casey.

² Includes uses within Cranbourne PAC (2), the restricted retail precinct (2A) and the Cranbourne Place Local Neighbourhood Activity Centre (22).

³ Other food stores includes convenience stores, bakeries, fruit, vegetable and meat retailing, liquor retailing, takeaway food and other specialised food retailing

6.3 RETAIL AND COMMERCIAL DEMAND FORECASTS

Retail Expenditure Profiles

Retail expenditure profiles are based on 2006/07 profiles from MarketInfo and were updated using Retail Trade data for Victoria. The profiles were then used to provide expenditure data for the Cranbourne MTA. The profiles were forecast to 2036 taking account of real per capita growth over the period (refer Table A.2).

It was found that the profiles for Cranbourne were consistently lower than other areas of Casey including Endeavour Hills, Narre Warren and Lynbrook. As shown in Tables A.2 and B.2 the per capita retail expenditure for 2012 was \$11,810 and \$12,710 for Cranbourne Town Centre and City of Casey respectively. Once forecasts had been applied to 2036 the per capita expenditures grew to \$15,060 and \$16,270 for Cranbourne Town Centre and the City of Casey respectively. This reflects the lower average household income for those living in the Cranbourne catchment.

Estimated Retail Sales

By using the floorspace inventory, industry sources and average retail turnover densities it was possible to estimate total retail sales in Cranbourne Town Centre (refer Table A.3). There is a total of 55,870m² GLA of retail floorspace within CTC. Note this includes a limited number of services. It is estimated that the turnover for the CTC is approximately \$260.8 million at 2011-12 constant prices. The total sales were then distributed between the primary and secondary catchments allowing for trade beyond the catchment.

Market Share Distribution

Current market share estimates were determined by dividing the estimated sales by source area by the total expenditure for the catchment. The market shares were then forecast to 2036 (refer Table A.4). It will be noted that the market shares are shown to be dropping in both the Primary and Secondary catchments in the future. This is expected to coincide with the development of the Clyde / Clyde North growth area which will include a network of activity centres including two Major Activities Areas (MAA) and multiple Neighbourhood Activities Areas (NAAs).

City Wide Escape Expenditure

As detailed in Section 5.4 the escape expenditure for each commodity group has been broken up into online and out-of-city escape for each forecast year. As can be seen in Table A.5 the escape for out-of-city is expected to remain relatively constant to 2036. The impacts of online escape expenditure are expected to grow, particularly for apparel, bulky goods and general leisure which are expected to grow in the following manner:-

- Apparel 10% → 20%
- Bulky goods 5% → 18%
- General leisure 5% → 20%

These figures take account of current and projected rates of online retail spending in Australia and overseas.

appear extreme but are conservative when compared to escape estimates for online retailing in America and Europe (refer Section 7).

Forecast Floorspace Requirements

Forecast floorspace requirements for retail uses were calculated by subtracting forecast escape and online expenditures from forecast sales for the region then dividing it by an average retail turnover density (refer Table A.6). The results show that there is an existing over provision of floorspace but that in the next 14 years (2026) a large amount of retail floorspace will be required within the Cranbourne Town Centre. As shown in Table A.9 the net additional floorspace requirements for shopfront floorspace to 2036 is 38,210m² GLA or approximately 1,590m² GLA per annum.

Floorspace requirements for non-retail uses are expected to grow significantly to 2036 (refer Table A.7). Despite forecasting falling market shares, when combined with the significant growth in population there will still be a large demand the following uses to 2036:-

- Property, business and government offices
- Education, sport and community development
- Entertainment, recreation and accommodation
- Medical and healthcare

The amount of net additional floorspace required for non-retail uses is significantly higher than shopfront floorspace requirements but does not need to be located in ground floor tenancies. The forecasts indicate that Cranbourne Town Centre could accommodate approximately 150,420m² GLA of non-retail uses (6,270m² GLA / annum). It is important to note that non-retail floorspace incorporates a large range of uses including accommodation, regional facilities, education (excl. schools), medical facilities, professional, commercial and government offices, recreation facilities and entertainment and can be located above retail tenancies.

Allocation of additional floorspace requirements

The additional shopfront and non-retail floorspace identified in Table A.9 can for the most part be located within the existing Cranbourne Town Centre boundary (refer Table A.10). The table shows that from 2012 - 2026 almost 25,000m² GLA of shopfront floorspace can be supported. A large of proportion of this is expected to be located within the Retail Core West in two separate expansions. The remaining floorspace should be accommodated within the Retail Core (Precincts 4 and 5) with some going to the Casey Complex (Precinct 7) and the remain-

der in surrounding precincts. The high demand for non-retail floorspace will require Council to plan for substantial growth in office, education, medical and recreation facilities within CTC. A large proportion of floorspace required is for property, business and government offices. Ideally most of this floorspace will be located within the Retail Core either within Centro Cranbourne or above existing shopfront uses facing onto High Street. There is provision for the remaining 8,000m² of floorspace to be located within Casey Complex and the surrounding precincts.

It is expected that the majority of education, sport and community development uses will be located within the Casey Complex precinct alongside similar existing activities. The entertainment recreation and accommodation uses should be located within the retail core where possible and otherwise within the Casey Complex and Cranbourne Racing Complex or along major roads that are easily accessible by public transport. There is demand for over 35,000m² of medical and health-care floorspace within CTC. Over half of this floorspace can be accommodated within the town centre but there is clearly demand for a large medical centre / hospital over the next 24 years to 2036. Without providing one large facility it will be challenging for Council to locate the supportable floorspace within the town centre.

In the following period 2026 - 2036 the demand for shopfront floorspace has dropped off which the demand for non-retail floorspace has increased. The majority of shopfront floorspace should be within Centro Cranbourne and the Core Precinct. There is provision for some additional retail floorspace to be located at the Casey Complex which can go ahead once the development of the Cranbourne East Railway Station is confirmed. The strong demand for non-retail services relates to the expanding size of the catchment population. While falling market shares have been forecast there is unlikely to be any major non-retail floorspace provided in neighbourhood activities areas. Thus the large majority of this floorspace should be located within CTC as a designated Principal Activities Area where possible. Table A.10 shows that an additional 16,000m² of office floorspace could be supported in the 2026 - 2036 period. These uses should be located within the Core Precinct and at Casey Complex where possible. The additional education, sport and community development uses should locate with Casey Complex next to existing regional facilities. Additional entertainment and recreation facilities should ideally be located with the Core Retail Precinct or within Casey Complex. Future accommodation developments could be included in the Gateway Commercial Precincts (Precincts 1 and 8) as a part of mixed use development. The medical and healthcare floorspace would be best located with Casey Complex but is also encouraged to locate along High Street / South Gippsland Highway alongside other existing medical facilities.

In summary the additional shopfront floorspace should where possible be located within the Retail Core (Precincts 4 & 5). When the Cranbourne East Railway Station is guaranteed to go ahead appropriate sized retail development should be encouraged to the south of the railway line within the Casey Complex. Non-retail development should be located in the upper levels of mixed use developments in the retail core, within Casey Complex and in the Gateway Commercial Precincts fronting onto major roads. Education, sport and community development and entertainment and recreation uses should co-locate with the existing regional facilities at Casey Complex, Cranbourne Racing Complex and alternatively in locations with good access to public transport.

Department Store Trade Merchandise Analysis

The assessment of floorspace requirements for department stores (DSs) and discount department stores (DDSs) was based on current estimates and projections of relevant expenditures. These expenditures are termed department store and trade merchandise (DSTM) and estimated to be in the range 85 - 90 per cent of retail goods non food expenditures (refer Table B.5).

In the first stage of the analysis DSTM was estimated for the City of Casey at 2012 and projected for future census years to 2036 (refer Table B.5). This assessment is net of estimated and projected escape expenditure from the City together with non-store specific expenditures (online expenditures). The DS / DDS sector currently generates online sales and these will likely increase over time. However these sales represent current and future income to the respective retail chains rather than to particular store properties. The distinction is important in providing a methodology for the assessment of future DS / DDS floorspace that will provide sustainable income to the property sector. In summary, the DS / DDS sector will clearly generate online sales in competition with dedicated online sellers together with other bricks and mortar stores with online sites. However the conservative assumption underlying the analysis is that from a property perspective, sustainable rentals for properties need to be based on likely store specific sales; and in this context the most appropriate step in the analysis is to net out both physical escape expenditures and online expenditures, when undertaking an analysis of sustainable floorspace requirements for the DS / DDS sector.

The estimated market share for existing and future department stores and discount department stores located in the City of Casey, within the wider pool of available DSTM is estimated to be in the range of 16 - 18 per cent (refer Table B.5). For the purposes of the analysis turnover per square metre requirements (retail turnover density) were held at \$3,400 / m² GLA / annum over the forecast period. The effect of this assumption is to maximise potential future floorspace requirements. Applying this assumption and assuming that the average size of future individual department stores and discount department stores will average approximately 6,500 m² GLA it was found that the City of Casey can support 11 DSs / DDSs by 2026 and 16 stores by 2036. At present there are eight department stores within the City of Casey including:

- Fountain Gate Shopping Centre (Principal Activities Area)
 - Myer (opened September 2012)
 - Target
 - Harris Scarfe
 - Big W
 - Kmart
- Centro Cranbourne (Cranbourne Town Centre - Principal Activities Area)
 - Kmart
 - Harris Scarfe
- Endeavour Hills Shopping Centre (Major Activities Area)
 - Big W

In the period 2012 - 2026, the analysis indicates that there is additional demand for a further three stores and for the subsequent period 2026 - 2036, the analysis indicates that there is additional demand for a further five stores, or a total of eight additional stores over the entire period 2012 - 2036. These additional demands can readily be accommodated within the existing and planned activity centre hierarchy. Possible locations of department stores could include:

- Cranbourne Town Centre (2 DDSs) - as defined in this report
- Casey Central (2 DDSs)
- Proposed MAA 1: Southern location in South East Growth Area designated for the vicinity of railway line and Clyde Road (2 DDSs)
- Proposed MAA 2: Northern location in South East Growth Area in the vicinity of Hardys Road (2 DDSs).

6.4 REVIEW OF CRANBOURNE TOWN CENTRE BOUNDARY

The study brief required the consultants to assess the current boundary of the Cranbourne Town Centre in the context of the projected retail and commercial floorspace requirements for the Town Centre.

The assessed retail and commercial floorspace requirements for the Cranbourne Town Centre were set out in Section 6.3. The review undertaken also found that it is likely that the floorspace requirements can be accommodated in the various precincts that comprise the Cranbourne Town Centre (refer Table A.10, Section 6.3).

There appear to be difficulties in accommodating the assessed non-retail floorspace requirements to meet optimal needs of the Cranbourne Town Centre in the future. The Casey Complex is being planned as a special regional node to be co-located with the proposed Cranbourne East Railway Station (refer Casey Complex Structure Plan, August 2011). There is no assessment at this juncture on the development capacity of Casey Complex in terms of additional floorspace that can be accommodated. The timing of the development of the Cranbourne East Railway Station is also yet to be determined. In the view of the consultants it would be prudent for Council to identify land requirements for significant non-retail floorspace (that is professional services, community, medical and entertainment floorspace requirements) to be co-located at the designated major activities areas (MAAs) to be developed in the Clyde / Clyde North Growth Area.

The difficulties in being able to resolve all of the non-retail floorspace requirements within the existing Cranbourne Town Centre would not be solved by expanding the boundary of the Town Centre. In our view the boundary encloses a significant area and aside from the exceptional circumstances of Casey Complex the existing boundary would not be warranted and could not be justified on strategic grounds.

In summary the retail and commercial floorspace requirements can be accommodated within the existing Cranbourne Town Centre, and most of the projected other non-retail floorspace requirements can also be accommodated. There are difficulties in fully determining at this stage whether all of the non-retail floorspace requirements can be accommodated but this issue would not be solved by extending the Town Centre boundaries.

6.5 PEER REVIEW OF CASEY ACTIVITY CENTRES STRATEGY & THE HUNT CLUB - CRANBOURNE RETAIL DEMAND

In June 2012 the *Casey Activity Centres Strategy and The Hunt Club - Cranbourne Retail Demand Report* (Jebb, 2011) was submitted by Urbis to the City of Casey as a part of the Hunt Club Activity Centre proposal on behalf of the Dennis Family Corporation.

The purpose of the report was to consider the Hunt Club site in the context of market demand and the *Activities Area Strategy* (City of Casey, 2012).

The report states there is a shortage of MAAs with no plans for additional MAAs in Casey South (refer Jebb, pg 2). Although the Casey Strategy does not include any references to proposed activity centres in the south east growth corridor there is provision for two Major Town Centres in the *Growth Corridor Plans: Managing Melbourne's Growth* (GAA, 2012). As per current State and Council policy it is expected that all future major retail development will occur within designated future activity centres.

The Jebb report also states that:

"In the case of Cranbourne, for example, previous Cranbourne Town Centre Structure Plans encouraged development of Centro Cranbourne to accommodate a second discount department store. However the more recent Structure Plan has recognised that this development is unlikely and excludes specific expansion proposals" (p.3, Jebb, 2012).

In August 2011 the *Cranbourne Town Centre Plan* (City of Casey) was adopted by Council. The structure plan states that *"Large format retail and entertainment uses such as a department store, second discount department store or a cinema complex are supported"* (p.33, 2011). It is understood that Casey Council strongly supports the development of additional retail within the Retail Core West Precinct which includes Centro Cranbourne.

The Jebb report states that *"Casey will become more self contained in retailing... Assuming retail facilities are expanded on an appropriate, progressive basis, then 10% net escape expenditure would be realistic in 2021, reducing to 5% in 2031 and to equality in 2036"* (p.14, 2011). Renaissance Planning disagree with this assumption as it appears to disregard the growing online retail market. As can be seen in Table A.5 and Section 5.3 we believe that online retailing will continue to grow with up to 20% of apparel and general leisure items being purchased online in the future. The notion that Casey will become *"self contained in retailing"* is an unlikely scenario given a significant proportion of the population work and study outside of the area. In our view to assume that net escape for all retail expenditure will fall to zero is unrealistic.

An analysis of department and discount department stores has been undertaken by Jebb and by Renaissance Planning. Both followed a similar methodology but had differing assumptions regarding escape expenditure and discount department store (DDS) market share of department store trade merchandise (DSTM) spending. As a result of this both analyses have a different number of stores required for 2036. When including department and discount department stores for the City of Casey, Jebb's report identifies a need for 20 stores by 2036 (1 store per 23,170 persons) .

Renaissance Planning has found that there is a need for a total of 16 stores by 2036 (1 store per 28,960 persons). The current rate of provision for department stores in the City of Casey is 1 store per 32,550 persons. As detailed in Section 5.3 the eight additional stores identified by Renaissance Planning are required and will be readily accommodated within the existing and planned principal and major activities areas network to 2036. This is discussed in further detail in Section 6.3.

The Cranbourne East Development Plan (City of Casey, 2012) identifies the Cranbourne East Activity Centre (Hunt Club) as a Neighbourhood Activity Centre (pg 12) that will “*meet the day-to-day and most weekly shopping needs*”. According to the plan a NAC’s defining retail elements include:

- a single supermarket
- 15 to 20 retail tenancies
- medical services
- child care facilities
- a wide range of other possible retail / commercial uses to co-locate

The Physical Framework Plan (Plan 3a) shows the key supermarket, supporting stores and services which are labelled as Stage 1. Plans 3b - 3e show potential additional stages which would accommodate further retail floorspace. These plans show where the DDS proposed in the Jebb report would be located. Although the plans are included in the Development Plan for Cranbourne East any development in addition to that for Stage 1 is subject to further investigation, detailed assessments and the City of Casey’s Activities Area Strategy.

In summary, both Renaissance Planning and Jebb agree that a significant number of additional discount department stores are required to meet the future needs of Casey over the next 24 years, though there are differences in the number of these stores that each of the consultants have identified as being required. The key point is that the additional discount department stores are required to underpin the approved principal activities area at Cranbourne and the planned major activities areas, including those in the growth areas.

In strategic terms the higher order centres (PAAs and MAAs) are located several kilometres distant from each other and it is clear that the designated Cranbourne East NAA is located too close to the Cranbourne Town Centre to warrant its designation as a separate MAA. Renaissance also rejects the notion of extending the Cranbourne Town Centre boundary to include the Cranbourne East NAA. There is no need or strategic justification for this to occur.

We note that the Cranbourne East Development Plan: Amended Development Plan for Exhibition (March 2012) shows a “Potential Plan of Ultimate Development” (Refer Plan 3e, page 19). This proposal appears to show a future large store / development site. Thus, it would appear that the only way the proposed additional floorspace can be accommodated is through this level of intensity of development. It is maintained that the proposal is out of scale with its suburban neighbourhood and surrounds and does not reflect the original role of the neighbourhood activities areas as set out in current Activities Area Strategy.

In conclusion the Cranbourne East NAA was always planned to fulfil a neighbourhood activities area role. There are a network of other centres that are being developed / planned as higher order activity centres (the PAA at Cranbourne and the MAAs including those in the growth areas) and the additional discount department stores identified in the analysis will be required for the development of these centres. In the immediate context of the Cranbourne East NAA both the Cranbourne Town Centre and Casey Central are planned to have discount department stores which will meet the needs of the current and future population in the local and wider area. The higher order activity needs of other areas will be achieved with the planned development of two new MAAs and associated discount department stores.

ONLINE RETAILING

7

This section provides a review of online retailing and implications for the future planning and provisioning of the Cranbourne Town Centre. It will be noted that research draws extensively from earlier studies undertaken by Renaissance Planning, including:

- Bathurst CBD and Bulky Goods Business Development Strategy (Prepared for Bathurst Regional Council, July 2011)
- Launceston Retail Audit and Activity Centres Strategy (Prepared for Launceston City Council, August 2011)
- Gippsland Commercial Planning Report (Prepared for DPCD, December, 2012)

The research presented below represents work prepared for these studies together with updated research undertaken by Renaissance. All work has been prepared by Renaissance and there are no unacknowledged quotations from other sources.

Online retailing and commerce is a significant phenomenon world-wide, characterised by rapid growth and the development of a mass consumer market. A comprehensive review of online retailing previously prepared by the consultants was updated to incorporate current trends. A number of important themes may be identified in the ongoing evolution of online retailing. These include:

- Value of online retailing Australia
- Growing significance of online retailing
- Expenditure categories that have been particularly impacted by online retailing and e-commerce
- The rise of specialised online traders
- Implications for retail stores and services
- The potential for a hybrid online - bricks and mortar model
- Impact of online retailing on franchise stores
- The decline of national bookstores: A case study
- Further impacts of new technology
- Increasing uncertainty for retailers
- Online retailing, logistics and distribution

Value of Online Retailing in Australia

At this time (October, 2012), the Australian Bureau of Statistics (ABS) has not produced official statistics for domestic and overseas online retail sales in Australia. The Australian Productivity Commission released the Economic Structure and Performance of the Australian Retail Industry report in November, 2011 (refer <http://www.pc.gov.au/projects/inquiry/retail-industry/report>). This report uses estimates from recognised market analysts such as Citi Investment and Research, Commonwealth Bank of Australia, Morgan Stanley, Bell Potter/ Southern Cross Equities and Macquarie Equities Research. The Commission noted that the various consultants used a suite of different methodologies to provide a range of estimates for online retail spending. There are definitional issues with the research with some consultants providing widely different definitions of categories included in online retail expenditure and in some cases merging both international and domestic purchases in their estimates.

The Commission noted that the proportion of domestic retail expenditure attributable to online purchases was estimated by various consultants to be in the range 3 – 7 per cent. The Commission's research and analysis indicated that the current market share of online purchases in relation to Australian domestic retail sales was likely to be toward the lower end of this range: approximately 4 per cent. It is estimated that in 2010, domestic online retailing in Australia generated sales of approximately \$8.4 billion. Around 2 per cent of total retail sales are sourced from overseas retailers, worth \$4.2 billion. The Commission estimated that online sales accounted for 6 per cent of total retailing in Australia, meaning consumers spent around \$12.6 billion on domestic and overseas websites in 2010. An Access Economics report (The Weekend Australian, January 8-9, 2011, page 6) indicates that approximately \$536 per capita was spent by Australians on online shopping during 2010; 25 per cent of Australian commercial businesses undertook online orders.

The majority of online purchasing is done by metropolitan residents, accounting for 72% of all online retail sales in Australia (refer to NAB Online Retail Sales Index 2012 by Quantum). However, on a per capita basis regional use of online purchasing is only slightly less than those of metropolitan users. A recent report has found that 62 per cent of the metropolitan population had used the internet to purchase goods or services in the last 6 months, compared to 58 per cent of those in inner regional locations (refer Australian Communications and Media Authority Communication Report, 2011). It also found that the use of online methods of purchasing goods and services, whilst starting at a lower base in regional centres was observed to be growing at a faster rate than metropolitan areas.

Growing Significance of Online Retailing

The Australian print media and various online sites report significant growth in online retailing in Australia. According to Forrester Research the value of online retailing in Australia was projected to double between 2009 and 2015 (Forrester Research, January 2011).

The range in estimates of the value of online retailing by researchers and the lack of official data indicates that the estimates need to be treated with caution. There is also a clear need for the adoption of standard definitions consistent with terms used by the ABS in its analysis of retail trade (for example inclusion of bookings for travel and accommodation would not form part of the ABS definition of retail trade).

There appears to be general industry agreement that online retailing is growing at a significantly faster rate than traditional retailing. According to the RBA, online purchases using credit cards (which encompasses payments for expenses other than retailing) grew by approximately 15 per cent per annum since 2005. The projected rates of growth in online retailing are in the range of 10 – 12.5 per cent per annum over the next five years (Forrester and Frost and Sullivan), or about treble the long term rate of growth in retail trade in Australia.

Expenditure Categories That Have Been Particularly Impacted by Online Retailing and E-Commerce

As in the case of general measure of the value of online retailing there are no official statistics in relation to particular types of purchases. Recent reports indicate that the most significant categories purchased online encompassed the following (refer NAB Online Retail Sales Index, April 2012):

- Online auctions, purchases at department stores, fashion, cosmetics and variety stores (47 per cent of online spending);
- Home, furniture, appliances, electronics (19 per cent of total online spending);
- Recreation, toys, games and hobbies, music, movies, books (21 per cent of total online spending);
- Grocery, liquor, specialised foods (13 per cent of total online spending)

It will be noted that these estimates exclude purchasing of travel and accommodation.

The Rise of Specialised Online Traders

Recent information (refer Table below) shows that online retailing is dominated by new specialised traders that have emerged outside of the traditional retailing network. A survey by Hitwise, an internet based researcher found that approximately 58 per cent of all online retail sales were generated by companies that did not have a traditional retailing base. Nonetheless some 42 per cent of purchases were still undertaken at sites maintained by the major retail chains (Big W, Target, Kmart, Myer and David Jones). About 32 per cent of online purchases were directed to sites maintained by Coles and Woolworths.

ON-LINE RETAILING IN AUSTRALIA: MAJOR TRADERS (Week ended January, 2011)

Source: Hitwise Internet Researchers, published in "The Age" Melbourne, January 8th, 2011

Rank	Trader	Estimated Market Share Value Based on % of Australian based on-line retail sales
1	Catch of the day.com.au	12.04%
2	Dealsdirect.com.au	11.22%
3	Big W	10.90%
4	KMart Australia	10.66%
5	Target Australia	7.36%
6	Myer	6.70%
7	oo.com.au	6.53%
8	Crazy Sales	5.22%
9	Shopping Square	4.06%
10	Big W – Reviews	3.28%
11	David Jones	3.08%
12	BigPond Shopping	2.80%
13	One Day, Three Deals	2.15%
14	TVSN	1.51%
15	Topbuy.com.au	1.41%
16	FactoryFast Australia	1.08%
17	Peter's of Kensington	.98%
18	SoldSmart.com.au	.85%
19	dStore.com.au	.84%
20	Deals2U.com.au	.56%
Total market share of top 20 traders		93.23%
Other traders		6.77%
Total all traders		100.0%

Implications for Retail Stores and Services

The significant growth of online retailing over recent years presents retailers with new challenges and opportunities. A recent report in BRW states that “bricks and mortar retailers have been caught napping by aggressive international and online competitors and are out of step with their consumers” (BRW, Volume 33, Number 13, April, 2011). In order that Australian retailers are not negatively impacted by the popularity of online shopping, they need to adopt strategies which will maintain their competitive edge, both in traditional retailing and online retailing.

Theoretically, grafting an online offering on to their existing systems, should be a possibility for most retailers, however, in order that they can be competitive with international and larger retailers, they need to provide a fast, efficient low cost service. A clear implication of the significant growth of online retailing will be an increased demand for logistics systems and facilities to deliver products to customers in an efficient and timely way. The leading online retailer in the country (catchoftheday.com.au) undertakes all of its trade from a warehouse in suburban Melbourne. It is likely the continued growth of online retailing will have implications for further storage and dispatch facilities in the major population centres.

Innovative strategies need to be tested in order that retailers meet consumer demand in this growing sector of their market. For example, Coles is currently trialing a system incorporating existing petrol stations to serve as pick up points for groceries ordered online. This initiative is in response to feedback from online shoppers on possible choices for more convenient access to groceries purchased online. (‘Coles drive-in on menu’, Herald Sun, Wednesday May 11, 2011).

The role of supermarkets in retail spending is important, especially in regional towns. A report by the Commonwealth Bank of Australia outlines that in Australia the two largest supermarket chains; Woolworths and Coles (Wesfarmers), make up 38.9 per cent or \$94.3 billion of Australian retail goods expenditures.

It is expected that these supermarkets will expand their floorspace by more than 5 per cent annually, which is three times that of Australia’s population growth (refer “Small Grocers Target Big Two”, The Age, June 11, 2012). Supermarkets have the role of attracting people to regional areas as potential residents look for amenities such as supermarkets and surrounding stores. Developers commit to developing supermarkets in growth corridors for this reason, providing stores larger than initially needed for the current population as a long term investment of the growth potential of a suburb.

Studies by Citi Investment Research and Analysis show an online penetration of approximately 1 per cent for domestic grocery and alcohol purchases (refer APC, Economic Structure and Performance of the Australian Retail Industry report, 2011). However, with a very high rate of growth in online food and liquor retailing expected, supermarket chains are certain to adapt to online demand and this may change the way supermarket chains develop in the future.

The Potential for a Hybrid Online - Bricks and Mortar Model

Recent research indicates that the future of retailing may not be a question of online or shop based purchases but rather a combination of both. Research by the Australian Centre for Retail Studies indicates that there are different types of consumers in terms of the use of the internet and in-store shopping. They identified four distinctive shopping styles including:

- **“Functional** – *Hit-and-run shoppers who buy what they need with the least hassle. Mostly men. About 17 per cent;*
- **Store loyalists** – *Stick with their favourite stores; often older shoppers (34 per cent);*
- **Multi-channel** – *Baby boomers and Gen Xers who like traditional shopping but enjoy surfing the internet and flicking through catalogues before they buy;*
- **Channel adopters** – *Price conscious Gen X and Y shoppers who use the internet to find the best deal”*

(refer “Selling Goes Social as Net, Malls Merge”, The Weekend Australian, January 8-9, 2011, The Nation, Page 6)

Dr Sean Sands a research fellow at the Australian Centre for Retail Studies has predicted a “seamless integration of real world and cyber-shops with stores housing online kiosks for customers to research products and interact with friends. You could be in a shop trying on a top, and press a button to show your friends and get a thumbs-up or a thumbs-down in real time” he said (refer The Weekend Australian, January 8-9, 2011, op. cit.)

In summary, the research by the Australian Centre for Retail Studies provides an interesting contribution to the online retail debate and has posed the question as to whether a more integrated and adaptive future for retail stores may not already be beginning to occur and whether these types of actions might help secure a more sustainable future for retail stores in potentially exposed sectors.

The most recent trends in online retailing indicate increasing evidence of the likely emergence of a hybrid model of in-store and online shopping. Specialty stores are increasingly adopting social media and commercial online sites to raise store profiles and increase sales with notable degrees of success (refer Jodie Minus “Shops Fight Fire by Igniting E-Book Sales”, the Weekend Australian, July 16-17, 2011).

Impact of Online Retailing on Franchise Stores

A significant component of specialty stores in the major retail malls are national franchise stores. A report by Judith Tydd indicates that national franchise stores have yet to work through marketing and profit access issues arising from the establishment of online selling channels attached to a franchise brand. The report quotes the executive director (Steve Wright) of the Franchise Council of Australia, acknowledging that online selling had to be integrated into future franchise business planning incorporating sales, profit access and marketing. However, he expected that franchises would adopt an effective online model in the future and that growth in online marketing and sales would reflect the broader growth of the small business economy (refer Judith Tydd, “Sharing is Not

Easy, BRW, February 17 – 23, 2011).

Recently, Australian franchise stores have seen numerous, high-profile retail collapses. (refer to Table 2). A total of 515 retail outlets closed in the 2011 calendar year. The retail sector is under strain on several fronts. The strong dollar has made shopping online from overseas websites increasingly popular, and forced local shops to lower their prices to compete (refer “Retail in Winter of Discontent”, The Age, May 22, 2012).

STORE BANKRUPTCIES AND CLOSURES IN 2011

Source: Goldman Sachs, published in “The Age” Melbourne, May 22, 2012

Group	Original Stores	Estimated Closures
RedGroup	193	166
Ed Harry	130	52
Cover Designs	6	4
Bijoux Accessories	11	9
Colorado	430	148
Perfume Empire	34	34
Grab Jeans	3	3
Jedo’s Beach House	4	4
Bettina Liano	7	1
Brown Sugar	40	25
Satch Clothing	14	3
Bauridge & Kay	1	0
Belinda International	8	0
Kari Accessories	11	11
Healthy Life	110	37
Pink Zebra	5	1
Pulse Pharmacies	12	0
Fletcher Jones	40	15
Mac Centric	3	3
Sleep City	64	64
WOW audio	15	15
Game	95	95
TOTAL	1,236	689

Note: Darrell Lea has since gone into voluntary administration (August 3rd 2012).

The Decline of National Bookstores: A Case Study

In mid February 2011 the booksellers Borders and Angus and Robertson were placed in voluntary administration. Several reports have attributed a number of factors including:

- Impact of online retailing and in particular the ability of individual consumers to purchase books overseas at cheaper prices and without the GST component (as reported by The Saturday Age, 19th February 2011);
- A prohibition on Australian booksellers to purchase books from overseas where the edition is published in Australia within one month of it being released overseas (restrictions on “parallel importing”). In the words of Bob Carr, former premier of New South Wales and currently a director of Dymocks, a national book franchise chain, the banning of parallel importing is “the lunacy of protectionism writ large” (refer the Weekend Australian, February 19-20, 2011 The Nation, page 3). The restrictions on Australian booksellers to import book from the cheapest source

has amplified the effect of online retailing. It is a restriction that is unique to bookselling and does not apply, for example to CDs and DVDs;

- The business model of Borders has been criticised by a number of independent booksellers. It applied a discount department store model to book retailing and the appropriateness and logic of this model has been criticised (refer The Saturday Age, February 19, 2011, Business Day, page 4);
- The private equity owners of RED Group Retail who managed Borders and Angus and Robertson (Pacific Equity Partners) bought the booksellers by writing up a significant debt for both companies, placing them in an unsustainable situation (refer The Saturday Age, February 19, 2011, op. cit.)

In summary the current difficulties of Borders and Angus and Robertson have been attributed to a number of factors including online retailing. It appears that the competitive effects of online retailing have been exacerbated by restrictions on parallel importing by Australian retailers, by the business model applied by Borders in particular and by the actions of the private equity group in funding their purchase of the booksellers with excessive amounts of debt.

Further Impacts of New Technology

Online purchasing patterns are currently in a process of further change with new technology applications on smart phones and tablets (“apps”). The rapid development and mass adoption of apps by consumers has impacted on the search and shopping patterns of consumers, and compounded competitive pressures on bricks-and-mortar retailers. Smart phone apps empower customers to get real-time pricing information from competitors and allow them to check if the product is cheaper in other stores or online (refer Adele Ferguson, “The app Crisis Alarming Retail” The Saturday Age, May 19, 2012). This means bricks-and-mortar retailers have to offer similar prices as their online counterparts, despite bearing the costs of physical stores and sales taxes.

In Australia, Woolworths supermarkets have become the first major retailer to launch an app. Since its inception in August 2011 the app has had more than 1.6 million downloads. Big W discount department store also released an app, which allows customers to scan a product in any competitor store and get the comparable price at Big W. Research presented at the Australian Retailer’s Conference (June 2012) indicated that 38 per cent of discretionary purchases involve price or product checking by customers utilising apps on smart phones or tablets. The high level of adoption is likely to further change consumer search, shopping and purchasing patterns, with potential for significant impacts on Australian shopping centres and precincts.

Increasing Uncertainty for Retailers

The most recent trends emerging reflect low retail sales growth in most Australian states, including Victoria. The recent failure of sales campaigns at David Jones and other stores raises questions about traditional concepts of marketing and consumption patterns (refer Sue Mitchell, “For Retailers, Sales Have Had Their Day”, The Weekend Australian Financial Review, July 16-17, 2011).

There is an increasing view that the failure of sales campaigns reflects a wider reticence in the Australian community to spend and an increased propensity to save, and this in turn is a reflection of wider uncertainty for the immediate future. Mohammed El-Erian, a world renowned economic forecaster, has stated that the five year world economic outlook to 2016 indicates that a “new normal” world outlook is emerging with ongoing uncertainty and non resolved sovereign debt issues in the developed world, coupled with rapid real growth in the developing economies. Serious resolution of the United States and/or European debt crises over the next five years are viewed by El-Erian as “outside probabilities” (as reported in the Weekend Australian Financial Review, July 16-17, 2011).

Online Retailing, Logistics and Distribution

It is highly likely that the rapid growth of online retailing will continue for the foreseeable future. The overall effect on logistics and distribution is likely to be significant with development opportunities for more warehouses, call centres and distribution hubs (refer Weekend Australian, June 23-24, 2012). However a conservative view is that an emerging demand for additional warehousing and distribution centres may likely reflect the existing spatial distribution of these facilities, that tend to be concentrated around metropolitan Melbourne and the freeway system serving the city, essentially “in-bound” from the regional cities and towns.

Recently Australia Post committed to investing \$2 billion as a part of their *Future Ready Strategy*. The investment will be used to “*digitise mail delivery services and increase its parcel sorting capacity to handle the increase in packages*” a result of the increase in online retailing from Australian based and international sites (“Postal Service has \$2bn plan for web shopping boom”, The Age, October 12th 2012, pg 3). This investment will enable Australia Post to double its parcel capacity in the next 8 years.

Potential Impacts of Online Retailing on Cranbourne Town Centre

A report prepared by Renaissance Planning in 2012 indicated that online retailing is a growing phenomenon world-wide. The differentially higher growth observed for online retailing (compared to traditional retailing) is likely to continue for the foreseeable future. Longer term retail expenditure forecasts indicate that online purchases of household goods and bulky goods which currently (2010–11) comprise less than 8 per cent of these broader category purchases will likely exceed 15 per cent of these categories by 2021 (refer Renaissance Planning, 2011, Bathurst CBD and Bulky Goods Business Development Strategy, refer also Launceston Retail Audit and Activity Cen-

tres Strategy, 2011).

The most recent research indicates that online retailing has entered a new phase with the mass adoption of apps to smart phones and tablets and impacts on shopping search and purchase patterns. A number of researchers have indicated that an “online - hybrid bricks-and-mortar” model may well emerge for a number of national retailers. The costs of establishing fully interactive shopping sites may be prohibitive for a number of individual specialty stores.

The rise of online shopping presents a number of challenges and some opportunities for outer eastern Melbourne and the Cranbourne Town Centre in particular:

- the ongoing rapid growth of online retailing is likely with rising proportions of retail trade forecast to be attracted to online sites. In the absence of countervailing actions by local traders and communities this will likely result in increased levels of escape expenditure from regional towns and cities;
- the consequential effect is likely to be reflected in a lowered demand for retail floorspace and tenancies and downward pressures on specialty rents, particularly for discretionary goods. Conservatively in excess of 15 per cent of discretionary retail expenditures may need to be discounted in regional localities when assessing sustainable floorspace requirements;
- it is the case that the mass adoption of online retailing will generate additional demands for logistics and distribution facilities but it is not clear how regional Victoria will fare in competing for these demands. There is a high probability that demand for these facilities will reflect existing spatial patterns and transport networks that tend to favour outer metropolitan locations. Thus demands for these types of facilities generated by the Gippsland region may well be supplied in the outer eastern suburbs of metropolitan Melbourne;
- online shopping represents a transformational change in the application of digital technology and the empowering of consumers with consequential effects on search, shopping and purchase patterns. It provides the consumer instant affordable access to a wide (perhaps worldwide) market for almost all goods and a broad range of services. It is difficult to see how stores, particularly discretionary goods stores and services will be able to maintain their long term viability in the absence of an effective online presence. It is the case that basic online representation represents a relatively minor cost for most small and medium sized businesses. This however is not the case for stores seeking to establish high quality interactive sites that need to be regularly updated. The costs of entry to enable retail stores and services to effectively compete online, and more importantly to maintain up-to-date interactive sites may well be significant constraint for a number of small and medium sized retail and service businesses;
- there is a clear opportunity for local chambers of commerce and regional communities to provide a framework for traders to market their goods and services on high profile interactive online sites where costs of establishment may be shared, and benefits leveraged for individual businesses. This approach may also improve the profile and recognition of regional towns and communities to a wider regional, national and international audience;
- in broad terms the pervasive effect of online retailing is to sharply increase product and price knowledge for almost all products and a broad range of services, to a universal level. This radically changes the competitive market for almost all discretionary good and services in both metropolitan and regional markets. It also sharpens the areas of product service and differentiation that cannot be provided on the internet;

- personal service including the level of post purchase services;
- the quality of the shopping environment where the experience of shopping is enhanced as a lifestyle choice in a high quality unique destination. The improvement of the place quality of the towns and centres in the City of Casey as unique and special places and spaces with a high quality lifestyle will likely remain one area that cannot be replicated on the internet and indeed where place differentiation forms part of the shopping and service environment, and serves as a competitive advantage for the region.

In summary, online retailing is likely to have a range of positive and negative effects on shopping choice and consequential effects on activity centres. Potential impacts on the Cranbourne Town Centre should be viewed within this context. In particular online retailing will likely add to consumer choice and knowledge and will continue to shape consumer behaviour including search and buying patterns within stores. Online retailing will continue to add cumulative competitive pressures on sales and profit margins particularly in relation to discretionary retailing. These effects will apply in the Cranbourne Town Centre.

In our professional judgement potential overall effects of online retailing in relation to activity centres will accentuate issues of place, amenity and store choice in shopping environments. Centres perceived to be at the top end of the scale in terms of high place value with a higher level of amenity and store and services choices would be more likely to retain customer attraction and pedestrian flows. Clearly the implication for the Cranbourne Town Centre is that Council needs to encourage and facilitate the ongoing evolution of the centre as a quality destination with a diversity of attractions and choices.

Consideration should also be given to facilitate an online site for the Cranbourne Town Centre in order to more effectively market the town centre and lift the awareness of stores and services at the centre among potential shoppers and visitors. This type of initiative has already been developed in a number of major shopping centres in Melbourne.

CONCLUSION



The investigation into the retail and commercial floorspace requirements for the Cranbourne Town Centre highlighted a number of issues which need to be addressed to accommodate the significant growth in shopfront and non-retail floorspace within the Cranbourne Town Centre. The key findings identified the following:

- Land uses identified in the floorspace inventory are generally in line with the preferred land uses set out in the Cranbourne Town Centre Plan.
- The escape expenditure for the town centre is expected to remain relatively steady for the out-of-city purchases but will grow significantly for online retailing where it is forecast to account for up to 20 per cent of both apparel and general leisure purchases.
- Market shares for the town centre will fall in the future as the south east growth corridor is developed along with the proposed network of activity centres to cater for the growing population.
- Cranbourne Town Centre can expect moderate growth in retail shopfront uses over the next 24 years. The majority of the growth should be accommodated within the retail core precincts (Precincts 4 & 5) where possible. There is provision for a small centre to locate within the Casey Complex when the Cranbourne East Railway Station is developed. Any additional floorspace should be located in the Gateway precincts (Precincts 1 and 8).
- By 2036 the Cranbourne Town Centre catchment can support a significant amount of non-retail floorspace. Professional and commercial offices should be located above the existing retail uses in the core precinct. Education, recreation and community uses are encouraged to locate within the Casey Complex as per the “Casey Complex Structure Plan”. The supportable medical floorspace could justify a large medical facility within the town centre as well as additional medical offices and services along the highway.
- In the case that non-retail floorspace cannot be accommodated with the town centre’s existing boundaries there should be provision for these uses in the new major activity centres to be developed in the south east growth corridor.
- There are difficulties in fully determining at this stage whether all of the non-retail floorspace requirements can be accommodated within the town centre but this issue would not be solved by extending the town centre boundaries.
- There is no strategic justification for the Cranbourne East Neighbourhood Activity Centre to accommodate a discount department store. The additional DDS identified in the analysis can be accommodated within the existing and proposed activity centre network in Principal and Major Activity Centres.

APPENDIX A

CRANBOURNE TOWN CENTRE ANALYSIS

Appendix A: Cranbourne Town Centre Main Trade Area

A.1: Cranbourne Main Trade Area: Estimated Resident Population (2011 - 2036)

Source: Population Projections by ID Consultants, Analysis and Calibration by Renaissance Planning

Catchment	Cranbourne Town Centre Main Trade Area Estimated Resident Population (2011 - 2036)						
	2011	2012	2016	2021	2026	2031	2036
Primary (Casey)	37,530	39,690	48,310	66,960	83,640	93,860	99,170
Secondary - North (Casey)	52,990	55,530	65,690	72,610	76,480	77,600	77,760
Secondary - East (Casey)	1,430	1,510	1,820	7,190	23,120	53,290	92,410
Secondary - South (Casey)	11,440	11,470	11,580	11,740	12,010	12,300	12,600
Secondary - South East (Cardinia)	7,700	7,850	8,470	12,120	16,590	21,050	27,030 ¹
Secondary - West (Frankston)	49,660	50,700	54,870	55,770	54,910	53,920	52,950 ¹
Total Main Trade Area	160,750	166,750	190,740	226,390	266,750	312,020	361,920

¹ Small area forecasts are based on the ID projections for the City of Casey (year). These have been calibrated at the SA2 on the basis of the 2011 ERPs. Small areas in the MTA within the City of Frankston and Cardinia Shire are based on ID projections to 2031 and the application of growth rates for 2031 - 2036 based on the previous 5 year period.

Appendix A: Cranbourne Town Centre Main Trade Area

A.2: Cranbourne Town Centre Main Trade Area: Per Capita Retail Expenditures

Source: MarketInfo Profiles for 2006/07. Analysis by Renaissance Planning

Commodity Group	Cranbourne Main Trade Area ¹ : Per Capita Retail Expenditures ^{2,3} (at 2011-12 constant prices) (\$)							
	Historic	Current	Forecast					
	2006 / 07	2012	2016	2021	2026	2031	2036	
Supermarkets and other fresh food	3,630	4,170	4,230	4,340	4,450	4,560	4,680	
Liquor	380	590	600	610	630	650	660	
Food catering	1,810	2,250	2,350	2,530	2,730	2,940	3,170	
Apparel	1,020	1,140	1,190	1,260	1,350	1,440	1,530	
Bulky goods	1,160	1,260	1,320	1,420	1,530	1,650	1,770	
General leisure	1,940	2,070	2,150	2,300	2,450	2,610	2,790	
Services (selected) ⁴	330	330	350	370	400	430	460	
Total	10,270	11,810	12,190	12,830	13,540	14,280	15,060	

Commodity Groups	Real Annual Change Assumptions (% per annum)
Food Retail	0.5
Food Catering	1.5
Apparel	1.3
Homewares	1.5
Bulky goods	1.5
Leisure A	1.3
Leisure B	1.3
Services	1.5

¹ Indicative expenditure profile for the Cranbourne catchment based on Cranbourne North

² Includes Forecast Cumulative Growth

³ Includes online retail expenditures

⁴ Includes limited services (includes hair and nail services, dry cleaning, video hire, rental and maintenance of household goods)

Appendix A: Cranbourne Town Centre Main Trade Area

A.3: Cranbourne Town Centre: Estimated Retail Sales (2012)

Source: Analysis and Calibration by Renaissance Planning

Commodity Group	Cranbourne Town Centre: Estimated Retail Sales		
	Floorspace (m ² GLA)	Estimated RTD (\$ turnover/m ² /GLA/annum)	Estimated Total Turnover (\$,000 at 2011-12 constant prices)
Supermarket goods, fresh food and liquor	14,740	6,990	103,030
Food catering	5,590	5,000	27,950
Apparel	10,850	3,750	40,690
Bulky goods ¹	5,370	2,500	13,430
General leisure	16,100	4,000	64,400
Services (selected) ²	3,220	3,500	11,270
Total	55,870	4,670	260,770

¹ Includes all of Cranbourne Town Centre (not just Precincts 4 and 5)

² Includes limited services (includes hair and nail services, dry cleaning, video hire, rental and maintenance of household goods)

Appendix A: Cranbourne Town Centre Main Trade Area

A.4: Cranbourne Town Centre Main Trade Area: Forecast Market Share Distribution

Source: MarketInfo Profiles for 2006/07. Analysis by Renaissance Planning

Commodity Group	Market Shares by Catchment (%)							
	2012		2016		2026		2036	
	Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
Supermarket goods, fresh food and liquor	38.2	4.6	36.3	4.4	32.0	4.1	31.5	4.0
Food catering	21.9	2.6	20.9	2.5	18.5	2.0	16.0	1.5
Apparel	36.0	15.5	35.0	14.5	32.5	12.3	30.0	10.0
Bulky goods ¹	12.1	4.0	11.7	3.7	10.9	3.0	10.0	2.0
General leisure	35.3	11.8	33.7	10.8	29.9	8.4	26.0	6.0
Services (selected) ²	51.6	9.4	48.0	8.3	39.0	5.7	30.0	3.0

¹ Includes all of Cranbourne Town Centre (not just Precincts 4 and 5)

² Includes limited services (includes hair and beauty services, dry cleaning, video hire, rental and maintenance of household goods)

Appendix A: Cranbourne Town Centre Main Trade Area

A.5: Cranbourne Town Centre Main Trade Area: Forecast Resident Based Escape Expenditure for the City of Casey

Analysis by Renaissance Planning

Commodity Group	City-Wide Net Escape and Non Store Specific (%)											
	2012			2016			2026			2036		
	Online	Out-of-City	Total	Online	Out-of-City	Total	Online	Out-of-City	Total	Online	Out-of-City	Total
Supermarket goods, fresh food and liquor	1.0%	3.0%	4.0%	2.0%	3.0%	5.0%	5.0%	3.0%	8.0%	7.0%	3.0%	10.0%
Food catering	0.0%	7.0%	7.0%	0.0%	7.0%	7.0%	0.0%	7.0%	7.0%	0.0%	7.0%	7.0%
Apparel	10.0%	10.0%	20.0%	12.0%	9.0%	21.0%	16.0%	9.0%	25.0%	20.0%	8.0%	28.0%
Bulky goods	5.0%	15.0%	20.0%	9.0%	12.0%	21.0%	13.0%	12.0%	25.0%	18.0%	10.0%	28.0%
General leisure	5.0%	5.0%	10.0%	8.0%	5.0%	13.0%	14.0%	5.0%	19.0%	20.0%	5.0%	25.0%
Services (selected) ¹	0.0%	3.0%	3.0%	0.0%	3.0%	3.0%	0.0%	3.0%	3.0%	0.0%	3.0%	3.0%

¹ Includes limited services (includes hair and beauty services, dry cleaning, video hire, rental and maintenance of household goods)

Appendix A: Cranbourne Town Centre Main Trade Area

A.6: Cranbourne Town Centre: Forecast Net Retail Floorspace Requirements

Analysis by Renaissance Planning

Commodity Group	Average Retail Turnover Density	Cranbourne Town Centre: Forecast Net Retail Floorspace Requirements (m ² GLA)			
		2012	2016	2026	2036
Supermarkets, fresh food & liquor	8,000	12,740	14,510	21,300	26,690
Food catering	5,500	5,080	5,990	9,740	11,760
Apparel	4,500	8,120	9,190	13,140	16,000
Bulky goods	2,500	5,080	5,620	8,310	9,420
General leisure	4,500	13,530	14,890	20,220	22,050
Services (selected) ¹	3,800	2,960	3,390	4,750	4,780
Services (total) ²	3,800	7,400	8,475	11,875	11,950
Total Shopfront	-	51,950	58,675	84,585	97,870

¹ Includes limited services (includes hair and nail services, dry cleaning, video hire, rental and maintenance of household goods)

² Assumes that Services (selected) accounts for 40% of all services. Services Total is Services (selected) multiplied by 100/40.

Appendix A: Cranbourne Town Centre Main Trade Area

A.7: Cranbourne Town Centre: Forecast Non-Retail Floorspace Requirements

Analysis by Renaissance Planning

Non-Retail Category	Existing Floorspace m ² GLA	Forecast Cranbourne Town Centre Floorspace Requirements (m ² GLA)		
	2012	2016	2026	2036
Property, business and government offices	14,120	24,080	39,000	54,980
Education, sport and community development	42,400	42,810	64,240	95,300
Entertainment, recreation and accommodation	3,180	7,020	13,760	24,740
Medical and healthcare	8,880	19,800	31,210	43,980
Total Non-Retail	68,580	93,710	148,210	219,000

Appendix A: Cranbourne Town Centre Main Trade Area

A.8: Cranbourne Town Centre: Total Floorspace Requirements (2012 - 2036)

Analysis by Renaissance Planning

Non-Retail Category	Total Floorspace Requirements (m ² GLA)			
	Existing	Forecast		
	2012	2016	2026	2036
Shopfront Floorspace	59,660	58,675	84,585	97,870
Non-Retail Floorspace				
Property, business and government offices	14,120	24,080	39,000	54,980
Education, sport and community development	42,400	42,810	64,240	95,300
Entertainment, recreation and accommodation	3,180	7,020	13,760	24,740
Medical and healthcare	8,880	19,800	31,210	43,980
Non-Retail Floorspace Total	68,580	93,710	148,210	219,000
Total	128,240	152,385	232,795	316,870

Appendix A: Cranbourne Town Centre Main Trade Area

A.9: Cranbourne Town Centre: Net Additional Floorspace Requirements (2012 - 2036)

Analysis by Renaissance Planning

Non-Retail Category	Net Additional Floorspace Requirements (m ² GLA)	
	2012 - 2026	2026 - 2036
Shopfront Floorspace	24,925	13,285
Non-Retail Floorspace		
Property, business and government offices	24,880	15,980
Education, sport and community development	21,840	31,060
Entertainment, recreation and accommodation	10,580	10,980
Medical and healthcare	22,330	12,770
Non-Retail Floorspace Total	79,630	70,790
Total	104,555	84,075

Appendix A: Cranbourne Town Centre Main Trade Area

A.10: Cranbourne Town Centre: Indicative Allocation of Additional Floorspace (2012 - 2036)

Analysis by Renaissance Planning

Precinct	Net Additional Floorspace Requirements (m ² GLA)									
	2012 - 2026					2012 - 2026				
	Shopfront	Non-Retail				Shopfront	Non-Retail			
		Property, business and government offices	Education, sport and community development	Entertainment, recreation and accommodation	Medical and healthcare*		Property, business and government offices	Education, sport and community development	Entertainment, recreation and accommodation	Medical and healthcare
Centro (Stage 1) (Precinct 4)	9,600	5,000	-	2,000	-	7,000	-	-	-	-
Western Retail Core Expansion (Precinct 4)	10,600	1,880	-	-	-	1,880	10,000	-	480	-
Retail Core Balance (Precinct 4 and 5)	2,200	10,000	-	2,500	2,000	14,500	1,000	3,000	1,500	2,000
Gateway Commercial North (Precinct 1)	-	-	-	-	2,500	2,500	-	-	4,000	2,270
Casey Complex (Precinct 7)	1,600	3,000	15,000	3,500	3,500	25,000	1,285	22,000	4,000	5,500
Other (Precincts 2, 6, 8 & 9)	925	5,000	6,840	2,580	2,500	16,920	1,000	6,060	1,000	3,000
Total Floorspace	24,925	24,880	21,840	10,580	10,500	67,800	13,285	31,060	10,980	12,770
										70,790

*It is important to note that at this stage not all of the additional medical and healthcare floorspace can be assigned to precincts within the Cranbourne Town Centre

APPENDIX B

CITY OF CASEY ANALYSIS

Appendix B: City of Casey

B.1: City of Casey: Estimated Resident Population (2011 - 2036)

Source: Population Projections by ID Consultants, Analysis and Calibration by Renaissance Planning

Catchment	Cranbourne Town Centre Main Trade Area Estimated Resident Population (2011 - 2036)					
	2011	2012	2016	2021	2026	2036
City of Casey	260,400	267,020	293,470	329,120	369,800	414,570
						463,380

Appendix B: City of Casey

B.2: City of Casey: Per Capita Retail Expenditures

Source: MarketInfo Profiles for 2006/07. Analysis by Renaissance Planning

Commodity Group	Per Capita Retail Expenditures for City of Casey ^{1,2,3} (at 2011-12 constant prices) (\$)						
	Historic	Current	Forecast				
	2006 / 07	2012	2016	2021	2026	2031	2036
Supermarkets and other fresh food	3,680	4,230	4,290	4,400	4,510	4,630	4,740
Liquor	390	610	620	630	650	670	680
Food catering	2,010	2,500	2,610	2,820	3,030	3,270	3,520
Apparel	1,200	1,350	1,400	1,500	1,600	1,700	1,820
Bulky goods	1,160	1,260	1,320	1,420	1,530	1,650	1,770
General leisure	2,230	2,380	2,470	2,640	2,820	3,000	3,200
Services (selected) ⁴	380	380	400	430	460	500	540
Total	11,050	12,710	13,110	13,840	14,600	15,420	16,270

¹ Indicative expenditure profile for the City of Casey based on average of Narre Warren and Hallam.

² Includes Forecast Cumulative Growth

³ Includes online retail expenditures

⁴ Includes limited services (includes hair and nail services, dry cleaning, video hire, rental and maintenance of household goods)

Appendix B: City of Casey

B.3: City of Casey: Forecast Net Retail Floorspace Requirements

Analysis by Renaissance Planning

Commodity Group	Average Retail Turnover Density	City of Casey: Forecast Retail Floorspace Requirements (m ² GLA)			
		2012	2016	2026	2036
Supermarkets, fresh food & liquor	8,000	151,200	171,000	213,900	268,900
Food catering	5,500	109,900	130,200	175,900	236,700
Apparel	4,500	62,200	72,000	91,700	118,400
Bulky goods	2,500	105,600	123,200	159,000	204,500
General leisure	4,500	124,000	139,200	176,400	218,300
Services (selected) ¹	3,800	25,500	30,600	40,800	53,600
Services (total) ²	3,800	63,750	76,500	102,000	134,000
Total Shopfront	-	616,650	712,100	918,900	1,180,800

¹ Includes limited services (includes hair and nail services, dry cleaning, video hire, rental and maintenance of household goods)

² Assumes that Services (selected) accounts for 40% of all services. Services Total is Services (selected) multiplied by 100/40.

Appendix B: City of Casey

B.4: City of Casey: Per Capita Floorspace Provision (Market Based Assessment)

Analysis by Renaissance Planning

Commodity Group	City of Casey: Per Capita Floorspace Provision			
	2012	2016	2026	2036
Supermarkets, fresh food & liquor	0.58	0.58	0.58	0.58
Food catering	0.42	0.44	0.48	0.51
Apparel	0.24	0.25	0.25	0.26
Bulky goods	0.41	0.42	0.43	0.44
General leisure	0.48	0.47	0.48	0.47
Services (selected) ¹	0.10	0.10	0.11	0.12
Services (total) ²	0.24	0.26	0.28	0.29
Total Shopfront	2.37	2.43	2.48	2.55

¹ Includes limited services (includes hair and nail services, dry cleaning, video hire, rental and maintenance of household goods)

² Assumes that Services (selected) accounts for 40% of all services. Services Total is Services (selected) multiplied by 100/40.

Appendix B: City of Casey

B.5: City of Casey: Assessment of Department and Discount Department Store Floorspace Requirements

Analysis by Renaissance Planning

Item	2012	2016	2026	2036
1. City of Casey: Non-food retail goods. Estimated and projected sales (\$ million at 2011/12 constant prices)	1,100	1,260	1,600	2,030
2. City of Casey: Estimated and projected potential Department Store Trade Merchandise (DSTM) expenditures (\$ million at 2011/12 constant prices)	960	1,100	1,400	1,770
3. City of Casey: Estimated and projected market share requirements of department and discount department stores (%)	16%	17%	18%	20%
4. City of Casey: Estimated and projected DSTM turnover (\$million at 2010/11 constant prices)	153.6	187.0	252.0	354.0
5. City of Casey: Estimated and projected department and discount department store RTD requirement \$ / m2 GLA / annum at 2011/12 constant prices (\$million at 2010/11 constant prices)	3,340	3,400	3,400	3,400
6. City of Casey: Current and Projected department and discount department store floorspace requirements (m2 GLA)	46,000	55,000	74,120	104,120
7. Net additional department and discount department store floorspace requirements (m2 GLA)	Nil	9,000	19,120	30,000
8. Floorspace per department / discount department store	6,500	6,500	6,500	6,500
9. Number of department and discount department stores required	7	8	11	16