



# A Different City

Navigating the  
cities of tomorrow.

**Amendment C258 to the Casey PS**

**Submission on behalf of**

**Woolworths Group Limited**

**Prepared for:**

**Woolworths Group Limited**



# A Different City

**This report has been prepared by:**

Jonathon Fetterplace  
Director  
A Different City Pty Ltd

Date: 16 June 2020

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**A Different City**  
**info@adifferentcity.com.au**  
**+ 61 402 257 709**

**Level 2, 52 Albert Road**  
**South Melbourne**  
**Victoria, 3205**



## Introduction

1. My name is Jonathon Fetterplace and I am a Director of A Different City Pty Ltd.
2. I have been engaged by Woolworths Group Limited (WOW), who are the owners of multiple retail assets (as landowner and/or tenant) throughout the City of Casey. Twelve (12) of those existing assets are currently operating full-line supermarkets within existing Activity Centres.
3. The purpose of this submission is to assist the Panel's consideration of Amendment C258 (The Amendment) to the Casey Planning Scheme and recommend changes that recognise the viable development of Activity Centres to meet the needs of both the community and retailers (including retail developers).
4. It also should be noted that my instructions in this matter do not extend to commenting the submissions or representation made by other submitters in relation to the Eden Rise and Berwick Springs. Nor will I be commenting on any speculation regarding the future location of a Woolworths store in that area.
5. WOW are first and foremost retail operators. Whilst they do undertake land development and hold retail assets, it is primarily out of necessity to ensure the delivery of retail services in a timely fashion to meet the needs of the incoming population.
6. WOW primary interest in this Amendment is to ensure their significant and ongoing investment in the City of Casey will be sustainable. Future strategic planning must take into consideration WOW experiences operating in the City of Casey, and beyond, to inform decision making.
7. It is recognised that supermarkets do not make Activity Centres successful alone, nor should they be the sole focus of Activity Centre planning. A successful supermarket, however, is a major asset and job creator. A viable supermarket can drive economic activity and support the establishment of other non-residential uses, including specialty retail, food & beverage and commercial operations.
8. WOW agree that Net Community Benefit should be at the forefront of planning policy. As pointed out by Council, at page 53 of the Activity Centre Strategy, 'the objective of the Net Community Benefit assessment is to balance economic sustainability with environmental and social-cultural sustainability.'
9. However, it is WOW experience that planners too often dismiss economic considerations when applying Net Community Benefit and little relevance is given to profitability and trading benchmarks as measures of achieving sustainability.
10. Indeed Mr. Motebello for Council at the end of day 1 of this hearing dismissed the trade data provided within WOW original submission as not being relevant. He said that policy objectives of the '20-Minute City' were the most relevant factor in determining policy and Net Community Benefit.
11. Similarly, Mr. Szafranic relies on the SGS Gravity Model as being a 'more reliable predictor of future economic performance' than utilising live retail data and/or taking into consideration local area considerations. When questioned by the Panel, Mr Szafranic also said he was surprised about the underperformance of the WOW centres, but the trade data was essentially irrelevant to take into consideration.

A Different City  
info@adifferentcity.com.au  
+ 61 402 257 709

Level 2, 52 Albert Road  
South Melbourne  
Victoria, 3205



12. We remain unclear why Council and Mr. Szafranic would dismiss real data in favour of a hypothetical model that does not and cannot reflect reality. The Gravity Model will never be able to replicate the way people shop and visit activity centres in the real world. It will only result in a distribution of floorspace that reflects a series of chosen or instructed inputs.
13. In response, WOW have sought the advice of leading retail economists, Urbis, to inform this submission. Urbis have undertaken a review of the methodology employed by SGS and believe their findings are flawed as they have not:
- undertaken a detailed audit or review of the existing operation or performance of centres;
  - used a fixed list of centres rather than identifying gaps or over-provision;
  - used outdated data and model that doesn't reflect reality to inform assumptions; and
  - have grouped centres (specifically Medium NAC's) under the hierarchy that in reality serve very different roles.

Refer Appendix 1 – Urbis Report - Review of Economic Analysis Informing the Casey Activity Centres Strategy (June 2020)

14. It is WOW view that Net Community Benefit cannot be realised without strong retail catchments and strong supermarket trading.
15. Other retailers, including speciality shops, rely on high levels of foot traffic that is driven by supermarkets trade. Where supermarket performance fails, speciality retailers are the first to suffer often leading to businesses folding or relocating and tenancies are left vacant, resulting in job losses. This does not represent a Net Community Benefit.
16. Positioning Activity Centres in the right locations, with justified catchments, is critical to achieving Net Community Benefit and delivering vibrant Centres that stimulate job growth and sustainable economic activity.
17. The key matters we wish to address in this submission include:
- The data and model used to inform the Strategy is flawed;
  - The distribution of Activity Centres has not been fully considered;
  - Clear and consistent definitions for Activity Centres that align with State Policy should be used to assist implementation;
  - The classification of Medium Neighbourhood Activity Centres is too broad, creating confusion in the implementation and the potential oversupply of supermarket floor space;
  - Urban design considerations must have regard to the economic needs of retailers, evolving technology and maximise customer convenience to assist in delivering successful retail outcomes and Activity Centres overall.

18. In response WOW propose the following recommendations be adopted by the Panel:

**A Different City**  
**info@adifferentcity.com.au**  
**+ 61 402 257 709**

**Level 2, 52 Albert Road**  
**South Melbourne**  
**Victoria, 3205**



- The Strategy should be reviewed further prior to the Amendment proceeding having regard to:
  - the most recent available data, including population growth, turnover data and trading performance at a local scale; and
  - identify potential gaps within the existing network of centres and recommended changes where centres may be clustered too close together or too far apart;
- The Activity Centres definitions (and the hierarchy) should be amended to be consistent with State policy, including the deletion of the term 'aspiration' as a policy direction;
- Medium Neighbourhood Activity Centres should be reviewed (including the definition / role) to provide clarity in the retail hierarchy and ensure there is not an over-supply of future floor space, allowing other centres to grow to more sustainable size and performance.
- Clause 22.01 Activity Centre Policy should be amended to better address retailer concerns.

19. We address each of the key matters as follows:

## Key Matter 1 – Data used to inform the Strategy

- 20. It is WOW view that any review of the Activity Centre Strategy must take into account consideration of actual performance of Centres that currently exist in the retail hierarchy. Any forward looking Strategy, should always start with a review or reflection of what has or hasn't worked in the past.
- 21. The SGS background report and the evidence of Mr Szafranic does not rely on any analysis of actual performance.
- 22. Urbis (at P.7 of the report) identify that SGS has relied only on 'Retail Trading Density' (RTD's) to estimate current turnover levels, rather than rely on real time data. This implies all existing Activity Centres are trading at industry average levels.
- 23. WOW strongly disagree with this approach and believe that average models, cannot and will not ever be a substitute for real data. Indeed, WOW collect and analyse their on performance data at local, municipal, metropolitan and national scale. They utilise this data to understand consumer trends and needs, as well as plan for future network supply. As a retailer they have an intimate understanding of how, where and when retail floor area is required to maintain economic sustainability of their business.
- 24. Utilising an inaccurate tool to predict performance will not only impact the sustainability of WOW business, but that of the entire Activity Centre network. Urbis state (at P.7 of their Report):
  - *By assuming the network is in equilibrium and trading at "average" levels, all future growth in retail spending generated is assumed to support additional floorspace. However, if the current centre network is experiencing wide-spread underperformance, the spare capacity of retail space will need to be fully utilised before additional supply could be supported. Future floorspace growth*

**A Different City**  
**info@adifferentcity.com.au**  
**+ 61 402 257 709**

**Level 2, 52 Albert Road**  
**South Melbourne**  
**Victoria, 3205**



in new and existing centres needs to be reduced or delayed. SGS have not allowed for this.

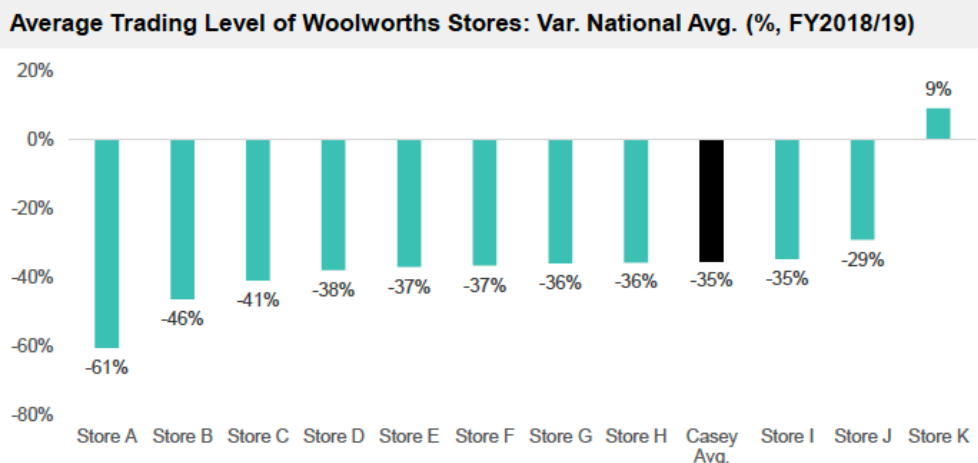
25. Urbis observe with regard to supermarket trade, as an example, that using 'SGS estimates of population growth and supportable supermarket space, it is clear that their modelling will result in a growing over supply of supermarket space in Casey. Over supply of space corresponds with below average trading performance'. Refer Table at P.7 of the Urbis report.

Total Supermarkets - SGS Proposal				
City of Casey	Est. Pop. - SGS	GLA (sq.m)	Floorspace Per 100 Pop	<-Var. from Melb. Avg.
2016	297,040	99,150	33.4	+5%
2021	334,670	116,860	34.9	+9%
2026	376,440	136,640	36.3	+14%
2031	419,910	156,390	37.2	+17%
Melbourne (Supermarkets > 400 sq.m)			31.9	

Source: SGS Economics and Planning

26. WOW own store performance data reinforces the likelihood that there is a current oversupply in the network. Urbis considered the WOW trade data provided within the original submission to the Amendment, along with their own retail trade knowledge and estimates (Urbis Retail Trade Averages, published annually) of Casey.

Refer Table P. 9 of the Urbis Report.



Source: Woolworths; Urbis Shopping Centre Benchmarks 2019

27. The Tables on P.8 of the Urbis report demonstrate that only 4 out of 23 existing supermarkets in Casey are currently trading at or above the national performance benchmarks. On average stores in the Southern Metropolitan region trade at 36% below the national average and all of its existing stores are trading well below sustainable benchmarks. Given WOW trade performance on a national scale, it is

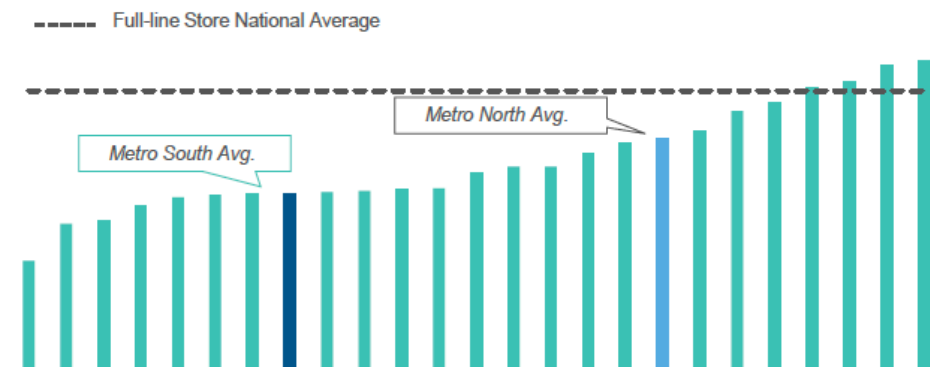
**A Different City**  
**info@adifferentcity.com.au**  
**+ 61 402 257 709**

**Level 2, 52 Albert Road**  
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**Victoria, 3205**

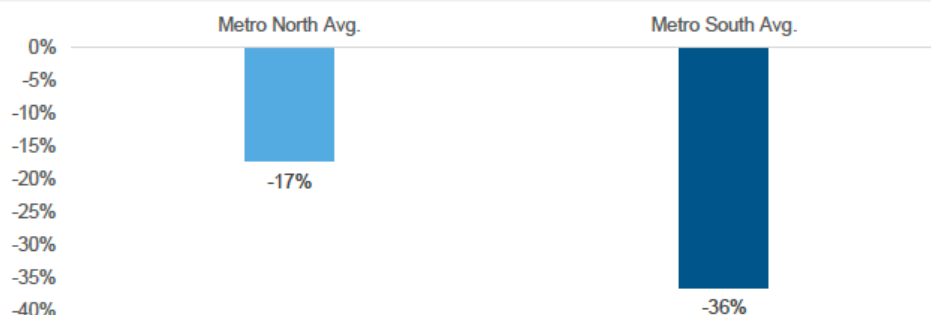


considered that this trend is solely reflective of the challenges faced by retailers in Casey.

**RTD of Full-line Stores: Metro North & South vs. National Avg. (\$/sq.m, FY2019)**



**RTD of Full-line Stores: Variation from National Average (% , FY2019)**



1. Metro North is defined to include SA2s of Endeavour Hills-North/South, Doveton, Hallam, Narre Warren-South West, Narre Warren-North East, Narre Warren North/North East, Narre Warren South (East), Narre Warren South(West), Berwick-North/South, Hampton Park-Lynbrook and Lynbrook-Lyndhurst. Metro South is the remainder of Casey within the Urban Growth Boundary, including SA2s of Cranbourne North, Cranbourne West, Cranbourne & Cranbourne East.  
Source: Woolworths, Urbis Proprietary Database, Urbis Shopping Centre Benchmarks 2019 (national average)

28. The example of 'Store A', which is trading at 61% under the national average benchmark, is a case in point of a Medium Neighbourhood Activity Centre where the residential catchment in that area that is substantially developed.
29. Urbis advise that some of the data relied on by SGS, including 2019 State and Local government forecasts of population growth in Casey are now out of date and that sensitivity analysis undertaken should have regard now for the impacts of COVID-19. The impact of the pandemic and implications on reduced immigration rates will have both short and long term effects on population growth.
30. Urbis estimate (P.10 of their Report) COVID-19 may reduce Casey's population from what it would have been by around 8,800 people or -2.1% over the next 5 years. It is therefore likely that retail expenditure will follow the lower trend of the SGS sensitivity analysis, meaning that retail spending might be 15-20% lower by 2036 which should be reflected in lower retail and Activity Centre floor space needs.
31. While the effects of this will be felt by the major supermarkets, the 'knock on' implications of using outdated or inaccurate retail turn overestimates on the overall performance of the centre and in particular specialty stores may be significant.

**A Different City**  
info@adifferentcity.com.au  
+ 61 402 257 709

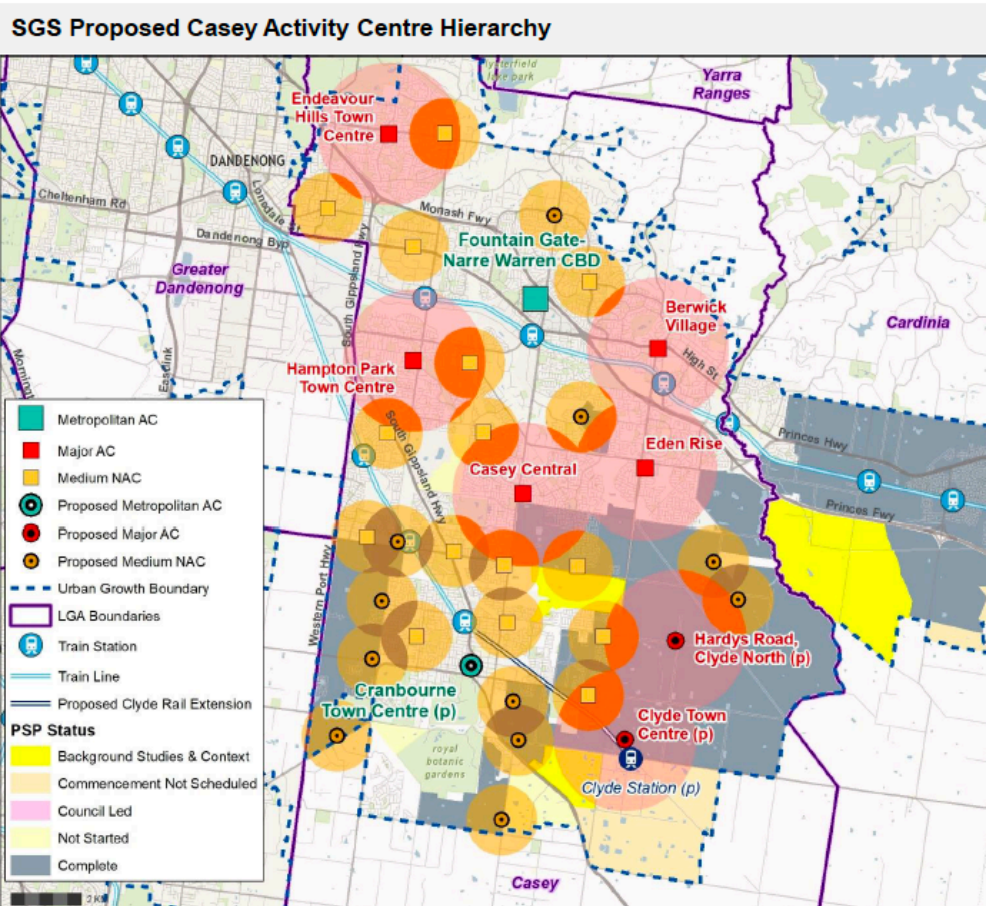
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**South Melbourne**  
**Victoria, 3205**



32. Urbis observe that the SGS analysis has overstated the RTD across all Centres in Casey. The impact, when in combination with lower population growth forecasts and reduced retail spending due to COVID-19, will reduce the net floor space required in Casey and result in excessive floorspace allocation.
33. Ultimately such over allocation and projection will impact retailers significantly, most particularly smaller Centres, like Store A, that are already economically unviable.
- 34. It is therefore recommended that the Strategy be reviewed further prior to the Amendment proceeding having regard to:**
  - **the most recent available data, including population growth, turnover data and trading performance at both a municipal and a local scale.**

## Key Matter 2 – Distribution of Activity Centres

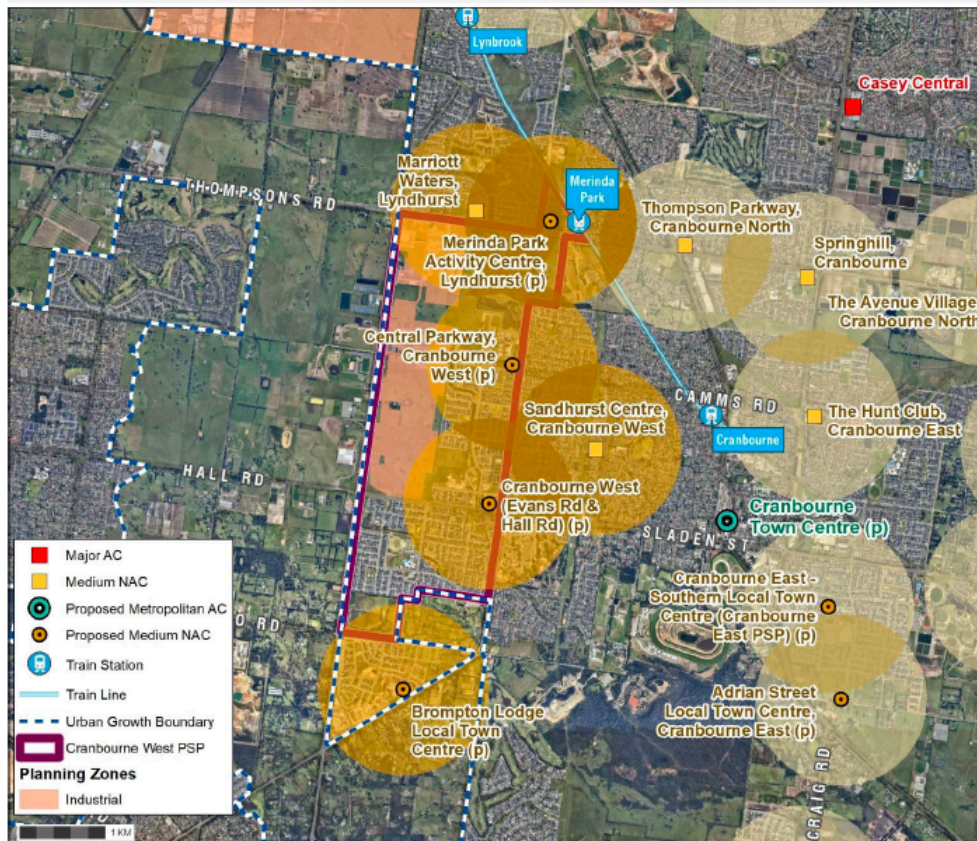
35. The network of Activity Centres that exists and is proposed appears to have been accepted by the Strategy upfront without consideration of their distribution to avoid under or over-supply.
36. Mr Szafranic confirmed in cross examination that his instructions were to only assess the existing retail hierarchy. Further he confirmed no local area analysis was undertaken to determine evolving trends within the network that may influence the Strategy.
37. Urbis advise this is a fundamental flaw of the SGS review. They state at P.6 of their Report *'the consideration of whether there are too few or too many centres designated and the spatial distribution of them to ensure sub-areas don't suffer from either a gap in the centre network, or equally as problematic, a local over-supply'...* *'By not undertaking this fundamental step, subsequent assessment of the Activity Centre network needs of the City of Casey may not result in the optimal distribution of centres'*.
38. Whilst WOW accept that the location of existing Centres is a given and the location of future Centres has been generally 'locked in' by Precinct Structure Planning, it does not prevent the consideration of gaps or over supply in the network based on new data.
39. Almost half of the Activity Centres in the south of the municipality have not yet commenced construction, as such the timing of this review is ideal to ensure the future distribution of Centres is adequate to meet population growth.
40. Urbis have undertaken a review of the Casey Activity Centre network, hierarchy and distribution. They suggest that there is an uneven distribution of centres and an unbalance hierarchical order at present.
41. At P.16 of the Urbis observe that there is a high concentration of Neighbourhood Activity Centres that result in significant overlap, most noticeably in Cranbourne West and Clyde in the South of the municipality. The level of over-provision in the South is estimated to reach up to 18% above the Melbourne average by 2031.



42. They advise that the high concentration of the same type of Centres will likely lead to an over-provision of retail floorspace, with stores trading at very low levels. While a major supermarket may be able to absorb lower trading levels for a period of time while population continues to grow, many of the smaller retailers will fail, resulting in unemployment and other effects.
43. While growth within the municipality might suggest the need for more floorspace, the low trading levels demonstrated at present points to a need to limit the amount of new space to allow current operations to grow to more sustainable levels.
44. Cranbourne West (a case study provided at P.20 of the Urbis report) is one such example where there appears to be significant overlap and proliferation of Medium Neighbourhood Activity Centres.



Immediate 1km Catchment of Centres in Cranbourne West



45. When approved in 2012 the Cranbourne West PSP was finalised without the consideration of the impact of the planned Activity Centres to the north, including the evolving role of the Marriott Waters Activity Centre (outside the PSP area). As a Centre 'aspiring' to 36,000sqm of retail floor space, Urbis' believe that 'if a centre of this scale had been contemplated at the time of writing (the Cranbourne West PSP), undoubtedly the PSP would have reflected a different distribution of centres'.
46. Urbis undertook an analysis of the planned retail and supermarket provision in the Cranbourne West area. In their view 'Should all proposed Medium NACs in and around the broader Cranbourne West area be developed and anchored by a full-line supermarket as per the proposed hierarchy, the area would likely see a significant over-supply of supermarket floorspace relative to the Melbourne average in 2031 (18% above)'. Refer table P.22 of the Urbis report.



## Estimated Provision of Supermarket Floorspace around Cranbourne West

Study Area <sup>1</sup>	Est. Pop. - Council Forecast <sup>2</sup>	Total Supermarkets - SGS Proposal		
		GLA (sq.m)	Floorspace Per 100 Pop	<-Var. from Melb. Avg.
2019	57,300	16,300	28.4	-11%
2031	77,900	29,300	37.6	+18%
Melbourne (Supermarkets > 400 sq.m)			31.9	

1. Includes the suburbs of Lyndhurst, Cranbourne, Cranbourne West, Botanic Ridge and Junction Village.

2. forecast.id population forecasts

Source: ABS; SGS; Urbis

47. Based on this analysis, no proposed Centre in Cranbourne West would have large enough population base (8,000 to 10,000 residents) to support a sustainable retail trade performance. Taking into consideration other local area attributes, the failure of the retail hierarchy will lead to underperformance across all Centres in this area.
48. In response, Urbis suggest the retail hierarchy in Cranbourne West should be amended to avoid significant catchment overlap and / or the role Centres yet to be developed, including Central Parkway, be downgraded in size and role.
49. It is therefore recommended that the Strategy be reviewed further prior to the Amendment proceeding to:
- identify potential gaps within the existing network of Centres and recommend changes to the retail hierarchy where Centres may be clustered too close together or too far apart.

## Key Matter 3 – Activity Centre Definitions and Roles

50. Plan Melbourne Policy 1.2.1 provides that 'Metropolitan activity centres are supported by a network of major and neighbourhood activity centres of varying size, role and function. These can range in size and intensity of use from large shopping centres to small local strip-shopping centres'.
51. Plan Melbourne defines activity centres as 'Metropolitan', 'Major' and 'Neighbourhood'.



52. The existing Casey Activity Centre Strategy breaks down the definitions for 'Neighbourhood Activity Centres' into Large, Medium and Local. The Strategy and Amendment proposes to scrap the Large definition in favour of just Medium and Local, as per the following extract from the draft Strategy:

<b>Medium Neighbourhood; Neighbourhood (Aspiring to Major)</b>	5,000 to 20,000 sqm	<ul style="list-style-type: none"> <li>Provides for day-to-day and weekly retail and service needs at a neighbourhood level</li> <li>Strong focus on supermarkets, with a mix of full-line and small format supermarkets and medium density housing, or high density housing where the centre is Aspiring to Major.</li> <li>A medium focus on specialty retail and hospitality uses</li> <li>Higher focus on retail uses where the centre has been identified as Aspiring to Major.</li> <li>A medium focus on commercial uses</li> <li>Approximately 25 per cent non-retail commercial and community uses floor area for the whole of the centre</li> <li>Most building heights of at least two storeys.</li> </ul>
<b>Local Neighbourhood</b>	Up to 5,000 sqm	<ul style="list-style-type: none"> <li>Provides for day-to-day and weekly retail and service needs at a neighbourhood level</li> <li>Small format supermarket</li> <li>Some specialty retail and hospitality uses</li> <li>Some commercial uses</li> <li>Focus on convenience retailing and medium density residential uses</li> <li>Approximately 25 per cent non-retail commercial and community uses floor area for the whole of the centre.</li> </ul>

53. There is no explanation given in the proposed Strategy or the Amendment for the revised Neighbourhood Activity Centre definitions. Some of the 'Large' Neighbourhood Activity Centres have been now included in the 'Medium' Neighbourhood Activity Centre definition. While the term 'Aspiring to Major' is not a policy position that aligns with Plan Melbourne definitions.
54. WOW principle concern is that the revised definitions create anomalies of Activity Centre classification that will create confusion in implementation. The definition and the broad indicative floor space ranges (5,000sqm to 20,000sqm) do not provide clear guidance for the role Centres and how growth may occur.
55. The example of Marriott Waters (currently 30,370sqm of floor space, proposed 36,000sqm), which was defined as a Large NAC has now been revised to a 'Medium NAC' with 20,000sqm as the maximum provision. Presumably this Centre is not just 'aspiring' but potentially already is a Major NAC?
56. Further the implication of this broad policy position creates the risk of potential over-supply of supermarket floor space which may be to the detriment of viability of future Centres.
- 57. It is therefore recommended that the Strategy be reviewed further prior to the Amendment proceeding having regard to:**
- **The Amendment and Strategy should revise the definition of Medium Neighbourhood Activity Centres to simplify the role and/or review the allocation of supermarket floor space so as to ensure there is not an over-supply; and**



- **The Amendment should remove references to the term ‘aspiration’ as a policy direction.**

## Key Matter 4 – Urban Design Considerations

58. The nature of retail is changing at a rapid rate. The implications of technology and the events of the COVID-19 will continue to have a profound impact on how Activity Centres are designed and function.
59. Convenience remains ever critical. However, safety, security, hygiene, spatial awareness and resilience will all form part of the future emphasis of design. WOW are already designing Centres that incorporate drive through retailing and pick up for online ordering to respond to this new environment.
60. Whilst WOW support the intent of the ‘20-Minute City’, the reliance on foot traffic to support speciality retailers and the ongoing focus on a main street based Centre formats needs to evolve for Centres to remain successful and economically sustainable. With new technology in mind, WOW is planning for floorplates to get smaller and more efficient, with the allocation of speciality retail floor area reduced to remain viable.
61. WOW is concerned that the Strategy is too heavily focused on pedestrian movement and there is little or no emphasis on utilising technological changes in the design of Centres. Moreover, the Strategy continues to ignore that supermarket based centres in greenfield locations heavily rely on vehicle traffic and visible, accessible and conveniently available car parking as a key economic ‘attractor’. This is especially true when locating specialty floor space. Concealing the availability of parking ‘behind the building façade’ does not build belief in convenience or accessibility to support economic viability.
62. Across all WOW centres in metropolitan Melbourne the most successful supermarkets and specialty stores provide ample visible car parking in the front of the Centre. In this regard WOW believe that the Amendment should be more flexible in the approach to car parking design and configuration to assist retail performance. At the very least flexibility should be provided to enable the layouts of Centres to be staged to evolve over time to respond to trends, demand and overall Centre performance.
63. The need for appropriate staging is particularly evident in planning for the incorporation of non-retail uses into Centres. While WOW again support the intent to draw more commercial and community based tenants into Centres, the implication of policy guidance that seeks ‘at least’ two storey centre design in Medium NAC’s, fails to balance early commercial retail development imperatives in greenfield locations before residential catchments are realised.
64. The approach of ‘built it and they will come’ has historically failed when it comes to greenfield retail centres and the notion of building commercial floor space into upper levels of supermarkets upfront in car based Centres (including Medium NAC’s) is risky and not feasible without securing a long term tenant on a competitive market rent prior.



65. Adding further to the cost to built form outcomes through the requirement for flexible 'ceiling height' and business 'growth potential' is not an economically viable outcome.
66. For these reasons WOW do not support the following within Clause 22.01 for the proposed Activity Centres policy:
- Flexible 'ceiling heights';
  - Encourage development to be 'at least two Storeys' within Medium Neighbourhood Activity Centres;
  - Floor area targets for non-retail floor space for proposals over 1,000sqm; and
  - Locating the 'majority of car parking behind the building façade'.

**67. It is therefore recommended that Clause 22.01 – Activity Centres should be amended prior to the Amendment proceeding.**

**Attached at Appendix 2 is a mark-up of the proposed Clause 22.01 with recommended changes.**

**WOW wish to thank the Panel for the opportunity to address the matters contained within this submission.**

Jonathon Fetterplace  
**Director**  
**A Different City Pty Ltd**



## **Appendix 1**

### **Urbis Report – Review of Economic Analysis Informing the Casey Activity Centres Strategy (June 2020)**



# CITY OF CASEY PLANNING SCHEME AMENDMENT C258

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Review of Economic Analysis Informing the  
Casey Activity Centres Strategy

Prepared for Woolworths  
June 2020

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# INTRODUCTION

The purpose of this report is to review the methodology employed by SGS in preparing the background document (2017) that has informed the draft *City of Casey Activity Centres Strategy* (the Strategy), providing commentary as the issues identified and potential implications.

The focus of assessment is the provisioning for supermarkets given the business of our client, Woolworths, however, the issues raised will impact other retailers and centres in Casey.

We recognize the need to undertake a detailed periodic review of the Activity Centre network for the City to ensure optimal outcomes for residents. The work undertaken by SGS is therefore valuable and in general, we agree with the intent:

- There is a need for a strong and clear retail hierarchy.
- There is a need to diversify the range of jobs and economic activity in centres.
- There is a need for access to vibrant activity centres (i.e. well-performing) serving both daily needs and higher order shopping.
- The optimal centre rollout should not be considered as highly prescriptive, although noting there is a need to manage the rollout of some facilities such as supermarkets to ensure an appropriate provision.

However, there are some issues identified in this report that impact on the distribution of centres and floorspace in the Strategy.

These issues are explained in more detail in this report, but include not undertaking a detailed audit or review of the existing operation or performance of centres; using a fixed list of centres rather than identifying gaps or over-provision; outdated data to inform assumptions and grouping centres under the hierarchy that should serve very different roles.

While none of these elements in isolation should impact the ability to deliver a well-considered Activity Centres Strategy, in combination the implications are more significant. The need for new space appears to be overstated, existing centres are not allowed to grow effectively into their role and too many similar centres are clustered together in parts of the municipality. This will lead to continued under-performance of centres in the City of Casey.

# KEY FINDINGS

The key findings identified through this analysis of the Casey Activity Centres Strategy and the SGS report that informed it are as follows:

The SGS methodology, while generally an accepted approach to Activity Centre planning, a number of issues have been identified that impact the results of the proposed centres hierarchy:

- **Accept location/role of centres as given** - The network of centres that exists or is proposed currently has been accepted without considering if the number of centres and their distribution is appropriate to avoid under or over supply of activity centre facilities. Potential gaps in the network of centres are not identified, while examples of centres clustered close together have not been addressed by recommending removal or material change in the role of proposed centres.
- **Current performance not considered** - By assuming the network is in equilibrium and trading at “average” levels, all future growth in retail spending generated is assumed to support additional floorspace. However, as the current centre network is experiencing wide-spread underperformance, the spare capacity of retail space will need to be fully utilised before additional supply could be supported. Future floorspace growth in new and existing centres needs to be reduced or delayed.
- **Outdated data impacts assumptions** – Key examples of out of date data identified each appear to reduce the need for new centres and floorspace, particularly in the smaller neighbour centres and also in light of the underperformance of Casey retailers:
  - Lower population forecasts due to reduced immigration will decrease the retail floorspace requirement across Casey.
  - Retail spending reduced by COVID-19 impacts will also decrease the net floorspace requirement.
  - Overstated retail turnover density (RTD) estimates lead to excessive floorspace allocation to smaller centres in the network.
- **Gravity Model doesn’t reflect reality** –The SGS Model, with the only variables being floorspace and travel time, cannot produce a nuanced allocation of centres need that is critical in establishing a robust Strategy. It will never be able to replicate the way people shop and visit activity centres in the real world and will only result in a distribution of floorspace that reflects the inputs.

- **Broad definition of a Medium NAC resulting in too many similar centres**
  - The proposed hierarchy adopted in the Casey Activity Centres Strategy has a very broad definition of Medium NAC resulting in very different centres being classified the same way. Each is indicated as supporting a full-line supermarket and will be interpreted as such regardless of the intent. This has the potential to result in an over-supply of supermarket space and in turn, underperforming centres.

Our analysis indicates that while there is currently an appropriate level of supermarket floorspace across the municipality, there is an **over supply in the growth areas to the south**. This is expected to grow based on the allocation of new space under the Strategy. This has the potential to exacerbate the existing under performance of supermarkets (and in turn centres). Further clustering of centres and stores without sufficient population to support them will lead to further network failures.

Cranbourne West is an example where the over-allocation of Medium NACs (each capable of supporting a full-line supermarket) appears likely to result in extensive overlap of centre catchments, resulting in the **failure of some centres and underperformance of all**.

There is a need to reconsider either the location or the hierarchical order of new centres across the municipality to avoid significant overlap of catchment and ensure longer term centre viability, in particular where there are obvious constraints on the ability of the local market to support additional space, such as Cranbourne West.

**We would recommend that the number of smaller centres anticipated to support a supermarket (primarily Medium NACs) be reduced from the levels proposed in the Casey Activity Centres Strategy. This will allow other centres to grow to more sustainable size and performance, ultimately serving the community better.**

# SGS METHODOLOGY: KEY ISSUES IDENTIFIED

## Key findings

1. **Status Quo Distribution of Centres Accepted without review:** Potential gaps in the network of centres not identified, while examples of centres clustered close together have not been addressed.
2. **No Assessment of the Performance of Current Centres:** Widespread underperformance hence spare capacity of centres not recognised.
3. **Limited & dated evidence leads to inaccurate estimate of floorspace need:** Overstated turnover results in higher floorspace requirement outcome.
4. **Gravity Model Can't Reflect the Real World:** The SGS Gravity Model has had no reference to actual turnover, while the centre locations are fixed. It cannot produce a nuanced allocation of centres need that is critical in establishing a robust Strategy.
5. **Medium NAC Classification too Broad:** There are too many centres grouped into this broad category, all of which are indicated to include at least a full-line supermarket. This has the potential to result in an over-supply of supermarket space.

# ISSUE 1: STATUS QUO DISTRIBUTION OF CENTRES ACCEPTED WITHOUT REVIEW

## The Issue

A critical element in reviewing the appropriate network of activity centres in any location is to ensure the number, distribution and scale of centres is optimal. This includes consideration of whether there are too few or too many centres designated and the spatial distribution of them to ensure sub-areas don't suffer from either a gap in the centre network, or equally as problematic, a local over-supply.

However, it appears that **SGS have simply accepted the network of centres that exists or is proposed currently, without considering if the number of centres and their distribution is appropriate to avoid under or over supply of activity centre facilities.**

We acknowledge that this acceptance of the existing and proposed centres as the appropriate starting point may be the result of the brief SGS were charged with or budgetary constraints. However, by not undertaking this fundamental step, subsequent assessment of the Activity Centre network needs of the City of Casey may not result in the optimal distribution of centre.

It is recognised that a future Activity Centres network will always need to take as given the location of existing centres. Nonetheless, that does not prevent consideration of whether there are gaps that need to be addressed, even in established areas.

In the City of Casey though, almost half of the centres that will make up the future network are in the growth areas to the south of the municipality and have not commenced construction. There is an opportunity to review if the proposed future distribution of centres is ideal.

## Implication of this Issue:

Potential gaps in the network of centres are not identified, while examples of centres clustered close together have not been addressed by recommending removal or material change in the role of proposed centres.

## The PSP process doesn't consider broader network needs

It could be argued that the Precinct Structure Plan process determines the appropriate location of centres. However, PSPs focus primarily on meeting the need for retail and commercial space from residents of that PSP area only. There is limited consideration of the effects a centre distribution will have on areas outside the PSP or the broader network.

As such, the **PSP process might consider optimal outcomes at a local level, but it does not address well the ideal distribution of centres for the municipality as a whole.** Examples of where the process has resulted in excessive clusters of centres in Casey are clear in the maps on the following pages.

The retail provision proposed in PSPs can also be out of date and need reconsideration. For example, the Cranbourne West PSP was finalised in 2012 proposing a Large Neighbourhood Activity Centre (NAC) and four small NACs. However, the PSP did not consider at all the large centre at Marriott Waters that has subsequently been developed immediately opposite Cranbourne West to the north. If a centre of this scale had been contemplated at the time of writing, undoubtedly the PSP would have reflected a different distribution of centres.

The Cranbourne West PSP is considered further as a case study later in this report. There are other examples across the municipality where situations change and previous centre distribution needs to be reconsidered. Mr. Szafraniec in his witness statement (May 2020) mentions the impact approval of a 13,000 sq.m centre in the Minta Farm PSP, which was not known of at the time of the original SGS report, may have on nearby centres.

Other changes also need to be considered too. For example, the density of residential development that was assumed when a PSP was released may not be delivered over time, impacting the ability to support centres close together.

**Although PSPs can consider appropriate centre distribution at a point in time, things change to the extent that a municipal-wide centre strategy should reconsider the distribution of centres.**

# ISSUE 2: NO ASSESSMENT OF THE PERFORMANCE OF CURRENT CENTRES

## The Issue

**The SGS report does not present any analysis of the actual performance of retail centres within the municipality.**

SGS's modelling supposedly considers the current turnover levels of retail facilities in Casey. However, this has not been informed by any research into how centres or individual retailers in Casey are currently trading.

Rather, it is implied that all centres are trading at industry average levels. As shown at Table 16 of the SGS report, existing floorspace by category is multiplied by an assumed "Retail Trading Density" or RTD to arrive at estimated current turnover levels. The RTDs used are based on national benchmarks which are incidentally significantly out of date and undermine the validity of the analysis (considered separately in Issue 3 below).

Mr. Szafraniec briefly addressed this criticism in his witness statement in response to Submitter 13:

*Whilst data on the current performance of specific centres and sites can be useful to cross-check assumptions and ratios, they are not a substitute for the methods that SGS has used to forecast retail spending and broader employment requirements across the entire Casey network over the next 20 years. The current underperformance of individual centres and sites are a snapshot of existing market trends and these trends fluctuate over time. For this reason, current levels of performance are not in and of themselves sufficiently informative of future growth patterns.*

*Amendment C258: Expert Evidence of Julian Szafraniec, May 28, 2020*

Firstly, we strongly disagree with the contention that that methods that SGS has used cannot be substituted by current performance data. Actual data is always superior to assumption.

Secondly, this statement demonstrates a misunderstanding of the extent to which inaccurate assessment of the current performance of retailers in Casey can impact on the operation of a sustainable activity centre network. If existing centres are in fact underperforming relative to the average used by SGS (analysis over following pages suggests this could be the case), then future floorspace growth allowances will be overstated. This is explained further in the implication box to the right.

## Implication of this Issue:

By assuming the network is in equilibrium and trading at "average" levels, all future growth in retail spending generated is assumed to support additional floorspace. However, if the current centre network is experiencing wide-spread underperformance, the spare capacity of retail space will need to be fully utilised before additional supply could be supported. Future floorspace growth in new and existing centres needs to be reduced or delayed. SGS have not allowed for this.

## Potential Oversupply Ignored

Using supermarkets as an example, the table below shows using figures derived directly from the SGS report that the provision of floorspace is currently above benchmark provisions. Using SGS estimates of population growth and supportable supermarket space, it is clear that their modelling will result in a growing over supply of supermarket space in Casey. Over supply of space corresponds with below average trading performance, suggesting the challenges currently faced by retailers in Casey will only be exacerbated by an excessive future floorspace allowance. This is considered further in Issue 5.

Total Supermarkets - SGS Proposal				
City of Casey	Est. Pop. - SGS	GLA (sq.m)	Floorspace Per 100 Pop	<--Var. from Melb. Avg.
2016	297,040	99,150	33.4	+5%
2021	334,670	116,860	34.9	+9%
2026	376,440	136,640	36.3	+14%
2031	419,910	156,390	37.2	+17%
Melbourne (Supermarkets > 400 sq.m)			31.9	

Source: SGS Economics and Planning

# ISSUE 2: NO ASSESSMENT OF THE PERFORMANCE OF CURRENT CENTRES

## Casey Supermarkets Trading Performance

If the majority of retailers in an area are consistently trading at below benchmark level, chances are there is still room to grow to reach a sustainable trading level before new space will be needed.

The charts adjacent present information provided by our client Woolworths and supplemented by our knowledge and estimates of the trading performance (sales per sq.m or RTD as used by SGS) of the full-line supermarkets (i.e. those over 3,000 sq.m) in Casey. These are then compared to the national average for full-line supermarkets (dotted line).

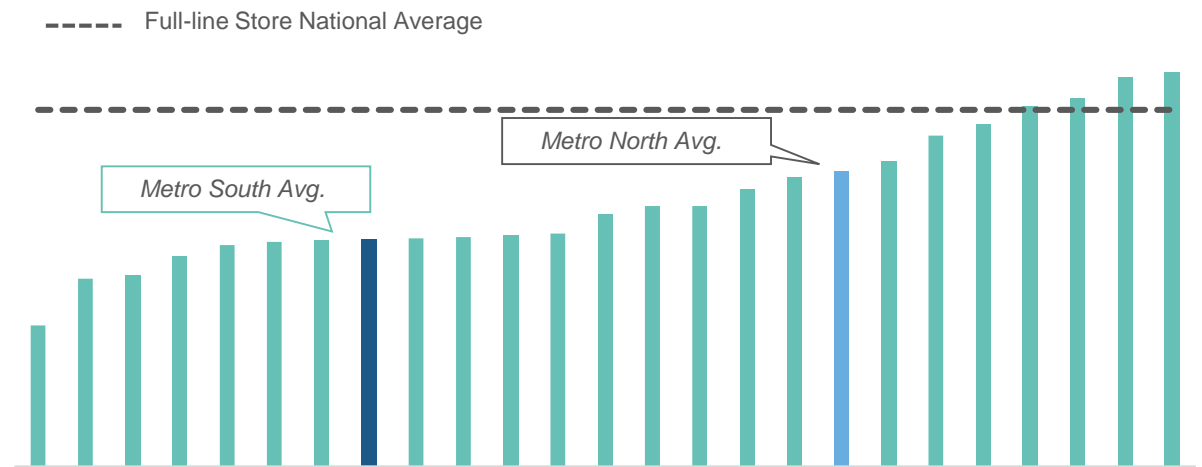
**Only 4 of the 23 existing supermarkets within the municipality are estimated to be trading at or above the national benchmark** for full-line stores on a turnover per sq.m basis. This is not just a couple of new stores taking time to reach an established trading level. Supermarkets in Casey are almost across the board trading at low levels, some less than average the national average.

We have also looked at the trading performance of stores in the north and south of Casey (i.e. areas of Casey within the Urban Growth Boundary), using the Metro North and South areas <sup>1</sup>. While stores in the north trade 17% below average, centres in the growth areas of the south trade at significantly well below benchmark level generally (36% below average), reflective of the relative overprovision of centres and floorspace.

While this information only relates to supermarkets, as the key anchor retailer in most of Casey's centres, if the supermarket trades poorly, undoubtedly other retailers in centres will be struggling.

**Simply adding new space to an area without considering the performance of current centres will only exacerbate the over-supply issue, resulting in more underperforming centres. This is why it is critical that SGS did not consider current performance before distributing future growth into new floorspace.**

## RTD of Full-line Stores: Metro North & South vs. National Avg. (\$/sq.m, FY2019)



## RTD of Full-line Stores: Variation from National Average (% , FY2019)



1. Metro North is defined to include SA2s of Endeavour Hills-North/South, Doveton, Hallam, Narre Warren-South West, Narre Warren-North East, Narre Warren North/North East, Narre Warren South (East), Narre Warren South(West), Berwick-North/South, Hampton Park-Lynbrook and Lynbrook-Lyndhurst. Metro South is the remainder of Casey within the Urban Growth Boundary, including SA2s of Cranbourne North, Cranbourne West, Cranbourne & Cranbourne East.  
Source: Woolworths, Urbis Proprietary Database, Urbis Shopping Centre Benchmarks 2019 (national average)

# ISSUE 2: NO ASSESSMENT OF THE PERFORMANCE OF CURRENT CENTRES

## Woolworths Store Performance

Indeed, data provided by Woolworths indicates almost all of its existing stores are trading at well below benchmark levels. This is illustrated in the chart adjacent.

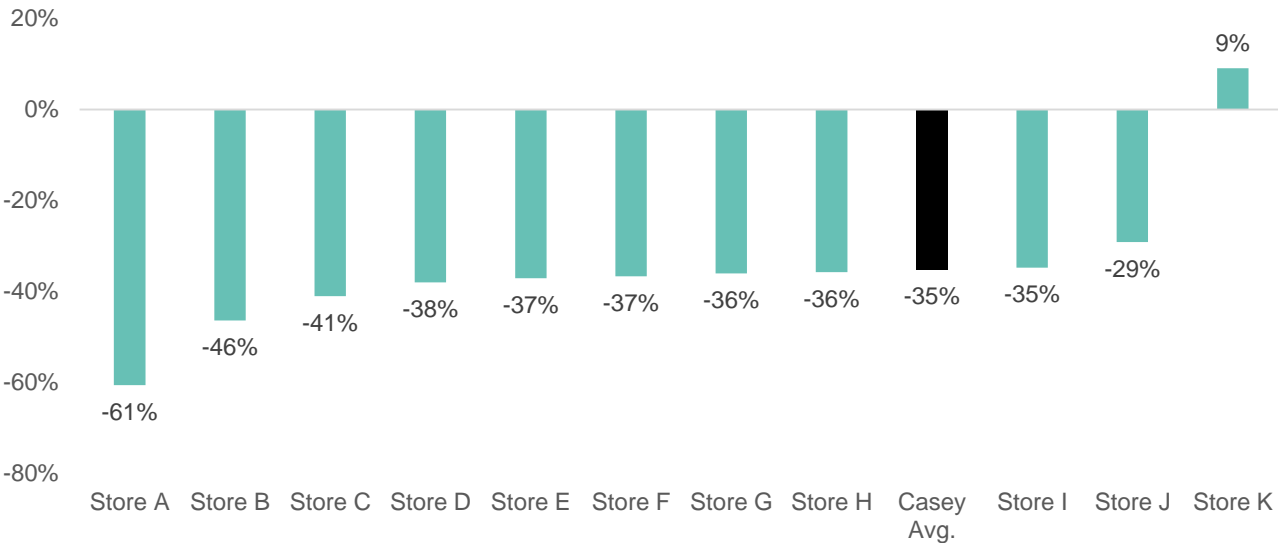
Existing Woolworths stores across the municipality significantly underperform. Average trading level on a turnover per sq.m basis is currently 35% below the national average for full-line stores.

Most of the new stores opened by Woolworths in Casey are performing well below both their internal sales targets and the ultimate capacity of each store (bottom chart).

However, it is not only new stores that trade at the lower end of the range either. Established locations are among those that trade at very low levels per sq.m.

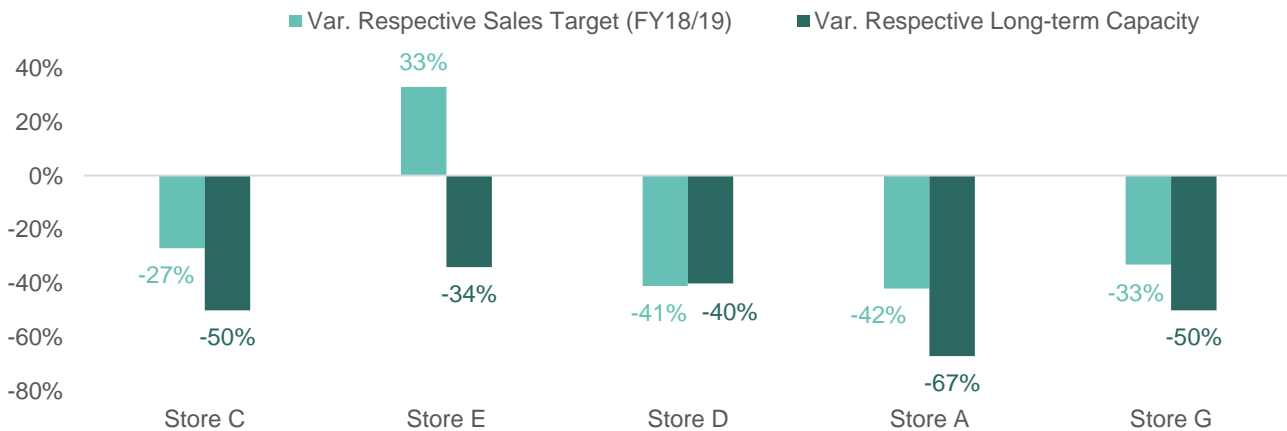
Given Woolworths trade successfully on a national basis, this is not reflective of underperformance of the retailer. It indicates the challenges retailers in general face in Casey.

## Average Trading Level of Woolworths Stores: Var. National Avg. (% , FY2018/19)



Source: Woolworths; Urbis Shopping Centre Benchmarks 2019

## Performance of Selected Stores: Var. Sales Target vs. Capacity (% , FY2018/19)



Source: Woolworths; Urbis

# ISSUE 3: LIMITED & DATED EVIDENCE LEADS TO INACCURATE ESTIMATE OF FLOORSPACE NEED

## The Issue

**Some of the key data used in the 2017 SGS report is now long-outdated and is inappropriate to use to estimate the future activity centre, employment and retail floorspace needs of the City of Casey.**

In some aspects, there should be no blame placed on SGS for the information they have used. Their report was prepared and released in 2017 and therefore for the most part used the best information available to them at the time. Nonetheless, significant shifts in the interim period can impact on the validity of the Casey Activity Centres Strategy being based on 5-10 year old data.

In other areas though, SGS used data that even at the time was well out of date and not appropriate to use to determine estimates of future centre floorspace need. This is discussed further below under 'Retail Turnover Density'.

## Impact of COVID-19 on Population & Retail Spending

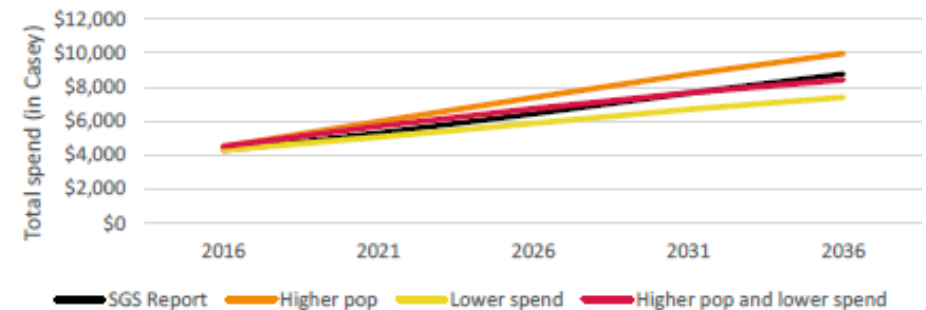
Appropriately, in his witness statement, Mr Szafraniec has addressed the potential impacts of COVID-19 and recent observations of population growth on the previous assessment undertaken by SGS. Two key impacts are identified for the purposes of the sensitivity analysis shown in Figure 4 which is shown to the top right:

- Stronger population growth observed in Casey in recent years has resulted in the official state forecasts (VIF2019) and the Council forecasts (id March 2019), being revised upwards from the 2015 forecasts used by SGS to inform the Activity Centres Strategy.
- Real expenditure growth per capita could potentially be lower due to uncertainty in the retail market (which incidentally existed pre-COVID) and impacts on the economy and in terms retail spending due to a COVID-19 economic downturn.

Mr Szafraniec concludes in his statement that the higher population growth would imply greater expenditure, offsetting the effects of lower per capita spending capacity, resulting in a combined sensitivity (the red line) that is essentially in line with the original SGS estimate of retail expenditure. This is referenced to imply despite the changes since the time of writing, the 2017 estimates are broadly appropriate.

## Sensitivity Analysis on Retail Expenditure (SGS)

FIGURE 4 RETAIL EXPENDITURE SENSITIVITY RESULTS



Source: SGS Economics and Planning, 2020

However, Mr Szafraniec has not included a major likely impact of COVID-19 in his sensitivity analysis – the fact that reduced immigration is likely to have short and long term effects on population growth. Mr Szafraniec did identify this possibility though:

*A deep recession and slow recovery are likely to impact national migration rates, there could be up to 1 million less people in Victoria by 2046. Slower population growth would impact a rapidly growing location such as Casey, delaying residential development and in turn delaying demand for population services such as retail, health education (sic).*

*Amendment C258: Expert Evidence of Julian Szafraniec, May 28, 2020, Pg. 22*

The 2019 state and local government forecasts of population growth in Casey are now out of date and in need of revision. Urbis estimate COVID-19 may reduce Casey's population from what it would have been by around 8,800 people or -2.1% over the next 5 years. If this was considered in the sensitivity analysis, the population growth expectation may in fact be back closer to the 2015 estimates used originally by SGS. Therefore that would not offset the lower spend forecast.

**In total, it is likely retail expenditure will follow more closely the yellow line in the SGS sensitivity, meaning by 2036, spending capacity might be around 15%-20% lower by 2036. This will be reflected in less need for retail and centre floorspace.**

# ISSUE 3: LIMITED & DATED EVIDENCE LEADS TO INACCURATE ESTIMATE OF FLOORSPACE NEED

## Use of Outdated Retail Turnover Estimates

While some of the data that now needs updating was not able to be foreseen by SGS, **the estimates of Retail Turnover Density were years out of date even at the time of writing the 2017 report.**

As discussed at page 62 of the 2017 SGS report, they sourced data from the Urbis Retail Averages from 2010. The Retail Averages, now known as the Urbis Shopping Centre Benchmarks, is an annual publication that provides the most comprehensive and detailed information relating to the size, turnover and rents of Australian shopping centres. The 2019 edition included data from over 500 shopping centres across the country.

Use of this information is appropriate for providing guidance as to the average performance of retail centres and sub-categories within them. However, retail trends evolve quickly and our experience with producing this report for more than 25 years now shows that centres don't grow in a straight line.

**At the time of SGS writing their report, there had been 7 additional releases of the annual Retail Averages. There have now been a further 2.**

The 2010 Averages were not the best information available at the time, and their use has the potential to result in vastly inaccurate estimates of the current performance of centres in general, putting aside the fact that centres in Casey are not performing to average levels as discussed earlier.

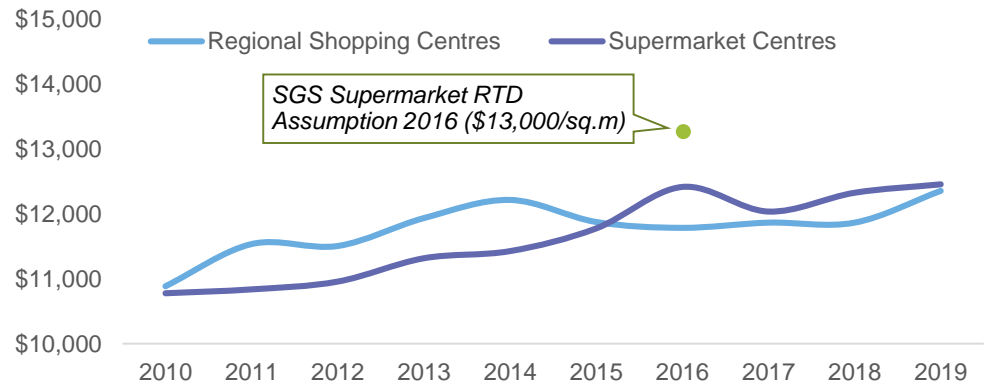
SGS applied the RTD estimates based on 2010 data in two ways.

Firstly, they use the RTD multiplied by a centre's floorspace to estimate centre turnover which is then a factor determining the attractiveness of each centre in the gravity model. **If the RTD estimate is too high for a centre type, it will inflate the attractiveness of the centre and result in too much future floorspace** being allocated to it. The reverse is also possible.

Secondly, the RTD is divided into future expenditure estimates for Casey to determine how much floorspace will be required across the network. **If the RTD is too high, the floorspace need for the network overall will be less than necessary, and if too low, too much space will be allowed for.**

The chart to the right shows the Urbis Shopping Centre Benchmarks turnover per sq.m (RTD) for supermarkets in larger regional centres and smaller supermarket-based centres from 2010 to 2019 compared against the 2016 estimate SGS have used. This highlights they have overstated the turnover.

## Urbis Shopping Centre Benchmarks - Supermarket Turnover \$ Per Sq.m, 2010-2019



Source: Urbis Shopping Centre Benchmarks 2010-2019

Critically, by applying a consistent RTD across all centre types as SGS has done, they have **overstated the appeal and therefore attractiveness of smaller centres in particular.** That approach therefore leads to too much of the floorspace demand being allocated to smaller neighbourhood centres in the Casey Activity Centres network, and too little to larger centres.

## Implication of this Issue:

Underlying assumptions being out of date can impact the analysis in a variety of ways but all ultimately impact on the accuracy of the future estimate of floorspace need. The key changes identified here each appear to reduce the need for new centres and floorspace, particularly in the smaller neighbour centres and also in light of the underperformance of Casey retailers:

- Lower population forecasts due to reduced immigration will decrease the retail floorspace requirement across Casey.
- Retail spending reduced by COVID-19 impacts will also decrease the net floorspace requirement.
- Overstated RTD estimates lead to excessive floorspace allocation to smaller centres in the network.

# ISSUE 4: GRAVITY MODEL CAN'T REFLECT THE REAL WORLD

## The Issue

Gravity models can be useful tools in the high-level assessment of the distribution of retail and centre floorspace in an area. With sufficient and accurate inputs, they can assist by modelling how people will choose to use respective centres and therefore inform which centres need to be allocated more floorspace. Use of centres is influenced by their “attractiveness”

**However, the highly simplified approach used in the SGS Gravity Model will never be able to replicate the way people shop and visit activity centres in the real world.**

## The SGS Gravity Model

SGS describe their Gravity Model approach as follows:

$$\text{Propensity to shop at a centre} = \frac{\text{“Attractiveness” of centre} \times \text{Floorspace of shopping centre}}{\text{Travel time to the shopping centre}^n}$$

*This formula essentially means you are more likely to go to more ‘attractive’ and larger centres and less likely to go to centres that are further away.*

*The ‘attractiveness’ of a shopping centre is a value that represents external attributes such as the centre’s appearance or design layout. Unlike other gravitational models, the SGS model does not attempt to measure the effects of design layout or product mix explicitly. Instead, it uses the shopping centre’s **current turnover and the distribution of current demand** as a basis to find the current ‘attractiveness’ value. This current attractiveness value is then used to forecast how the shopping centre will perform in the future given changes to floorspace (in either that centre or surrounding ones) and demand.*

*Source: Casey Activity Centres: Retail and Other Employment Floorspace Assessment, SGS Economics & Planning, pg. 73. Emphasis added.*

With reference to the fact SGS state the only attractiveness measure they use is a centre’s current turnover, it must be noted, as discussed on the previous page, **SGS have adopted the same turnover per sq.m estimates for all centres in Casey. By not considering the actual turnover of centres, they have in effect assumed the attractiveness of each centre is the same.** The only factors impacting the propensity to shop are therefore the floorspace of the centre and the travel time to the shopping centre.

## Real Attractiveness Ignored

There is so much more to a person’s decision to visit a centre than simply the size of the centre and how far away it is. You only have to think about where and why you shop at certain centres to understand this. The true attractiveness of a centre can be influenced by a myriad of other factors, including but not limited to:

- The quality of the centre’s shopping environment and ambience;
- The presence of particular stores;
- Convenience of the centre layout and car parking arrangements;
- Co-location with activities other than shopping;
- Proximity to work or other locations people might visit through a week;
- Opening hours;
- The sense of affiliation a person has to a centre.

These are the sorts of reasons people will drive past seemingly otherwise identical centres. **Without accurately considering all factors that go into making up the attractiveness of a centre, a gravity model can never appropriately allocate shopper demand to individual centres.**

## Optimal Rollout Doesn’t Reflect Development Reality

The optimal rollout approach of SGS, which distributes the floorspace demand to centres in 5-year blocks, does not reflect how centres are staged. While we recognise this is not intended to contain centres to only develop the calculated demand that exists at a point in time, it is open to this interpretation.

Centres don’t continually develop floorspace. They need to develop in larger stages to ensure feasible delivery. For example, that might mean a supermarket centre only develops in a single stage, potentially prior to the time the Optimal Rollout suggests they should. If multiple centres in an area are allowed to do this, there is a risk of over supply for a period, impacting centre performance.

## Implication of this Issue:

The SGS Model, with the only variables being floorspace and travel time, cannot produce a nuanced allocation of centres need that is critical in establishing a robust Strategy. They have had no reference to actual turnover, the centre locations are fixed for them, and they did not even visit centres as part of their engagement.

# ISSUE 5: MEDIUM NAC CLASSIFICATION TOO BROAD

## The Issue

The recommended Activity Centre Hierarchy in the SGS assessment included the following centre types:

- Metropolitan Activity Centre
- Major Activity Centre
- Neighbourhood Activity Centre (Medium)
- Neighbourhood Activity Centre (Local)
- Health and Education Precinct
- Restricted Retail Precinct.

This represents a change from the previous hierarchy that included Large Neighbourhood Activity Centres (NACs). Some of the Large NACs have been reclassified as Medium NACs.

**The concern with this proposed hierarchy, subsequently adopted by Council in the Casey Activity Centres Strategy, is the very broad definition of Medium NAC and the key functions that are implied for all centres with that classification.**

A Medium NAC has an indicative floorspace range of anywhere from 5,000 sq.m to 20,000 sq.m. There are therefore very different centres in the same classification. Under key functions of each centre, shown in Table 28 of the SGS report, supermarkets are identified as a strong focus for all Medium NACs. It is suggested they will each include 1-2 full-line supermarkets and 1+ small format supermarkets.

The size of centre will obviously determine the number of stores, but this table seems to **imply a Medium NAC will include a full-line supermarket as a minimum**. Even if this is not the case, without further explanation or preferably distinction of centres, no doubt relevant authority representatives will in future interpret this table in that way.

## Examples of Centre Classification Anomalies

While we recognise some centres may be classified as a Medium NAC due to the non-retail employment role they might play, there are a number of cases of centres classified as Medium NACs that were either not originally envisioned to support a larger supermarket, nor capable of supporting this role. within a local retail network and should never be treated the same way.

As discussed further later in this report, the Cranbourne West PSP provides some examples of the lack of distinction the Medium NAC classification creates.

The centre referred to in the Activity Centres Strategy as Merinda Park was identified in the PSP as a “Business Activity Centre – Small NAC” with only 500 sq.m of indicative shop floorspace. A second centre, Central Parkway (cnr Evans Rd) was nominated as a “Small NAC” supporting small format supermarkets only. The centre on the corner of Hall and Evans Road was nominated as a Large NAC with an indicative 8,000 sq.m of shop space including 2 supermarkets. Just outside the PSP, Marriott Waters was previously classified as a Large NAC under the previous hierarchy.

However, all four centres are now classified as Medium NACs under the proposed Activity Centre network. All are therefore indicated as potentially supporting full-line supermarkets, despite them being intended to serve very different roles. The optimal rollout in the SGS report shows the four centres varying in size in 2036 from less than 3,000 sq.m (Merinda Park) to over 30,000 sq.m (Marriott Waters).

### Implication of this Issue:

The risk of the broad Medium NAC classification is that there are too many centres grouped into this broad category, all of which are indicated to include at least a full-line supermarket. This has the potential to result in an over-supply of supermarket space.

# IMPLICATIONS OF THE PROPOSED ACTIVITY CENTRE NETWORK

## Key findings

1. **Total Floorspace Broadly Appropriate:** Overall, the provision of supermarket floorspace in the City of Casey is currently marginally below the Melbourne benchmark.
2. **Existing Oversupply in the South:** The over supply of supermarket floorspace in the south of the municipality has the potential to exacerbate the existing underperformance of supermarkets (and in turn centres).
3. **Most New Supply likely in the South & Increased Over-supply:** Around 86% of such space would likely be allocated to future centres in the

south, which would potentially lead to continued underperformance and high vacancy of centres in Casey's growth area south of the municipality.

4. **No. of Smaller Centres with Supermarket Should be Reduced:** This will allow other centres to grow to more sustainable size and performance, ultimately serving the community better.

# CITY OF CASEY ACTIVITY CENTRE HIERARCHY – CURRENT CENTRES

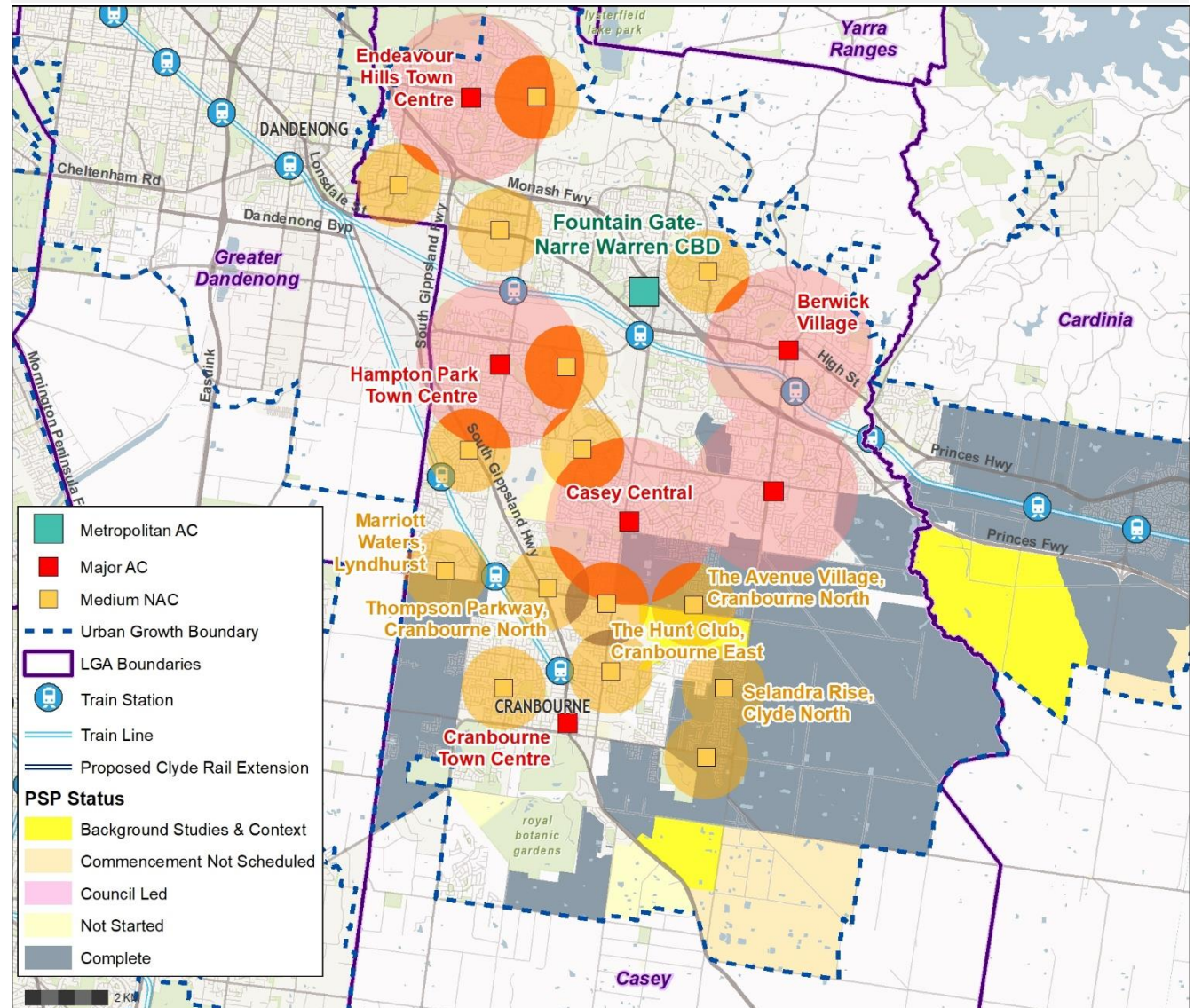
## Overview

This section presents an overview of the SGS proposed activity centre hierarchy for the City of Casey, demonstrating the likely outcome and its implications should the plan be implemented in time.

The adjacent map shows the key existing activity centres within the municipality, with the circles around Major ACs and Medium NACs being the indicative immediate catchment (i.e. 1km radius for Medium NACs and 2km radius for Major ACs). Of note:

- Within the municipality, there is an obvious division in the distribution and hierarchical order of centres between the more established areas in the north and the new growth suburbs in the south.
- Reflective of the traditional car-oriented approach to activity centre planning, centres in the northern part of Casey are generally more dispersed, allowing each to have a wider catchment. There is also very little overlap in immediate catchment between centres of the same order. Even newer centres such as Eden Rise and Casey Central have been allowed to grow without a proliferation of smaller centres surrounding, resulting in stronger and more sustainable centres.
- In comparison, the new thinking seen through the PSP process emphasises pedestrian accessibility has led to the emergence of a denser network of lower order centres. There are more centres closer together with catchments overlapping. As shown over the next page, this is more obvious in future proposed centres across the new Precinct Structure Plan (PSP) areas in the southern portion of Casey.

## Key Existing Activity Centres within Casey



# CITY OF CASEY ACTIVITY CENTRE HIERARCHY – FUTURE NETWORK

## Key Insights

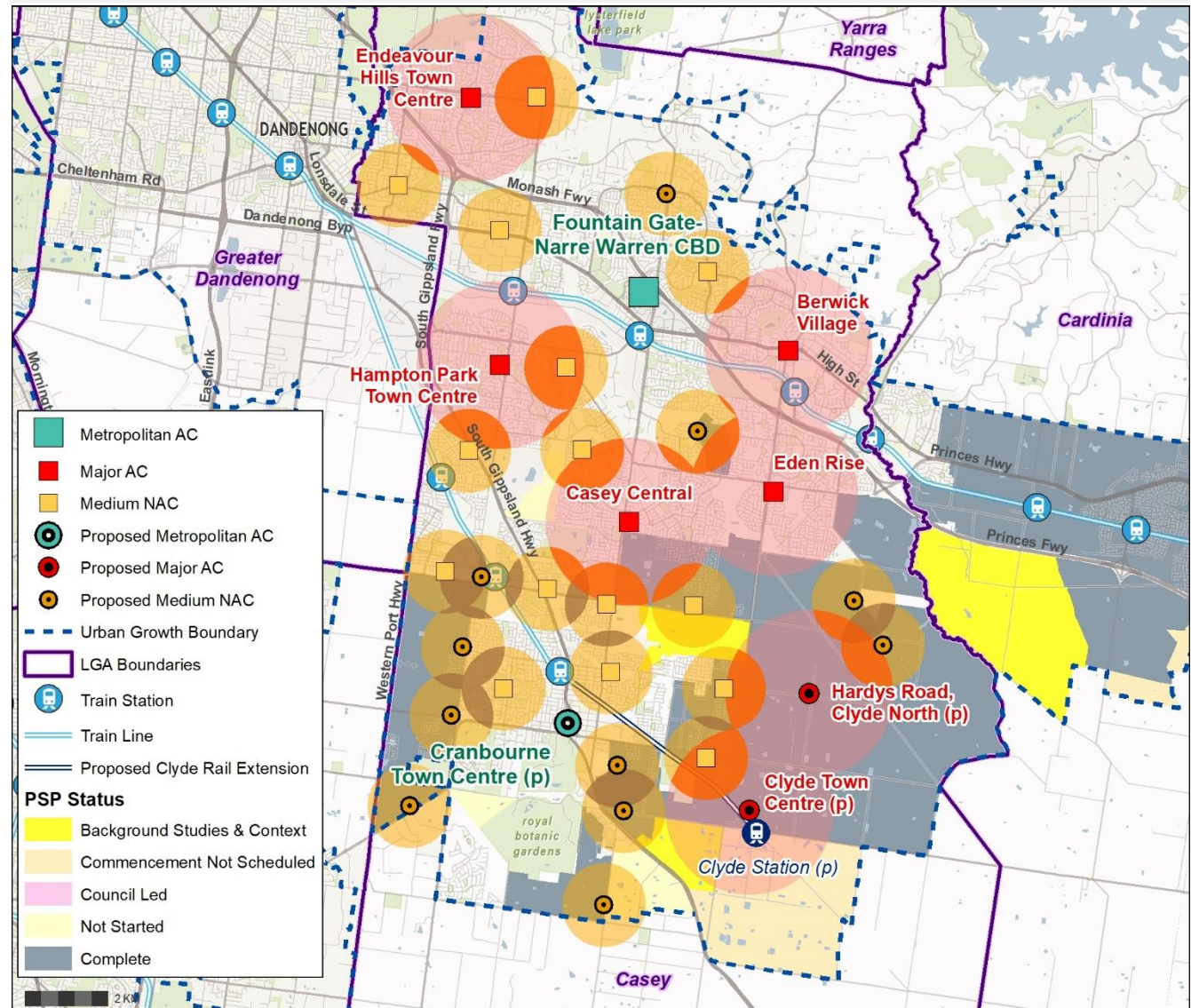
As shown in the adjacent map, the activity centre hierarchy proposed by SGS is characterised by an uneven distribution of centres and a lack of hierarchical order.

The proposed hierarchy will see the development of a dense network of neighbourhood activity centres around Cranbourne West, Cranbourne, Cranbourne East and part of Clyde/Clyde North, resulting in significant overlap of catchment between centres. This is most noticeable in Cranbourne West and Clyde. The implications are summarised briefly below.

- A high concentration of the same centre types in close proximity has the potential to lead to an over-provision of retail floorspace, particularly in the neighbourhood centre space. This will result in centres and stores trading at low levels, with high levels of vacancy.
- While local population may be growing rapidly, with multiple centres close together, in the initial stages after development, lower trading levels are unsustainable. While a chain supermarket might be able to absorb a period of low trade, many smaller retailers will fail.
- There is a likelihood of premature centre delivery if centres try to become an early mover into a new market ahead of other competitors, usually before the required resident population is in place.

These sorts of outcomes are not consistent with optimal centre hierarchy planning.

## SGS Proposed Casey Activity Centre Hierarchy



# PROVISION OF SUPERMARKET FLOORSPACE IN CASEY

## Methodology

To demonstrate the extent to which the Casey Activity Centre Strategy could lead to an over-supply of centre floorspace, the table adjacent present a high level assessment of supermarket provision across Casey, now and over the next decade to 2031.

Historical and current population is based on ABS stats, whereas two scenarios of future population in 2031 are presented:

- Scenario 1 – forecast population growth adjusted to factor in the COVID impact on migration and the likely delay in growth in greenfield market (i.e. south of Casey). This is considered the more likely scenario.
- Scenario 2 – Council resident population estimate sourced from *forecast.id* to show what would potentially be achieved in the absence of the pandemic.

Information on existing supermarket is sourced from Urbis' proprietary databases, whereas future floorspace increase is derived from the SGS report (estimated increase in Table 23 at around 57,000 sq.m to 2031). Whilst the SGS report only suggests the total additional floorspace over the forecast period, we have attempted to split and allocate this space to individual centres in Casey based on their proposed scale and classification. Each centre is then allocated into the Casey Metro North and Metro South areas as defined by the SA2s detailed to the right. There is a small balance of population in the rural areas of the municipality.

Interestingly, whilst SGS has estimated demand for additional employment space for each existing and future centre within Casey over different time periods, it appears almost all of the new supermarket space will be directed to new centres, primarily in the south.

Key insights are summarised overleaf.

## Provision of Supermarket Floorspace in Casey

		Total Supermarkets - Existing		
2019	Est. Population	GLA (sq.m)	Floorspace Per 100 Pop	<--Var. from Melb. Avg.
Casey - Metro North <sup>1</sup>	216,900	61,600	28.4	-11%
Casey - Metro South <sup>2</sup>	125,400	41,500	33.1	+4%
Balance of Casey	11,570	1,400		
<b>Total Casey</b>	<b>353,870</b>	<b>104,500</b>	<b>29.5</b>	<b>-7%</b>

		Total Supermarkets - SGS Proposal		
2031 - Scenario 1	Est. Pop. - Urbis	GLA (sq.m)	Floorspace Per 100 Pop	<--Var. from Melb. Avg.
Casey - Metro North <sup>1</sup>	234,600	66,900	28.5	-11%
Casey - Metro South <sup>2</sup>	228,900	86,600	37.8	+19%
Balance of Casey	8,200	1,400		
<b>Total Casey</b>	<b>471,700</b>	<b>156,390</b>	<b>33.2</b>	<b>+4%</b>

		Est. Pop. - Council Forecast <sup>3</sup>		
2031 - Scenario 2				
Casey - Metro North <sup>1</sup>	222,700	66,900	30.0	-6%
Casey - Metro South <sup>2</sup>	245,800	86,600	35.2	+10%
Balance of Casey	14,100	1,400		
<b>Total Casey</b>	<b>482,600</b>	<b>156,390</b>	<b>32.4</b>	<b>+2%</b>

Melbourne (Supermarkets > 400 sq.m)

31.9

1. Defined to include SA2s of Endeavour Hills-North/South, Doveton, Hallam, Narre Warren-South West, Narre Warren-North East, Narre Warren North/North East, Narre Warren South (East), Narre Warren South(West), Berwick-North/South, Hampton Park-Lynbrook and Lynbrook-Lyndhurst.

2. The remainder of Casey within the Urban Growth Boundary, including SA2s of Cranbourne North, Cranbourne West, Cranbourne & Cranbourne East.

Source: ABS; SGS; Urbis Shopping Centre Benchmarks 2019.

# PROVISION OF SUPERMARKET FLOORSPEACE IN CASEY

## Total Floorspace Broadly Appropriate

Overall, **the provision of supermarket floorspace in the City of Casey is currently marginally below average at 29.5 sq.m of space per 100 residents**, compared to the Melbourne benchmark of 31.9 sq.m.

The evident underperformance is therefore not likely to be a factor of solely an overprovision of space in Casey. It shows that other factors sometimes need to be considered other than simply floorspace to population. The spending capacity of residents and the potential inflows and outflows of trade are other important factors.

## Existing Oversupply in the South

While Casey as a whole has an under provision of supermarket floorspace, the **space is not distributed evenly**. There is an apparent under-supply of supermarket space in the more established north (10% below average).

This contrasts with a relative **over-supply of supermarket floorspace in the south (8% above average)**. This appears to reflect the observations earlier in this section that the new approach to urban and centre planning is leading to a concentration of supermarkets in close proximity to each other before the population is sufficient to support it.

The floorspace imbalance is also reflected in store performance shown earlier where stores in the south are trading well below those in the north on average, with all below benchmark levels.

## Most New Supply likely in the South

Of the 57,240 sq.m of total additional demand for supermarket floorspace between 2016 and 2031 estimated by SGS, around **86% of such space would likely be allocated to future centres in the south**.

This reflects the number of new centres proposed of small to medium size (5,000-10,000 sq.m) where the only logical anchor tenant is a supermarket, primarily focussed in the future growth areas in the south.

Again, the large increase in space in the south is based on the expectation, that given the amount of space allocated to new centres in the network through the SGS modelling, new space estimated will be primarily directed to future new centres. This will constrain the ability of existing stores and centres to grow without the threat of new competition.

## Increased Oversupply in the South

Consequently, areas in southern Casey would see further increase in the relative overprovision of supermarket floorspace should the SGS allocation of space be implemented. This is true regardless of whether population growth continues in line with projections or the impact of COVID-19 constrains population growth within the municipality.

**The level of overprovision in the south is estimated to reach up to 18% above the Melbourne average by 2031.**

## Implications

The over supply of supermarket floorspace, particularly in the south of the municipality, has the potential to **exacerbate the existing under performance of supermarkets** (and in turn centres). Further clustering of centres and stores without sufficient population to support them will lead to further network failures.

While growth in the municipality might suggest the need for new floorspace, the low trading levels of existing retailers points to a need to **limit the amount of new space** to allow current operations to grow to more sustainable levels.

If the growth of the municipality in time does create the need for new supermarkets and associated space, it should be directed more to centres in the north of Casey to address the current and growing supply imbalance.

It must be recognised that this is not just an issue about over supply of supermarket floorspace. As supermarkets are the key anchor tenant for most centres, particularly the proposed proliferation of Medium NACs, **over supply and under performance of supermarkets will be reflected in the under performance and higher vacancy of the centres they support**.

Critically, the over supply is not coming from having a larger amount of floorspace in a smaller number of bigger centres – it will be distributed across a large range of smaller centres. This creates the potential that **none of them have access to a large enough market** to be sustained as they should.

**We would recommend that the number of smaller centres anticipated to support a supermarket (primarily Medium NACs) be reduced from the levels proposed in the Casey Activity Centres Strategy. This will allow other centres to grow to more sustainable size and performance, ultimately serving the community better.**

# CASEY STUDY: ACTIVITY CENTRES IN CRANBOURNE WEST

## Key findings

1. **Insufficient Population Base Centres:** No identified centres within the area would likely have a sufficiently large population base to support centre performance. This would potentially lead to failure of some centres and underperformance of all.
2. **Hierarchy for New Centres Should be Reconsidered:** There is a need to reconsider either the location or the hierarchical order of new centres across the municipality to avoid

significant overlap of catchment and ensure longer term centre viability, in particular where there are obvious constraints on the ability of the local market to support additional space, such as Cranbourne West

# THE CRANBOURNE WEST AREA

## Overview

To demonstrate the extent of potential overprovision of centre floorspace at a local level and clustering of centres creating overlap in catchment areas, we have looked at centres around Cranbourne West as a case study. We have assessed indicatively the size of population within the immediate catchment of each centre (1km radius), and what proportion of the catchment population is exclusively accessible by that centre.

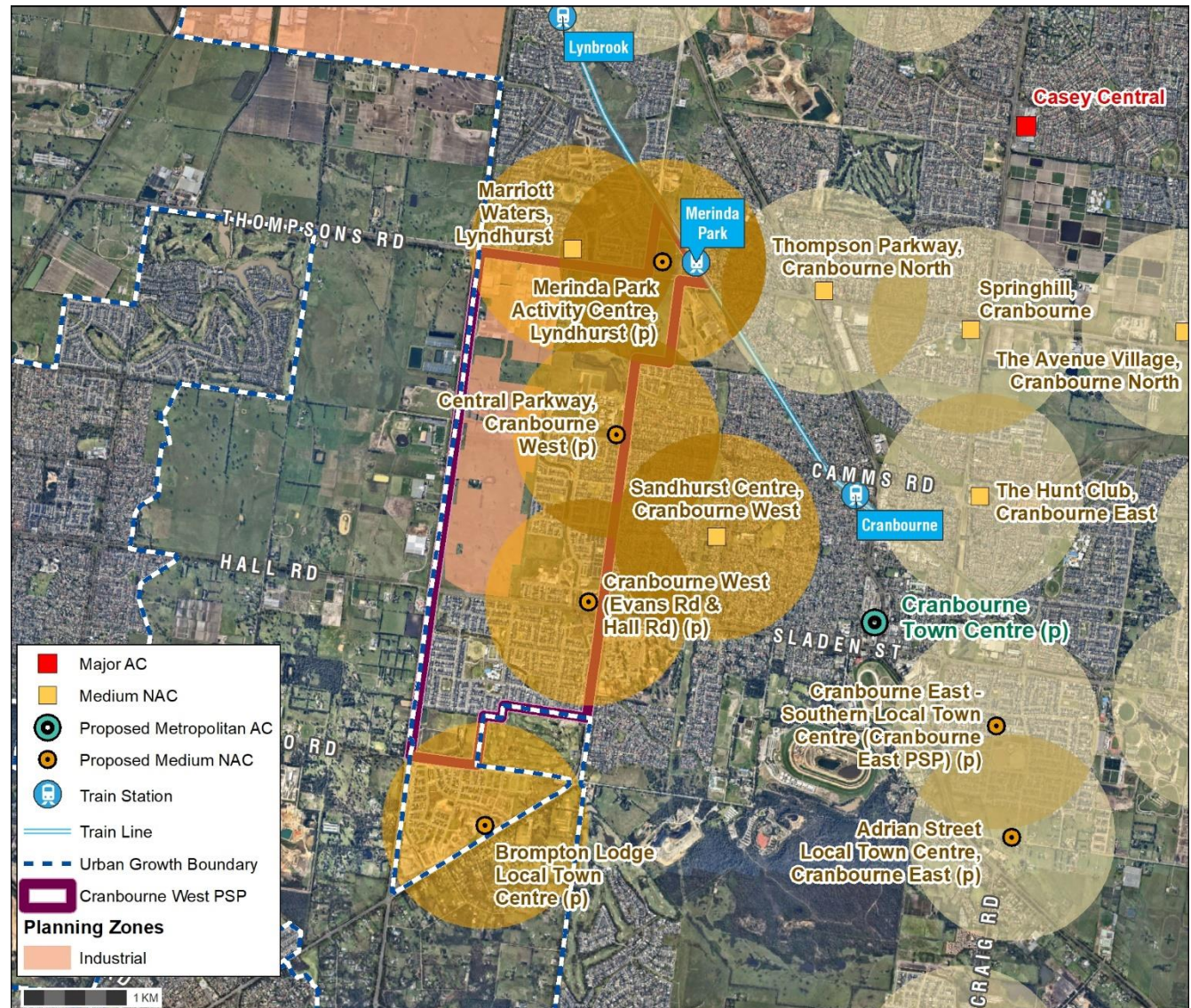
As shown in the adjacent map, the exclusively accessible catchment market for a particular centre is shown as the area within the 1km radius that is not overlapped with another nearby centre.

Centres assessed here are all Medium NACs, both existing and proposed, where at least one full-line supermarket is implied by SGS's table 28. These centres and the floorspace allocated to them at 2036 by SGS include:

- Marriott Waters (30,370 sq.m)
- Merinda Park (2,950 sq.m)
- Central Parkway (5,000 sq.m)
- Sandhurst Centre, Cranbourne West (6,430 sq.m)
- Cranbourne West (Evans Rd & Hall Rd) (7,980 sq.m)
- Brompton Lodge (7,780 sq.m)

How these centres were considered in the Cranbourne West PSP is considered overleaf.

## Immediate 1km Catchment of Centres in Cranbourne West



# THE CRANBOURNE WEST PSP

## Overview

The Cranbourne West PSP was gazetted in 2012. It is a mixed employment and residential area with large tracts of industrial and business land to the west and north. As a result, the residential yield from the PSP is relatively modest at less than 4,500 dwellings and 12,500 residents (Cranbourne West PSP, pg. 13).

The PSP allowed for the following activity centres and retail floorspace.

Centre	Role in PSP	Retail Area	Supermarket Offer
Cnr Hall and Evans	Large NAC	8,000 sq.m	Full-line + smaller format
Central Parkway	Small NAC	5,000 sq.m	Small format only
Southern Residential	Small NAC	3,000 sq.m	Small format only
Mixed Use	Small NAC	1,000 sq.m	Small format only
Merinda Park	Business AC – Small NAC	500 sq.m	Supermarket unlikely

Source: Cranbourne West PSP, 2012, pg 26

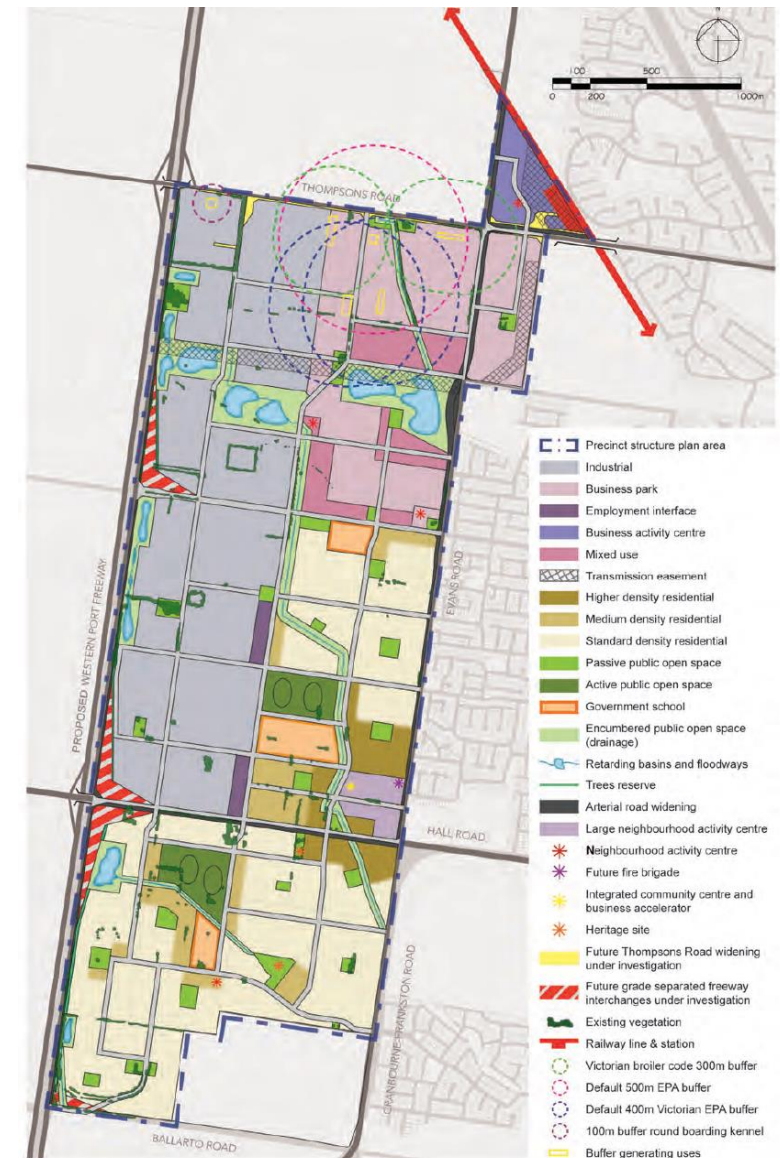
Despite the clear distinctions in Large vs Small NACs and the variable floorspace in the PSP, now three of the above centres are now nominated as Medium NACs in the Strategy (Hall & Evans, Central Parkway, Merinda Park).

Critically, the PSP did not consider the subsequent development of the Marriott Waters centre to the immediate north of the PSP, now envisioned in the Strategy to reach more than 30,000 sq.m over the next 15 years.

Outside the Cranbourne West PSP, Brompton Lodge PSP nominated another centre of 6,280 sq.m and up to 2 supermarkets.

As mentioned earlier in this report, SGS have appeared to accept the location of centres and their indicative size indicated by PSPs, despite the fact that circumstances can change significantly. If Marriott Waters was known at the time of preparing the PSP, it is highly likely that the allocation of activity centres in Cranbourne West would have changed. SGS have not considered the potential for activity centre needs to have changed. This has resulted in the anomaly we now see in Cranbourne West where 5-6 Medium NACs are clustered together, with no Major Activity Centre nominated to serve a sub-regional role for the area.

## Cranbourne West PSP, Centre Distribution



# OVERPROVISION OF SUPERMARKETS

## Key Insights

Should all proposed Medium NACs in and around the broader Cranbourne West area be developed and anchored by a full-line supermarket as per the proposed hierarchy, the area would likely see a significant over-supply of supermarket floorspace relative to the Melbourne average in 2031 (18% above). This is presented in the adjacent table.

Ultimately, such overprovision of supermarket floorspace is a the potential outcome of the Activity Centres Strategy that doesn't appropriately distinguish between the role and size of centres in the Cranbourne West area. Centres have been translated from the PSP process, despite subsequent changes that bring into question the appropriate scale of some of the centres in the area.

However, at least the PSP distinguished the role of centres. The draft Strategy now simply allows for too many Medium NACs in close proximity. This will result in unnecessary competition between centres for a limited pool of retailers, reinforcing the underperformance of centres and leading to failure of new centres.

## Estimated Provision of Supermarket Floorspace around Cranbourne West

Study Area <sup>1</sup>	Est. Pop. - Council Forecast <sup>2</sup>	GLA (sq.m)	Total Supermarkets - SGS Proposal	
			Floorspace Per 100 Pop	<--Var. from Melb. Avg.
2019	57,300	16,300	28.4	-11%
2031	77,900	29,300	37.6	+18%
<i>Melbourne (Supermarkets &gt; 400 sq.m)</i>			31.9	

1. Includes the suburbs of Lyndhurst, Cranbourne, Cranbourne West, Botanic Ridge and Junction Village.

2. forecast.id population forecasts

Source: ABS; SGS; Urbis

# ESTIMATED RESIDENT POPULATION FOR EACH CENTRE

## Key Insights

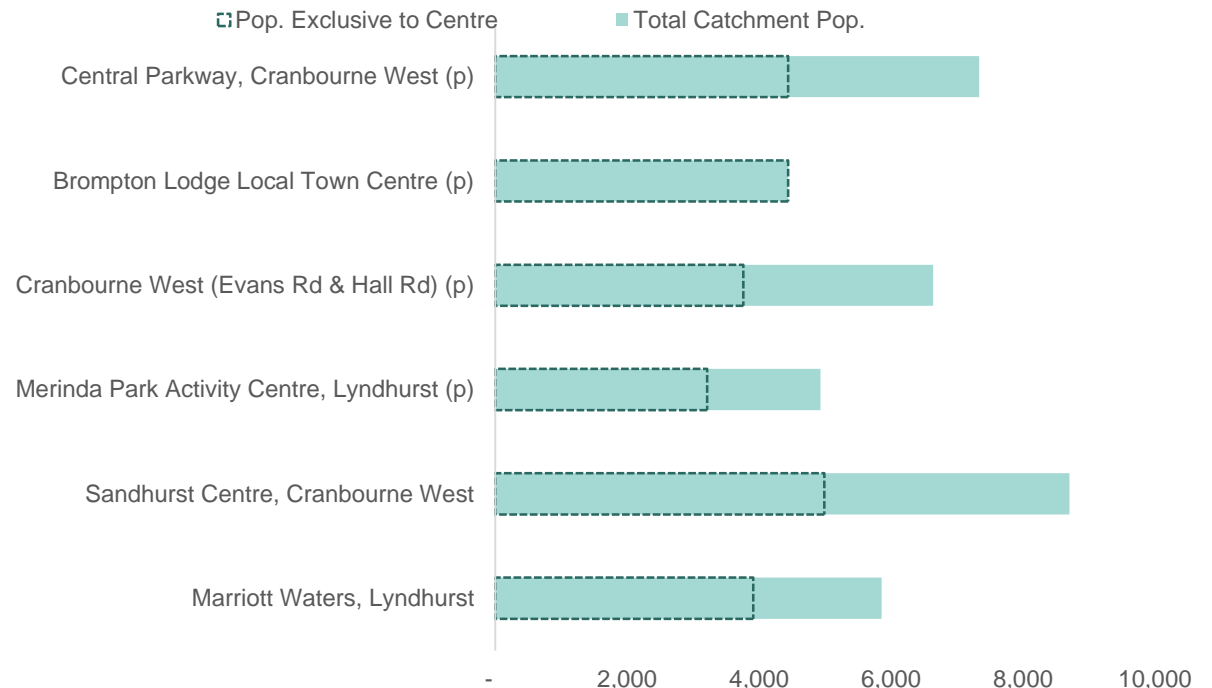
The chart adjacent illustrates the estimated size of resident population within the immediate 1km radius catchment of each centre in Cranbourne West and the portion that is exclusive to that centre at 2031 population capacity. Of note:

- **No proposed centres within the area would likely have a sufficiently large population base to support centre performance.** As a high-level guide, a full-line supermarket will ideally have exclusive access to 8,000-10,000 residents to trade sustainably in the current market. In this regard, centres analysed here would likely have just around half of the benchmark, at best.
- **The large industrial land west of the Cranbourne West PSP is the major constraint in the area which limits the size of local resident market.** Proposed centres such as Central Parkway would have to draw predominantly from residential areas to the east, for which two other nearby centres would also compete.

Some of the centres will be sustained as larger centres due to their capacity to serve catchments beyond the 1km radius. For example, Marriott Waters has access to a catchment to the north, while Hall & Evans Road will serve large residential areas to the south where there is no larger centre provision.

While Central Parkway appears to have access to a bigger population than some, with no access via larger roads from the east and west, the market for that centre is limited to a small north-south channel along Evans Road. However, in both directions, the centre will face competition from larger and more established centres (Marriott Waters and Hall & Evans). **A full-line supermarket in that location cannot be sustained.**

## Population within 1km Radius Catchment for Centres (2031 Capacity)




Source: ABS; SAFi; Urbis

With all centres having access to a population that would make each a borderline opportunity for a supermarket, having all of them nominated as Medium NACs capable of supporting a full-line supermarket will only result in failure of some centres and underperformance of all.

There is a need to reconsider either the location or the hierarchical order of new centres across the municipality to avoid significant overlap of catchment and ensure longer term centre viability, in particular where there are obvious constraints on the ability of the local market to support additional space, such as Cranbourne West.

# APPENDIX: REPORT PURPOSE AND DATA CONTEXT

A person is seated at a wooden desk, working on a large computer monitor. The monitor displays a document with text and tables. On the desk, there is a keyboard, a smartphone, and two small wooden containers holding pens and pencils. To the left of the monitor, there is a small decorative deer figurine and a plant. The background shows a brick wall and a window with light coming through.

This report is dated **June 2020** and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd's (Urbis) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of Woolworths Group (Instructing Party) for the purpose of an Economic Review (Purpose) and not for any other purpose or use. Urbis expressly disclaims any liability to the Instructing Party who relies or purports to rely on this report for any purpose other than the Purpose and to any party other than the Instructing Party who relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

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

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

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

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

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

**Urbis staff responsible for this report were:**

Director	Rhys Quick
Senior Consultant	Mike Zhang
Project code	P0023644
Report number	Final

# COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

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

The recent international outbreak of the Novel Coronavirus (COVID-19), which the World Health Organisation declared a global health emergency in January 2020 and pandemic on 11 March 2020, is causing a material impact on the Australian and world economies and increased uncertainty in both local and global market conditions.

The effects (both directly and indirectly) of the COVID-19 Outbreak on the Australian real estate market and business operations is currently unknown and it is difficult to predict the quantum of the impact it will have more broadly on the Australian economy and how long that impact will last. As at March 2020, the COVID-19 Outbreak is materially impacting global travel, trade and near-term economic growth expectations. Some business sectors, such as the retail, hotel and tourism sectors, are already reporting material impacts on trading performance now and potentially into the future. For example, Shopping Centre operators are reporting material reductions in foot traffic numbers, particularly in centres that ordinarily experience a high proportion of international visitors.

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

Any Report Content addressing the impact of the COVID-19 Outbreak on the asset(s) and any associated business operations to which the report relates or the Australian economy more broadly is (unless otherwise specifically stated in the Report) unsupported by specific and reliable data and information and must not be relied on.

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





## **Appendix 2**

### **Mark up changes to proposed Clause 22.01 Activity Centre Policy**

## CASEY PLANNING SCHEME

### 22.01 ACTIVITY CENTRES POLICY

Proposed C258case

#### Where the policy applies

This policy applies to all land.

#### 22.01-1 Policy Basis

Proposed C258case

The City of Casey is seeking to strengthen the role of activity centres, and the employment opportunities available locally. Almost 70 per cent of working residents leave Casey-Cardinia to go to work each day. To realise the City of Casey's aspiration to be Australia's most liveable city, activity centres need to be strong and vibrant community hubs.

The Municipal Strategic Statement (MSS) provides direction for the development of a robust activity centre network, with a number of thematic and local area objectives and strategies to achieve this direction.

This policy complements the MSS by providing a comprehensive framework for the use and development of land within existing and proposed activity centres, along with guidance on how out-of-centre proposals will be assessed.

#### 22.01-2 Policy

Proposed C258case

#### 22.01-3 Activity centre network

Proposed C258case

#### Objective

To facilitate the development of a thriving network of activity centres throughout Casey.

#### Policy

- Discourage the development of supermarkets where they are not part of an integrated component of the activity centre with other retail or commercial development.
- Discourage subdivision that results in fragmented ownership that limits the capacity of the centre to be expanded or redeveloped in the future.
- Discourage non-restricted retail uses from locating in restricted retail precincts.
- Ensure that the design of restricted retail development is not out of scale with surrounding development and is sensitive to interfaces with adjoining residential land.
- Support the growth of existing and proposed neighbourhood activity centres in growth areas to provide places for social interaction and safe pedestrian movement, and the early establishment of anchor uses including supermarkets or offices.

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**Deleted:** to provide a foundation for the activity centre to build upon

#### 22.01-4 Out-of-centre development

Proposed C258case

#### Objective

To ensure new retail and commercial development outside of designated activity centres does not compromise the activity centre hierarchy and results in a net community benefit.

#### Policy

It is policy to:

## CASEY PLANNING SCHEME

- Ensure that new retail and commercial development outside of activity centres is appropriately assessed.

### Policy guidelines

It is policy that applications for use and development contrary to the role and function of the centre, or that propose out-of-centre development be accompanied by:

- An assessment that demonstrates the proposal:
  - Addresses a gap in the activity centre network.
  - Will result in improved accessibility and convenience for pedestrians, cyclists and public transport users.
  - Is of a scale, design and appearance of any development is complementary to the existing or preferred character of the area.
  - Will cause minimum loss of amenity, privacy and convenience to residents of nearby dwellings.
  - Delivers a net community benefit.
- An assessment of potential net community benefit that demonstrates the proposal:
  - Promotes single destination multi-purpose trips.
  - Delivers high quality and sustainable urban design outcomes.
  - Provides equitable access to services, maximising pedestrian, public transport and bicycle access and usage.
  - Meets the needs of the demographics (including age, ethnicity, socio-economic advantage and religion) of the local area.
  - Achieves environmentally sustainable development.

22.01-5

Proposed C258case

### Employment in activity centres

#### Objective

To encourage a greater amount of non-retail space to increase the density and diversity of employment in activity centres.

#### Policy

It is policy to:

- Support development that is designed with flexible floor plans so as to provide a range of options for non-retail commercial activity and to allow for adaptation of land uses.
- Encourage development to be at least three storeys within Metropolitan Activity Centres, and at least two storeys within Major Neighbourhood Activity Centres.
- Support development of variety of work space options and sizes that cater for a varying sized businesses including those businesses.

#### Policy guidelines

It is policy that the following guidelines be considered as appropriate:

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**Deleted:** and cater for an increase in non-retail jobs

**Deleted:** commercial

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## CASEY PLANNING SCHEME

- For any activity centre within the Urban Growth Zone, Comprehensive Development Zone or Activity Centre Zone, outcomes should primarily be guided by any relevant requirement or guideline set out in the relevant plan in the zone schedule or incorporated in the Casey Planning Scheme. Where the relevant plan does not provide guidance, facilitate the provision of non-retail floor space across the activity centre having regard to the outcomes set out in Table 1.
- For all other activity centres, as a target the non-retail floor space of a fully developed activity centre should meet the objective set out in Table 1.

### 22.01-6

Proposed C258case

#### Economic viability of activity centres

##### Objective

To support the on-going economic viability of activity centres across the network, having regard to evolving technology, retail and commercial trends.

##### Policy

It is policy to:

- Support diverse retailing formats, such as discount department stores in Major Activity Centres and 'mini-major' stores where there is a demonstrated need in Major and Medium Neighbourhood Activity Centres.
- Support the design of Activity Centres to incorporate new technologies and formats that respond to market trends and need.
- Support a night time economy in activity centres with late-trading businesses, such as restaurants, bars, nightclubs, live music venues and a range of evening events for all ages.
- Ensure that applications for a nightclub, hotel or tavern demonstrate that there is no unreasonable amenity impact on the surrounding neighbourhood.

### 22.01-7

Proposed C258case

#### Great places for people

##### Objective

To ensure activity centres are accessible, high quality urban environments which support social interaction and meet the needs of the community.

##### Policy

It is policy to:

- Encourage community health, education and cultural/arts facilities and services be located in and near activity centres.
- Ensure missing links in the pedestrian path and bicycle network are filled, to provide continuous cycling and walking routes connecting activity centres to their surrounding neighbourhoods and to other activity centres.
- Locate on-street parking spaces near entrances of shops for short-term car parking.

##### Policy guidelines

It is policy to assess proposals against the following criteria:

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## CASEY PLANNING SCHEME

Unless otherwise provided for in an approved Development Plan or the like, new development should as appropriate:

- Provide a permeable, legible and functional development.
- Provide continuity of pedestrian movement and activated public realm to the centre core, with vehicle and loading access movements at the periphery and rear of the activated core if possible.
- Provide safe and accessible spaces that are designed having regard to the principles of Crime Prevention Through Environmental Design (CPTED).
- Achieve safe, attractive and vibrant public spaces, both during the day and at night, and integration between different land uses.
- Place building facades on street frontages at ground level in retail and commercial mixed-use areas, to activate the street through entrances and extensive glazing at all levels.
- Provide car parks that do not dominate the streetscape, with any at-grade car parking appropriately landscaped.
- Provide continuity of weather protection and amenity along street frontages through consistent awnings.
- Provide development at a pedestrian scale at the street interface.
- Ensure public open spaces, footpaths and communal spaces of buildings receive adequate sunlight.
- Ensure that all public furniture forming part of the proposal is attractive, multi-purpose, robust and easy to maintain.
- Ensure the built form and architectural treatment respects the existing character and the preferred future character of the activity centre.
- Apply Ecologically Sustainable Development (ESD) principles through Water Sensitive Urban Design, passive building design, microclimate and landscape, and material selection.
- Maximise the legibility of the public realm through the use of strong architectural markers and way-finding.
- Transport infrastructure, crossings, intersections and traffic signals should be located and designed to promote and prioritise local walking and cycling trips over vehicular through traffic in and near activity centres.
- Design response, Centre resilience.

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### 22.01-8 Policy references

Proposed C258caseCity of Casey Activity Centres Strategy, City of Casey, 2019.





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**A Different City  
info@adifferentcity.com.au  
+ 61 402 257 709**

**Level 2, 52 Albert Road  
South Melbourne  
Victoria, 3205**

**[ADifferentCity.com.au](http://ADifferentCity.com.au)**