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Fishermans Bend Urban Renewal Area
Retail Assessment
Main Report

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Fishermans Bend Taskforce

by

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INTRODUCTION

Background

This Retail Assessment was undertaken for the Fishermans Bend Taskforce by Essential Economics Pty Ltd. The assessment provides an evidence base to ensure that planning for Fishermans Bend is informed by trends in retail demand and supply, and that the built-form requirements of retail uses are reflected in the overall planning for the locality.

Objective

To prepare a retail assessment for the Fishermans Bend Urban Renewal Area, having regard for the planned resident population and workforce numbers, the location and role of each of its five precincts, and the underlying trends in retail planning and development.

Scope

The focus for this report is placed on planning for retail provision at Fishermans Bend, taking into account plans to accommodate some 80,000 residents and 80,000 jobs across four residential precincts and one employment precinct. Retail industry characteristics and trends are identified in terms of retail types and floorspace requirements, and with implications identified for precinct planning. In addition, a retail floorspace demand and supply assessment is provided for the identified trade area to be served by retailers at Fishermans Bend, with estimates of supportable retail floorspace provided for the several planned precincts.

This Report

This report contains the following chapters:

- 1 Context for the Fishermans Bend Retail Assessment
- 2 Retail Industry Characteristics and Trends
- 3 Retail Trade Area Definition
- 4 Retail Supply
- 5 Retail Demand
- 6 Retail Assessment: Retained and Escape Retail Spending
- 7 Estimated Level of Retail Floorspace Supportable in Fishermans Bend
- 8 Distribution of Retail Floorspace at Fishermans Bend
- 9 Conclusions.

This Fishermans Bend Retail Assessment has been prepared for a forecast period that extends to the year 2050.

In circumstances where retailing is acknowledged as one of the most dynamic of all industry sectors, caution is advised in the use of retail expenditure and floorspace projections that span a period of almost 35 years.

Regular update of all metrics associated with the retail floorspace projections is strongly advised. Changes in resident population and workforce numbers, industry and consumer trends, and the type and extent of retail competition, could all have material impacts on projected floorspace supportable in Fishermans Bend.

Trends in online shopping could especially have consequences on the demand for retail and other floorspace.

1 CONTEXT FOR THE FISHERMANS BEND RETAIL ASSESSMENT

About Fishermans Bend

Fishermans Bend is the largest urban renewal area in Australia, covering some 485ha. As described in the *Fishermans Bend Framework Plan* (Draft for Consultation, October 2017), the locality will transition from a predominantly industrial area to a number of liveable and resilient inner-urban neighbourhoods.

The Fishermans Bend Urban Renewal Area (FBURA) lies within the boundaries of the City of Melbourne and the City of Port Phillip, and is situated just 5km from the Melbourne Central Business District (CBD). The location of the FBURA is shown in Figure 1.1, while Figure 1.2 shows the urban renewal area and its several precincts in the locational context of the Melbourne CBD, Southbank and Docklands.

A total of some 80,000 residents and a workforce of some 80,000 persons will be present in the area by 2050. Four precincts in the FBURA will be developed for mixed-use – namely Lorimer, Montague, Sandridge and Wirraway – with an Employment Precinct also to be delivered.

Future Land Use Change for Fishermans Bend

A feature of FBURA is that a large segment of the traditional manufacturing industries are being replaced by innovative and creative businesses and new residential uses (Framework Plan, p11).

The proposed new land use mix includes the introduction of “*more traditional high street retail and hospitality strips*” (p15). To guide this development, the Plan is structured around eight sustainability goals identified in the Vision, and with an overall focus on environmental, economic and social sustainability (p7).

One of the Objectives, for example, is to support the creation of an activity centre in each of the Precincts to support increased economic activity in “*lively mixed use neighbourhoods*” (Objective 1.9, p37). Sandridge is identified as containing “*a major activity core accommodating the highest jobs density in Fishermans Bend*”, with activity centres also provided in Wirraway, Montague and Lorimer (p46). A requirement of the Plan is to ensure active street frontages in the activity cores and fronting key pedestrian routes and public spaces.

Planning for “*activity cores*” in the precincts involves the “*identification of the hierarchy across (these) precincts and the role and function of each activity core in delivering a diverse range of economic activities*” (p67). Retailing is one of these important economic activities.

The publication titled *Fishermans Bend Vision – The next chapter in Melbourne’s growth story* (Fishermans Bend Taskforce, DELWP, September 2016) provides background to the planned

development of the Fishermans Bend. The *Vision* identifies that a number of planned activity centres will support retail, employment and community services, and that these centres will be located close to public transport and key community spaces. The intention is that most daily needs will be met within approximately a ten-minute walk from home (p9).

The *Fishermans Bend Urban Design Strategy* (Hodyl + Co, September 2017) builds on the *Fishermans Bend Vision* and indicates that Fishermans Bend will be transformed “into a series of flourishing, high-density, mixed-use neighbourhoods (that) will fundamentally reshape central Melbourne” (p9). The Urban Design Strategy foresees that **Sandridge**, for example, will be “one of Melbourne’s premium office and commercial centres, balanced with diverse housing and retail”. **Lorimer** will be “a vibrant, mixed-use precinct close to the Yarra River and connected to Melbourne’s CBD, Docklands and emerging urban renewal areas”. **Wirraway** will develop as “a family-friendly inner city neighbourhood close to the Bay and Westgate Park”, while **Montague** will be “a diverse and well-connected mixed-use precinct celebrating its significant cultural and built heritage and network of gritty streets and laneways”.

Retail Assessment

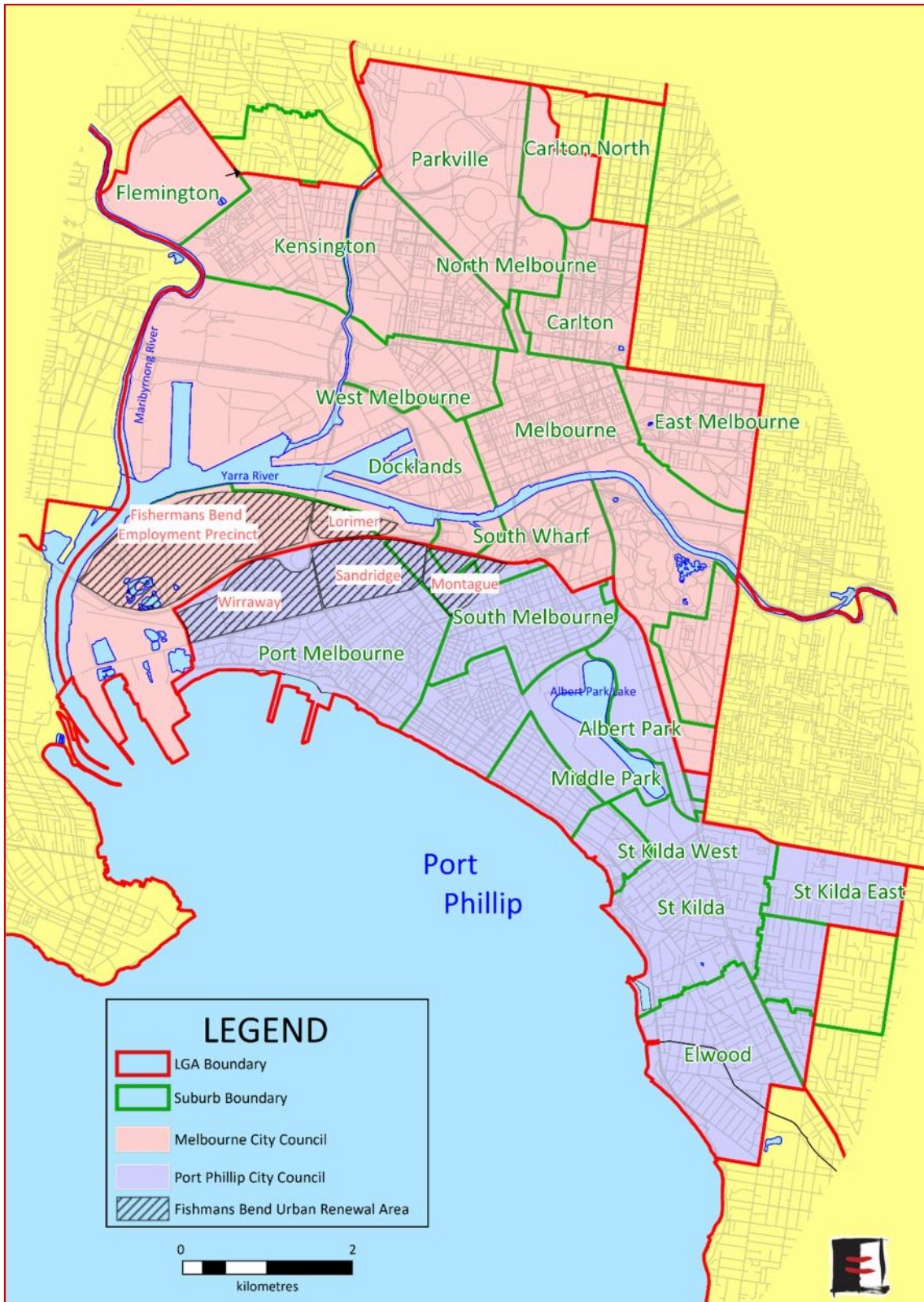
In identifying the role for retail for the FBURA in this Retail Assessment report, consideration is given to the following:

- Fishermans Bend and its function as an inner Melbourne locality; and
- Potential for appropriate retail floorspace provision to serve residents and workers in the several precincts.

Given the longer-term re-development of Fishermans Bend over the period to 2050, development options that allow for changing retail trends over time are also built-in to this overall retail assessment.

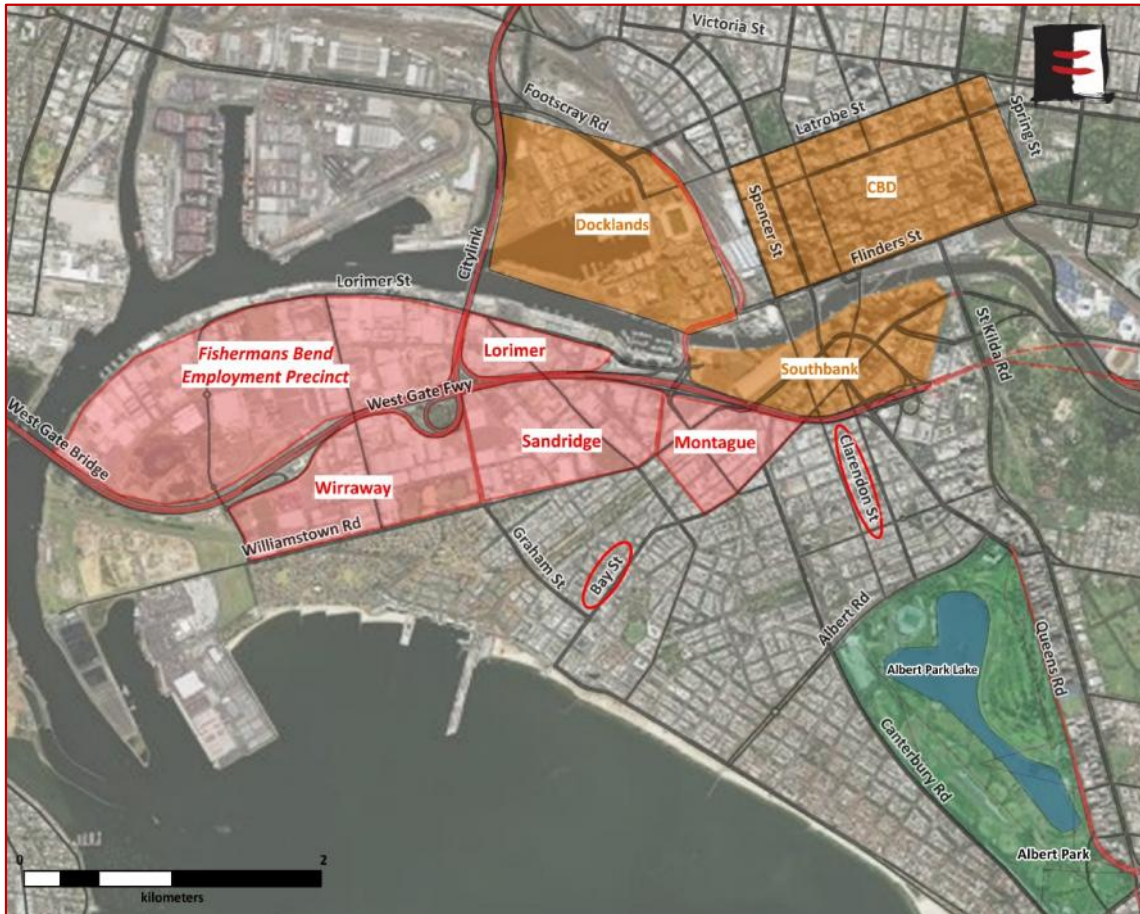
In broad terms, the retail assessment also takes into account retail trends and associated built-form requirements; retail planning in comparable urban renewal environments; and the existing retail situation in Fishermans Bend. Consideration is given to competing centres which include the Melbourne CBD, Docklands and Southbank, and the traditional strip shopping centres at Bay Street in Port Melbourne and Clarendon Street and environs (including the South Melbourne Market) in South Melbourne.

Figure 1.1: Fishermans Bend Urban Renewal Area – Municipal Boundaries



Source: Essential Economics

Figure 1.2: Fishermans Bend Urban Renewal Area Locational Context



Source: Essential Economics

2 RETAIL INDUSTRY CHARACTERISTICS AND TRENDS

This Chapter provides an overview of important retail industry characteristics which underpin the FBURA Retail Assessment.

The content of this Chapter reflects the current situation in the retail sector, building on past trends and with consideration of underlying changes that are taking place, noting that future innovations and new technologies in retailing to the year 2050 cannot yet be identified. This perspective is reinforced by the reality that such fundamental changes have occurred in the retail sector in recent years, and this rapid rate of change is expected to continue into the future.

2.1 Economic Characteristics

Retailing is an important part of the national (and international) economy. In Australia, retailing accounts for \$76.8 billion or 4.7% of Gross Value Added (year-ending 2017) and provides employment for some 1.2 million people or 10.1% of the nation's employed labour force, according to ABS sources.

In Victoria, similar proportions apply in terms of share of State Gross Value Added (5.4% or \$20.5 billion, year-ending 2017) and employment (10.7% of all jobs). Retailing is the second largest source of employment in Victoria, behind health care and social assistance, and followed by construction.

At the household level, retail expenditure accounts for approximately 48% of all household expenditure, and this retail expenditure averages approximately \$15,000 per person in metropolitan Melbourne, according to the MarketInfo retail model. MarketInfo – which is sourced from Market Data Systems and is based on official ABS data (including the ABS's Household Expenditure Survey) – is applied later in this retail assessment for the FBURA.

Retailing has evolved over the millennia: from the trading of animal furs and food at the crossroads and riverbanks, to modern-day major retail centres anchored by department stores and supermarkets, and now online shopping which is 'disrupting' conventional shopping patterns and features.

The types of retailers and retail centres are outlined below, including reference to the retail hierarchy, together with comments on the emergence of online shopping in more recent times.

2.2 Types of Retailers

Several broad types of retailers predominate in shopping centres, as summarised below.

- **Supermarket:** the supermarket is an anchor store in most centres, especially in Neighbourhood Shopping Centres, as it provides a wide range of convenience goods to meet household requirements (such as packaged foodstuffs, fresh fruit & vegetables, etc), with shoppers visiting weekly or more often. A full-line supermarket today is generally around 3,500m² to 4,500m² in Gross Leasable Area (GLA is the area leased by the tenant, and therefore excludes circulation, lift shafts, shared services and on-site parking). In contrast, smaller supermarkets are generally under 2,500m² GLA. Smaller versions of between 500m² and 1,500m² are also evident in small centres or in central city locations where larger-format stores are not easily accommodated due to space limitations.

Supermarkets are important as anchor tenants for the foot-traffic they generate in a centre, with supermarket customers also shopping at nearby specialty retailers (eg, chemist, newsagent) and at other businesses located in a centre. Coles and Woolworths are the largest supermarket operators and their stores typically have some 25,000-plus Stock Keeping Units or SKUs. By comparison, smaller supermarket brands such as IGA and Foodworks, with around 500m² to 1,500m² of floorspace, typically have some 5,000-plus SKUs. ALDI is a popular discount supermarket operating with retail floorspace of around 1,350m² per store and with some 1,400 SKUs. SKUs are important in the context that shoppers are looking for choice in the merchandise they purchase, although they will trade-off choice for a discount price (as ALDI customers do). Similarly, supermarket traders will reduce SKUs where costs can be reduced.

A full-line supermarket usually serves a minimum population of 8,000 to 10,000 residents. In contrast, an ALDI generally serves a sub-regional catchment of around 30,000 residents who are attracted by ALDI's discounted prices. However, as ALDI has a limited range of SKUs, the typical ALDI shopper will also visit their neighbourhood full-line supermarket for regular household food and convenience items where a significantly larger range of SKUs is available, as noted above.

- **Department Store:** the department store has been the main anchor for regional shopping centres and in central city retailing for many years. Prominent examples in Melbourne are Myer and David Jones, with retail floorspace around 10,000m² to 30,000 m² GLA and above. The regional catchments that department stores serve typically have around 100,000-plus residents, while the CBD-based department stores serve a metropolitan-wide catchment. Smaller department stores include, for example, Harris Scarfe and Dimmeys. Typically, the department store provides a wide and deep range of fashion, menswear, homewares, electrical goods, and the like. In recent times, department stores have come under increased levels of competitive pressure from other retailers (exemplified by the influx of international fashion houses entering the local market), leading to financial pressures and closure of some of the larger stores.

- **Discount Department Store (DDS)**: the DDS is a low-cost form of the department store, and typically with retail floorspace in the range 5,000m² to 8,000m². Popular DDSs in metropolitan Melbourne are the 'Big 3': Kmart, Target and Big W, although a degree of rationalisation is taking place, with the average size of the DDS now contracting as a result of competition from mini-majors (see below) and from upmarket but price-competitive retailers such as H&M in the fashion sector. Earnings for the 'Big 3' are under pressure, as evidenced in recent trading reports. A DDS is typically an anchor tenant in sub-regional centres serving a catchment of at least 35,000 residents, while DDSs in regional centres serve around 100,000-plus residents.
- **Mini-major**: these stores are typically in the range 400m² to 2,000m² GLA and above and focus on a particular merchandise component, such as homewares, sports goods and the like, and include traders such as Rebel Sport, Best & Less, and Priceline.
- **Bulky Goods**: these retailers are typically involved in one or other of the following: furniture, white goods, homewares, carpets, and the like. They occupy large floor areas for merchandise display (often around 1,500m² to 2,000m²) and regularly co-locate in a 'Bulky Goods Centre' of around ten or so retailers with a total centre floorspace of between 10,000m² and 20,000m² GLA and above. These retailers typically serve a regional catchment.
- **Factory Outlets**: factory outlets generally offer 'name brands' at discounted prices, and can also be described as manufacturers' retail outlets. An example of a popular location is Smith Street in Collingwood/Fitzroy. Examples of factory outlets include Kathmandu, Converse, Champion, Esprit, Sheridan and Seafolly. In some cases, factory outlets are grouped in a centre (comprising around 50 to 100+ shops, with popular examples including Direct Factory Outlets with centres in Moorabbin, Essendon and at South Wharf, and Brandsmart in Nunawading.
- **Specialty Stores**: specialty stores are typically around 80m² to 120m², and up to a maximum of 400m² in floorspace terms. Specialty shops provide retail merchandise across a wide range, from foodstuffs and food catering, to apparel, footwear, giftware, jewellery, leisure goods, newsagents and pharmacies. The number of specialty stores in a centre will be influenced by the overall size and role of a centre and the catchment population that the centre serves.

A relative newcomer to Australia is **Costco**, a large-format member-based retailer, selling a vast range of food and non-food items to households and small businesses. Operating out of warehouse-style stores of around 13,500m² in metropolitan-scale cities, a Costco store serves an extensive regional population of possibly around 1 million or more residents and small businesses.

German chain **Kaufland** is about to debut in Australia. Kaufland stores are similar in concept to hypermarkets, a common form of retailing in Asia, Europe and the USA. Occupying around 8,000m² to 12,000m², hypermarkets have an extensive fresh food and grocery offer (similar to a supermarket), as well as a wide range of non-food items (as would be found in a DDS), all under the one roof.

The retailers described above typically locate in shopping malls (or shopping plazas) and in traditional strip (or linear) shopping centres. These types of centres are outlined below.

2.3 Types of Retail Centres

In broad terms, two types of retail centres prevail in metropolitan Melbourne and nationally, namely:

- the shopping mall or plaza, and
- the strip or linear shopping centre.

Each of these centre-types is described below.

Shopping Mall or Plaza

Contemporary retailing is typified by a shopping mall or plaza under single management, anchored by one or more major retailers, such as supermarkets and possibly a DDS or department store in the larger centres. The mall also comprises many specialty retail traders (ranging from fashion and homewares to electronics and giftware), and a range of services (from hairdressers to beauty salons). Typically, the mall is enclosed in terms of built form, with on-site carparking.

In terms of locational patterns, the shopping mall or plaza can be free-standing, or it can be incorporated into a wider 'activity centre' that comprises shopfront traders and service providers in a traditional shopping strip format. In South Melbourne, for example, a small shopping plaza is located in Clarendon Street where the anchor tenant is a Coles supermarket, and also in Cecil Street where the anchor is a Woolworths supermarket.

Shopping malls also exist in Melbourne's CBD, and examples include St Collins Lane, Melbourne Central, QV Melbourne and Emporium.

An inner-suburban example is the free-standing Victoria Gardens Shopping Centre in Richmond. This centre is classified as a sub-regional shopping centre and is anchored by a Coles supermarket and a Kmart Discount Department Store, and also contains some 75 specialty shops. Retail floorspace totals approximately 23,500m². Other tenancies include a Hoyts cinema complex, a gymnasium and a carwash.

Further away from inner Melbourne, where fewer land constraints exist, large shopping centres have been established. Examples include Chadstone, Southland, Doncaster, Knox and Fountain Gate. Chadstone is the largest of these centres and is described as a 'super regional shopping centre', with in excess of 212,000m² of retail and commercial floorspace (source: Shopping Centre Council of Australia, August 2017). Generally, these regional centres, while served by some public transport, are predominantly car-based and require a substantial provision of on-site parking.

These 'managed' malls or plazas are well-placed to provide a comprehensive program of marketing and promotion on behalf of all tenants. Any vacant premises can be quickly filled,

thus keeping vacancy rates at or close to zero. By comparison, vacancy rates in strip shopping centre are considered 'healthy' in economic terms if the vacancy rate does not exceed 6% of the centre's retail floorspace.

Strip Shopping Centres

Strip (or linear) shopping centres in metropolitan Melbourne emerged in the early years of settlement, and both Clarendon Street in South Melbourne and Bay Street in Port Melbourne are relevant examples. In each case, these long-established centres now accommodate significant retail developments, including full-line supermarkets and a range of specialty shops, especially in convenience goods and services (such as butcher, baker, hairdresser), and also in fashion, footwear, gifts and the like. In addition, strip centres can often accommodate unique attractions, features or facilities which provide a point of differentiation which is often lacking in shopping malls. For example, the South Melbourne Market is an icon among shoppers in inner Melbourne, and forms a significant part of South Melbourne's retail offer.

Strip shopping centres typically comprise many individual business owners who either maintain their business in their owner-occupied shopfront, or more commonly lease the property from a landlord. The key feature of such property ownership and business operation is that the 'strip centre' – unlike a shopping mall or plaza – is 'un-managed'. No central management exists beyond possibly having a Traders' Association which may be described as a 'voluntary' organisation with membership comprising local businesses. An outcome of this lack of central management is that the strip centre can suffer from shop vacancies (unlike the centrally-managed shopping plaza) and a lack of retail consistency and coherence in terms of retail mix. In addition, strip centres tend to experience more significant downturns when retail trading conditions deteriorate due to economic or other factors.

It is also recognised that 'un-managed' strip centres can present greater diversity in retail tenants and in built-form, thus providing added interest for shoppers and others who visit these centres. Examples include such strip centres as Smith Street in Collingwood, Brunswick Street in Fitzroy and Maling Road in Canterbury.

In the planning of new shopping centres, it is possible to design a 'traditional' strip or hybrid shopping centre/strip that has central ownership and, therefore, enjoys the benefits associated with central management. Such management ensures that the centre functions effectively and is suitably promoted and marketed in the very competitive retail sector.

Whether a centre is a managed mall or plaza, or a traditional strip shopping centre, these centres generally conform to a hierarchical pattern in terms of their particular locations that serve surrounding trade areas or catchments, as described in the section below.

2.4 Hierarchy of Retail Centres

The location of new or expanding shopping centres typically conforms to a **retail centre hierarchy**. The actual form of the 'hierarchy' serving a trade area or wider study area will largely depend on the size of the trade area and the resident population the centre will serve;

the location, composition and size of retail competition; and any barriers to shopper movement (eg, a river or major freeway and the like).

The retail hierarchy recognises that shoppers will prefer to access a nearby retail centre for convenience goods and services (such as the weekly or more-often visit to the local supermarket), while they are prepared to travel a further (in terms of distance or time) for higher-order merchandise (e.g. fashion clothing, homewares and electrical goods) and services (e.g. cinema or fine dining).

The retail hierarchy in metropolitan Melbourne generally comprises the following components, as described in the *Shopping Centre Directory for Victoria & Tasmania* (Property Council of Australia):

- **City CBD:** this component sits at the apex of the hierarchy, and represents the highest-order of retail provision, serving the metropolitan area in general as well as attracting visitation from other parts of the State and from interstate. Retailers include department stores, supermarkets (where sites are available, including smaller convenience food stores), specialty retail and a wide range of entertainment and hospitality, including cinemas, cafes and restaurants, bars and the like. Key features include the availability of up-market retail and other services, and a range of retail to meet increasing levels of residential demand with the expansion of city apartment living. The in-city workforce is also an important component of retail demand that is catered for by CBD retailers.
- **Regional Centre:** this centre type comprises one or more discount department stores, at least one full-line supermarket, around 150 specialty shops, and a food court. All regional centres originally contained a department store (Myer or David Jones) and, while most still have one these tenants, the general decline of department stores has significantly reduced their importance in the overall retail mix. Depending on catchment size, the regional centre is likely to have 30,000m² to 80,000m² of retail floorspace. A 'super regional centre' has around twice the retail componentry as the 'regional centre' and in excess of 85,000m² of retail floorspace. The principal features of the regional centre are its 'one-stop' shopping provision (i.e. virtually all household needs can be met in the one visit) and the provision of cinemas, food courts and the like, as well as in-centre parking. A regional catchment will typically comprise some 100,000-plus residents, while a super-regional centre, such as Chadstone, can serve a trade area in excess of 500,000 residents; an estimated 775,000 residents live within a 10km radius of Chadstone.
- **Sub-Regional Centre:** this medium-sized shopping centre typically incorporates at least one full-line discount department store, a major supermarket (or perhaps two) and around 40 specialty shops. Total retail floorspace is between 10,000m² and 30,000m². A sub-regional catchment can comprise some 50,000 to 100,000 residents.
- **Neighbourhood Centre:** this centre serves a surrounding 'neighbourhood' catchment of around 10,000 to 25,000 residents. The centre is usually anchored by a full-line supermarket and around 30 or so small specialty shops. Generally, retail floorspace does not exceed 10,000m². The neighbourhood centre is where most households

undertake their regular weekly shopping trip to the supermarket, butcher, newsagency, drycleaner and so on.

- **Local Centre:** this centre is generally located in such a way that it serves the surrounding small neighbourhoods with ‘top-up’ shopping on the way to or from work or the school drop-off, and in this way the local centre is important in serving passing trade. A local centre can comprise just three or four shops (convenience store, take-way food and the like) or just a stand-alone general store.

In the metropolitan Melbourne context the apex of the hierarchy is the Melbourne Central Business District (CBD), with its extensive range of higher-order retail goods and services, including department stores and specialty shops. Below the CBD, and in this wider metropolitan context, are the several super-regional or regional shopping centres (such as Chadstone), followed by numerous sub-regional centres (e.g. Malvern Central) and neighbourhood centres (e.g. Carnegie), with local centres or corner shops that typically provide a ‘top up’ convenience shopping role.

In the Port Phillip context, the retail hierarchy comprises the nearby Melbourne CBD at the apex, followed by the long-established strip shopping centres along Clarendon Street in South Melbourne (and incorporating the popular South Melbourne Market), Bay Street in Port Melbourne, and Fitzroy and Acland Streets in St Kilda. These centres can be described as Large Neighbourhood Centres in the hierarchy, although the Market likely serves a sub-regional catchment, while Fitzroy and Acland Streets also attract a visitor component in view of proximity to the beachfront and to popular food and beverage places and the like. Next are the small neighbourhood centres such as Bridport Street, while at the base of the hierarchy are local ‘corner shops’. The catchment would also have access to retailing at South Wharf, particularly the DFO factory outlet centre.

In the Fishermans Bend context, several factors will influence the formation of the appropriate ‘centres hierarchy’ to serve the precinct residents and workers, while also noting that these precinct centres (particularly the higher-order centre in Sandridge) may also attract a small share of their retail sales from beyond the identified catchment or trade area. Chapter 8 provides a discussion of the centre hierarchy most suited to the Fishermans Bend locality.

2.5 Online Shopping

Online shopping currently captures a reasonable share of total retail spending (around 7% in Australia), with the share set to expand in coming years (potentially around 15% over the coming decade or so).

A recent Special Report on E-Commerce prepared by The Economist (28 October, 2017) provides useful insights into online shopping. The report indicates that “*Over the past decade global e-commerce has been expanding at an average rate of 20% a year as bricks and mortar shops have languished*” (p3). In the USA, as the world’s largest consumer market, e-commerce makes up 10% of total retail sales, with predictions that the share will reach around 15% by 2021.

Interestingly, the report also highlights how *“the two titans of the industry”* – Amazon in the USA and Alibaba in China – are *“bringing large-scale disruption not only to retailing but to a range of industries spanning logistics, entertainment, advertising and manufacturing”* (p4).

A key outcome with online shopping is that the consumer benefits from this ‘disruption’ to the retail sector. As The Economist states, consumers *“are enjoying a broader choice of goods and more price transparency than ever before. Instead of spending time traveling to shops, picking up goods and waiting in queues, they can now do other things. Companies no longer take them for granted but compete to offer them better products, greater convenience and improved services”* (p4).

The impact on bricks and mortar retail is serious, in some instances shops and malls are ‘blighted’, with jobs disappearing. One retail component that appears to be an exception at this time is grocery shopping at the local supermarket, although in-store innovations dealing with check-outs and making automatic payments will change the way people shop at supermarkets.

Overall, shops used to compete by offering a combination of selection, price, service and convenience, although today online shopping has the edge with many consumers in regard to selection and convenience. Not surprisingly, the bricks and mortar retailers are now engaging in online shopping in what is termed ‘omni channel’ retailing. An example is the ordering of groceries online and having home delivery. Also, online entities are now establishing a bricks and mortar presence in centres, thus bringing their goods and services to the public through showrooms.

The advent of international brands (especially in fashion) and online shopping has contributed to increased pressure on department stores and discount department stores. A consequence is an increase in under-performing floorspace and a tendency to close operations or down-size.

As reported in media releases, department stores such as David Jones are emphasising their ‘premium’ services in retailing. This includes building on the in-store experience, the ability to price-match on select products, introducing products that are differentiated in the retail marketplace, and by providing at-home installation and after-sales services.

Myer is presently undergoing significant change, with a number of its under-performing department stores to close. Other options include the adoption of smaller floor-plates to create smaller, more productive retail outlets, and also introducing new services including new food outlets (Brunetti is an example) to child care (‘Drop ‘n Shop’). Myer currently has 63 stores across Australia; ten stores have closed since 2012.

2.6 Implications for Fishermans Bend Retail Assessment

Underlying trends in the retail sector will be need to be carefully monitored for the impact such trends may have on retail centres at Fishermans Bend over the period to 2050.

The trend most likely to impact on the physical provision of retail floorspace at Fishermans Bend will be the continuing growth in online shopping. This growth in online shopping is

changing the way people shop ('click and collect'; home delivery; etc) and is having an impact on revenues in conventional 'bricks and mortar' shopfront retailing. Moreover, the trend to online shopping will accelerate into the future.

Other trends include the role of department stores which have traditionally provided the anchor tenant to regional centres serving around 100,000-plus residents and above (similar to the resident population planned for Fishermans Bend). Today, department stores are under pressure from other retail forms, particularly in the international fashion sector.

If in the future the department store is no longer the 'certainty' as a retail anchor, the growth in specialty retail is likely to continue as an important retail component that provides the key attraction to a retail shopping complex. Examples include Emporium, QV and St Collins Lane in the Melbourne CBD which are dominated by mini-majors and specialty stores.

In any event, the full-line supermarket (eg, Coles and Woolworths) and the discount supermarket (eg, ALDI) will continue to be important anchor tenants, especially in residential precincts where households seek convenient access to the wide range of retail merchandise that typifies the major supermarkets, as well as the competitiveness of the discounter.

A certainty in the context of planning a new retail centre, and having regard for a resident population and workforce of considerable size, is the popularity of food and hospitality services, ranging from cafes and restaurants, to bars and clubs. At the expense of other retail such as apparel and footwear, the typical household is now spending an increasing proportion of the weekly budget on food and hospitality services, and this growth pattern is unlikely to change any time soon. This trend also highlights the underlying growth that is taking place – and which will continue to expand over time – in the Night Time Economy, where the emphasis is placed on hospitality and entertainment, ranging from restaurants, cafes and bars, to cinemas and nightclubs.

This retail assessment is looking ahead to 2050 and in this context it is not possible to fully anticipate the nature of retailing activity some 35 years hence. For this reason, it is important to ensure a degree of flexibility in land use planning and development for Fishermans Bend, and to ensure that such planning is not overly prescriptive in terms of site size and built form associated with future retailing activity.

What can be anticipated is the continuing importance of **anchor tenants** and **specialty shops**, combined with the continuing competitive effects generated by **online shopping**.

3 RETAIL TRADE AREA DEFINITION

This Chapter defines the retail trade area that retailers located in Fishermans Bend would expect to serve as the various retail components develop over the period to 2050. This trade area is an essential component in the assessment of retail demand and supply associated with development of the urban renewal area. The trade area is also an essential consideration in planning for the location and type of new centres (from local and neighbourhood centres, up to the regional centre) that serve the expanding resident and worker populations.

3.1 Determining the Retail Trade Area for Fishermans Bend

Factors taken into account in identifying the retail trade area are based on consideration of:

- Existing and planned activity centre locations that serve (or will serve) the trade area population over time (ie, Retail Supply), including centres planned for the urban renewal area and also competing centres in Port Melbourne, South Melbourne, Melbourne CBD, and so on;
- Composition of existing and planned activity centres in terms of retail components and other features, and reflected in each centre's position in the hierarchy of centres;
- Existing and potential resident population numbers in the overall trade area, and their retail spending patterns (ie, Retail Demand);
- Accessibility within and around the trade area in terms of ease of access to existing and planned centres; and
- Barriers to movement, such as the Yarra River, major road and freeway alignments (where ease of access may be reduced), and the like.

3.2 Primary and Secondary Trade Areas at Fishermans Bend

The defined trade area, as shown in Figure 3.1, has the following components:

- A **Primary Trade Area** (PTA-Fishermans Bend) which comprises the FBURA, and this is the area – with an ultimate resident population of 80,000 persons – from which retailers in Fishermans Bend can expect to attract around 80% of their retail sales. The PTA will also include a substantial workforce of up to 80,000 employees. While some of these workers will also reside in Fishermans Bend, the vast majority will travel into the area each day from beyond the PTA.
- A **Secondary Trade Area**, identified as STA-Port Phillip (part), which comprises the neighbourhoods of Port Melbourne, South Melbourne, Albert Park and Middle Park, all of which are situated in the City of Port Phillip. This STA has a resident population

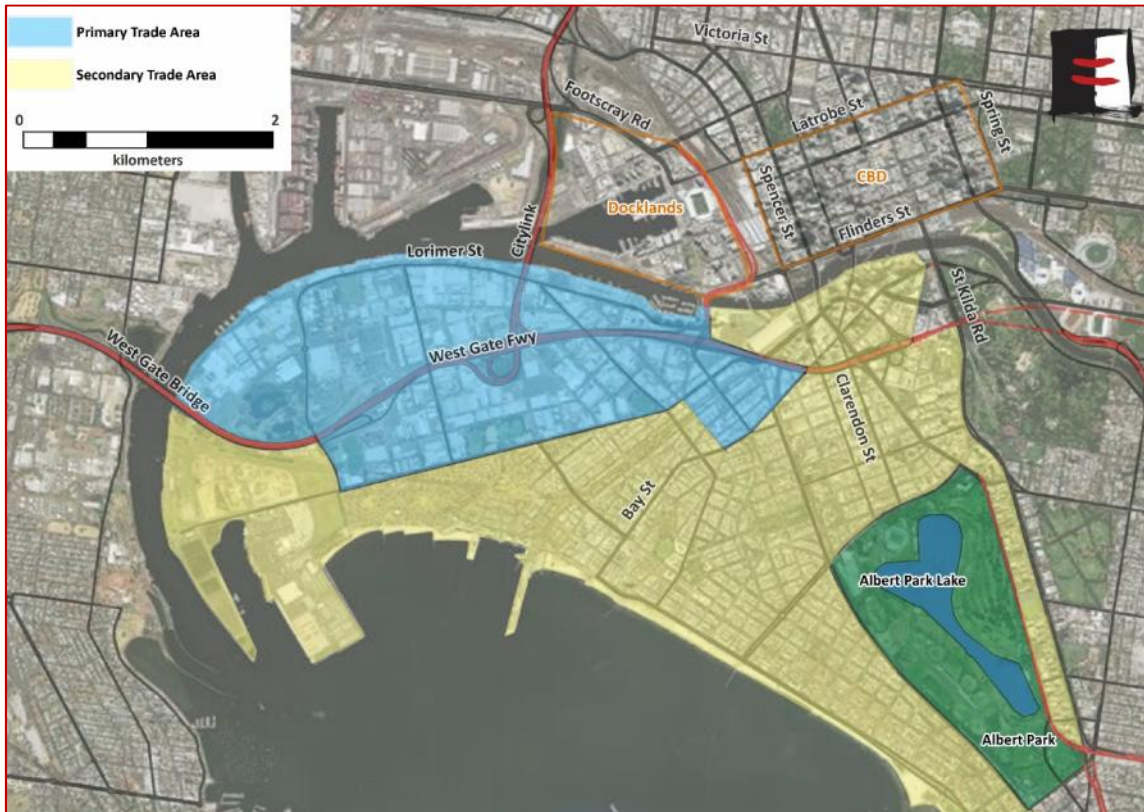
estimated at 74,000 persons. Retailers in Fishermans Bend can expect to attract some 10% of their retail sales from the STA.

- The **Main Trade Area** (MTA) comprises the PTA and the STA, combined. The MTA is of relevance when consideration is given to the **existing supply** of retail floorspace serving the surrounding areas (principally in the Melbourne CBD and the City of Port Phillip) and the likely level of **future demand** for additional retail floorspace as Fishermans Bend reaches capacity at around 80,000 residents and 80,000 jobs.
- Retailers in Fishermans Bend can expect to attract the balance of around 10% of their retail sales from '**Beyond the Main Trade Area**'. These retail sales are accounted for by visitors who may be on business or meeting with friends and relatives in Fishermans Bend, and undertaking some shopping during their visit, ranging from having a coffee or lunch, through to browsing the specialty retail offer and relaxing over an evening meal with friends or colleagues.

While the focus is placed on the PTA as the principal area from which retailers in Fishermans Bend will attract the majority of their retail sales, consideration also needs to be given to the existing supply of retail floorspace that is located in the nearby CBD and in well-established neighbourhood centres in Clarendon Street, South Melbourne and in Bay Street, Port Melbourne (with Clarendon Street and Bay Street located in the STA).

The following Chapter 4 outlines the existing retail supply in the MTA, while Chapter 5 provides estimates of retail demand. Subsequent chapters indicate the extent of new retail floorspace considered supportable at Fishermans Bend as the urban renewal program is implemented to 2050.

Figure 3.1: Main Retail Trade Area for Fishermans Bend Urban Renewal Area



Source: Essential Economics

4 RETAIL SUPPLY

This Chapter provides an overview of existing retail floorspace provision in the Fishermans Bend Main Trade Area. Reference is made to retailing in particular centres in the City of Port Phillip, and to Southbank, Docklands and the CBD in the City of Melbourne.

4.1 Existing Retail at Fishermans Bend

Existing retail floorspace provision in Fishermans Bend is small. The City of Melbourne CLUE (Census of Land Use and Employment) data source indicates a provision of just 370m² in the Lorimer precinct, while a few convenience and service retail businesses (takeaway food and the like) operate in that part of the FBURA located in the City of Port Phillip, plus a Bunnings hardware store located on Williamstown Road in the Sandridge Precinct.

4.2 Existing Strip Shopping Centres in the City of Port Phillip

In the context of Fishermans Bend and its retail potential, the existing two main strip shopping centres in the northern part of the City of Port Phillip are Clarendon Street and environs in South Melbourne, and Bay Street in Port Melbourne.

- **Clarendon Street** in South Melbourne has 37,140m² in retail floorspace, including the South Melbourne Market with approximately 9,200m². Principal retailers include Coles and Woolworths supermarkets, an ALDI store and the South Melbourne Market, plus many specialty shops that are mainly located along Clarendon Street, Cecil Street and Park Street.
- **Bay Street** in Port Melbourne has an estimated 19,260m² of retail floorspace and is a traditional linear or strip-style shopping street providing neighbourhood retail to the surrounding trade area. The centre is anchored by a Coles supermarket.

In essence, these two long-established retail centres serve their respective surrounding neighbourhood catchments, while the South Melbourne Market also draws shoppers from across the wider inner-south region.

Other important retailing in the municipality is in St Kilda where retail and associated development has established along Fitzroy Street (10,610m²) and Acland Street (19,870m²).

These floorspace figures are sourced from the “*City of Port Phillip Activity centre supply and demand study*”, prepared by MacroPlanDimasi (October 2015).

In the entire Port Phillip municipality, retail floorspace provision totals more than 140,000m². With a resident population of approximately 110,000 persons, the retail floorspace provision averages 1.3m² per person. As the average provision of retail floorspace across Melbourne (and nationally) is around 2.2m² per person, the Port Phillip average of 1.3m² per person indicates that these residents also shop beyond the municipality, including the CBD, Chapel Street and other retail areas.

In addition, non-retail floorspace in the municipality – including entertainment, financial, medical, small office etc – totals a further 70,000m².

4.3 Existing Retail of Relevance in the City of Melbourne

Considering that the location of Fishermans Bend is within reasonable proximity of the CBD, Southbank and Docklands, it is of interest to note the retail floorspace provision in these localities.

According to CLUE (City of Melbourne, 2016), the following provision of retail floorspace is identified:

- **Melbourne CBD** has a total of 460,460m² of retail floorspace, with this significant provision reflecting the CBD's role as Melbourne's principal activity centre and its major role in retailing activity. This floorspace comprises department stores, arcades and specialty shops across a range of retail categories, and particularly focused on high-end retail merchandise and services and on residents, workforce and visitors. According to the City of Melbourne's CLUE, the CBD has an estimated resident population of 41,470 persons and has a total of 220,740 jobs. Retailing in the CBD supports an estimated 13,070 jobs in the sector, according to CLUE.
- **Southbank** has a total of 80,940m² in retail floorspace, and this is essentially focused on hospitality (cafes, restaurants, food courts, bars and the like) to those visiting the Southbank Promenade with frontage to the Yarra River, as well as providing a convenience retail role for local residents living in surrounding high-rise residential apartments. According to the City of Melbourne's CLUE, Southbank has an estimated resident population of 20,500 persons and has 39,030 jobs, with retailing in Southbank supporting an estimated 1,680 jobs.
- **Docklands** has a total of approximately 77,400m² of retail floorspace, mainly focused on Harbour Town Shopping Centre and also provided along the New Quay Promenade, Victoria Harbour and other parts of the wider Docklands area to service residents and workers, as well as visitors. According to the City Of Melbourne's CLUE, Docklands has an estimated resident population of 11,950 persons and has 58,490 office jobs, including an estimated 2,420 jobs in retailing.

4.4 Total Retail Floorspace Provision in Fishermans Bend Main Trade Area

A summary of the total provision of retail floorspace in the Fishermans Bend Main Trade Area is presented in Table 4.1 on the following page.

Table 4.1: Existing Retail Provision in the Fishermans Bend Main Trade Area Trade Area and in Melbourne CBD, Southbank and Docklands

Location	Retail Floorspace
Primary Trade Area	
Fishermans Bend Urban Renewal Area ⁽¹⁾	14,210m ²
Secondary Trade Area ⁽²⁾⁽³⁾	
Clarendon Street	37,140m ²
Bay Street	19,260m ²
Sub-Total	56,400m²
Total, Main Trade Area	70,610m²
Beyond ⁽⁴⁾	
Melbourne CBD	460,460m ²
Southbank	80,940m ²
Docklands	77,400m ²

Source: ⁽¹⁾ City of Melbourne, *Census of Land Use and Employment*, 2016, and includes estimated 13,840m² for Bunnings at 501 Williamstown Road in Fishermans Bend

⁽²⁾ MacroPlanDimasi, "City of Port Phillip Activity centre supply and demand study", October 2015

⁽³⁾ In addition, small areas of retail floorspace are located in neighbourhood activity centres in Albert Park and Middle Park

⁽⁴⁾ City of Melbourne, *Census of Land Use and Employment*, 2016

4.5 Implications for Fishermans Bend Retail Assessment

Existing retail situated in proximity to Fishermans Bend ranges from the Melbourne CBD, Docklands and Southbank, to the smaller neighbourhood-level retail provided in the City of Port Phillip's Clarendon Street and Bay Street strip centres and their environs.

These existing retail centres –large and small – can expect to attract a share of the retail spending of Fishermans Bend residents who will also shop, to some extent, beyond the retailer centres that will locate in Fishermans Bend.

This potential spending by Fishermans Bend residents at retail centres located beyond Fishermans Bend can be measured, as follows: retail floorspace supportable in Fishermans Bend in 2050 totals an estimated 121,000m² (refer Section 7.3). This total retail floorspace provision represents 1.5m² of retail floorspace per resident in Fishermans Bend, and compares with the generally accepted national average of approximately 2.2m² of retail floorspace supported per resident. Thus, the balance of retail floorspace supported by Fishermans Bend residents by their spending in centres beyond Fishermans Bend is equivalent to 0.7m² per person (i.e. 2.2m² less 1.5m²). This potential spending is equivalent to 56,000m² of retail floorspace (i.e. 0.7m² per person x 80,000 Fishermans Bend residents at 2050). This spending (expressed here in equivalent retail floorspace terms) by Fishermans Bend residents would be directed to the nearby CBD and to other localities including, for example, Bay Street, Clarendon Street and the South Melbourne Market, strip centres in St Kilda, and further afield in places like Chapel Street and Toorak Road, as well as online retailing.

5 RETAIL DEMAND

This Chapter provides an assessment of retail demand expected to be generated by residents and workers in the Fishermans Bend Trade Area over the period 2020 to 2050.

5.1 Spending Categories

Throughout this retail assessment the following categories of retail spending are adopted:

- **FLG Spending** is an abbreviation of Food, Liquor and Groceries and refers to the consumer spending market from which supermarkets and specialty fresh food traders (butchers, bakers, greengrocers, etc) derive their business.
- **Food Catering Spending** refers to the consumer spending market serviced by cafes, bars, restaurants and takeaway food traders.
- **Non-Food Spending** comprises sub-categories of: Apparel (women's/men's/children's fashion, footwear, accessories, jewellery); Homewares (manchester, small appliances, cookware, other homewares); Bulky Merchandise (furniture, large appliances); and Leisure/General (books, newsagencies, sporting goods, music, pharmacy, florist, toys, mobile phones).
- **Services Spending** includes services provided by hair and beauty salons, laundry, optometrists, watch repairs, key cutting and the like.

5.2 Methodology

Demand for retail goods and services involves quantifying the likely spending that would be generated by trade area residents and workers. It is a three-stage process:

1. Estimate the population expected to reside in the Fishermans Bend Main Trade Area as identified in Section 3.2, including the PTA-Fishermans Bend and STA-Port Phillip (part). In this instance, the population numbers up to 2051 for each of the Fishermans Bend precincts (and which comprise the PTA) have been directly sourced from the DELWP publication "*Fishermans Bend Population & Demographics*" (September 2016, Revision 2 April 2017).

For residents of areas within the City of Port Phillip, data has been drawn from the Council's website linked to id Consulting.

The number of workers expected in each precinct in Fishermans Bend has been sourced from the same DELWP publication. These numbers are expressed in terms of "workers" and make no distinction between full-time and part-time employees. For this exercise, it is assumed that the spending patterns of full-time/part-time workers will be the same.

Worker numbers in each precinct have also been adjusted to account for an estimated 10% of workers who are likely to live and work in Fishermans Bend, therefore avoiding double-counting.

The population base excludes tourists, business and other visitors, and students. The spending sourced from these segments is included in the 'beyond' category in later analyses.

2. The *MarketInfo* micro-simulation model estimates the likely level of retail spending per person for any small area based on income and other socio-economic characteristics of that area. The model is based on ABS data, including the Household Expenditure Survey, the Population & Housing Census, and other official data.

In the case of Fishermans Bend precincts, where there is no established population base, it was necessary to assign the spending characteristics of a proxy area, as highlighted in the DELWP report cited above (p3), having regard for household types that include single person and family households, a range of household incomes and occupations, etc. The proxy areas adopted are as follows:

- For Montague and Lorimer, the spending profile of South Melbourne residents was assigned;
- For Sandridge, the St Kilda East spending profile was assigned; and
- For Wirraway, a Kew East spending profile was assigned.

These proxy areas have a higher-than-average income and retail expenditure per person than the metropolitan average, and this is reflected in the *MarketInfo* modelling adopted for the Fishermans Bend precincts.

In the established areas of Port Phillip, the per capita spending base of the actual areas was used.

Worker per capita spend was based on a \$17 per day (in constant 2017 prices). The majority of this spend was assumed to be on Food Catering (coffee, lunch and the like).

3. Total retail spending, or total market size, was derived by multiplying the population of an area in a particular year by the per capita spend. Future total spending is expressed in constant 2017 prices – that is, retail price inflation is excluded, but the estimates allow for real growth in per capita spending.

For the worker market, it was assumed that the annual spend was based on 215 working days to account for weekends, annual leave and public holidays.

The retail spending markets include GST.

5.3 Trade Area Population

The trade area population for the years 2020 to 2050 is summarised in Table 5.1 for five-year blocks:

- In 2020 the PTA-Fishermans Bend is are expected to accommodate only 1,340 residents, and employ 25,620 workers. The employment numbers by 2020 would be largely based on current workers in industrial and commercial businesses located in the area.
- A significant and established population base of 40,540 residents in the STA-Port Phillip (part) exists in 2020.
- By 2025, a more substantial population base of 9,130 residents is expected in the PTA-Fishermans Bend, with growth occurring in Montague and Lorimer. The employment base in the PTA-Fishermans Bend also expands by about 1,000 jobs per year in the period.
- The resident population in the PTA-Fishermans Bend is forecast to more than double between 2025 and 2030.
- From 2030, the Sandridge precinct will begin experiencing strong population growth, and by 2035 an estimated 6,710 residents and 15,830 workers are expected in the precinct.
- By 2040, PTA-Fishermans Bend residents are expected to number 51,240 persons, with very substantial growth occurring in the Sandridge precinct at this time. Wirraway also begins a rapid growth phase at around this time.
- By 2045 and into 2050, Montague and Lorimer are approaching capacity, although Sandridge and Wirraway will still be expanding rapidly.

The size of the retail market and the subsequent estimates of the timing of supportable retail floorspace are a highly sensitive to the population projections in Table 5.1, derived from the DELWP 2017 report.

If these population projections are either overly optimistic or pessimistic, the estimates of supportable floorspace in Fishermans Bend could be materially impacted.

Table 5.1: Fishermans Bend Trade Area Population, 2020 to 2050

Trade Area Sector	2020	2025	2030	2035	2040	2045	2050
Residents and Workers (No.)							
PTA-Fishermans Bend							
<u>Residents</u>							
Montague	820	4,450	9,140	14,430	17,310	18,350	19,070
Lorimer	0	3,440	8,180	10,980	11,590	11,930	12,000
Sandridge	520	880	2,580	6,710	15,080	24,080	32,890
Wirraway	<u>0</u>	<u>360</u>	<u>1,960</u>	<u>4,490</u>	<u>7,260</u>	<u>10,410</u>	<u>13,720</u>
Total FB Residents	1,340	9,130	21,860	36,610	51,240	64,770	77,680
<u>Workers</u> ⁽¹⁾							
Montague	2,950	3,060	3,160	3,270	3,380	3,470	3,580
Lorimer	1,760	2,060	2,360	2,660	2,940	3,240	3,540
Sandridge	7,050	9,970	12,910	15,830	18,760	21,690	24,620
Wirraway	2,250	2,470	2,690	2,910	3,120	3,340	3,560
Employment	<u>11,610</u>	<u>12,600</u>	<u>14,850</u>	<u>18,900</u>	<u>23,630</u>	<u>29,250</u>	<u>34,880</u>
Total FB Workers	25,620	30,160	35,970	43,570	51,830	60,990	70,180
STA-Port Phillip (part) Residents ⁽²⁾	40,540	41,470	42,270	43,190	44,180	45,180	46,180
Total MTA Residents	41,880	50,600	64,130	79,800	95,420	109,950	123,860
Average Annual Growth Rate (No. Residents and Workers)							
PTA-Fishermans Bend							
<u>Residents</u>							
Montague		725	940	1,060	575	210	145
Lorimer		690	950	560	120	70	15
Sandridge		70	340	825	1,675	1,800	1,760
Wirraway		<u>70</u>	<u>320</u>	<u>505</u>	<u>555</u>	<u>630</u>	<u>660</u>
Total FB Residents		1,555	2,550	2,950	2,925	2,710	2,580
<u>Workers</u>							
Montague		20	20	20	20	20	20
Lorimer		60	60	60	55	60	60
Sandridge		585	590	585	585	585	585
Wirraway		45	45	45	40	45	45
Employment		<u>200</u>	<u>450</u>	<u>810</u>	<u>945</u>	<u>1,125</u>	<u>1,125</u>
Total FB Workers		910	1,165	1,520	1,645	1,835	1,835
STA-Port Phillip (part) Residents		185	160	185	200	200	200
Total MTA Residents		1,740	2,710	3,135	3,125	2,910	2,780

..... Continued

Table 5.1: Continued...

Trade Area Sector	2020	2025	2030	2035	2040	2045	2050
Average Annual Growth Rate (%)							
PTA-Fishermans Bend							
<u>Residents</u>							
Montague		40.3%	15.5%	9.6%	3.7%	1.2%	0.8%
Lorimer		-	18.9%	6.1%	1.1%	0.6%	0.1%
Sandridge		11.1%	24.0%	21.1%	17.6%	9.8%	6.4%
Wirraway		-	<u>40.3%</u>	<u>18.0%</u>	<u>10.1%</u>	<u>7.5%</u>	<u>5.7%</u>
Total FB Residents		46.8%	19.1%	10.9%	7.0%	4.8%	3.7%
<u>Workers</u>							
Montague		0.7%	0.6%	0.7%	0.7%	0.5%	0.6%
Lorimer		3.2%	2.8%	2.4%	2.0%	2.0%	1.8%
Sandridge		7.2%	5.3%	4.2%	3.5%	2.9%	2.6%
Wirraway		1.9%	1.7%	1.6%	1.4%	1.4%	1.3%
Employment		<u>1.7%</u>	<u>3.3%</u>	<u>4.9%</u>	<u>4.6%</u>	<u>4.4%</u>	<u>3.6%</u>
Total FB Workers		3.3%	3.6%	3.9%	3.5%	3.3%	2.8%
STA-Port Phillip (part)		0.5%	0.4%	0.4%	0.5%	0.4%	0.4%
Total Residents		3.9%	4.9%	4.5%	3.6%	2.9%	2.4%

Sources: Fishermans Bend Population & Demographics, DELWP, September 2017
id Consulting population forecasts for City of Port Phillip
Essential Economics (totals rounded to nearest '5')

Notes: ⁽¹⁾ Net of workers estimated to live in Fishermans Bend
⁽²⁾ Comprising Port Melbourne, South Melbourne, Albert Park, Middle Park

5.4 Per Capita Retail Spending

Estimated per capita spending levels for the residents of precincts in PTA-Fishermans Bend, and for STA-Port Phillip (part) are shown in Table 5.2.

The per capita spending estimates in the Fishermans Bend precincts are based on proxies described earlier. To illustrate the overall level of per capita spending, and the relativities between spending categories, Table 5.2 shows results for the year 2025, when all precincts have non-zero population. The 2025 figures are derived by applying real growth to the 2017 base, and include GST.

In Montague and Lorimer in 2025 (based on a South Melbourne proxy), residents are expected to have retail spending potential of \$18,830 per person. This total comprises 30% on FLG, 16% on Food Catering, 49% on Non-Food and 4% on Services. The breakdown of total per capita spending between categories is similar in other instances in the Table.

In 2025, workers will spend an estimated \$3,890 per year, with almost 60% spent on Food Catering.

Table 5.2: Fishermans Bend Per Capita Retail Spending 2025 (Constant \$2017)

Trade Area Sector	Per Capita Retail Spending (\$)				
	FLG	Food Catering	Non-Food	Services	Total Retail
PTA-Fishermans Bend					
Residents					
Montague	\$5,610	\$3,070	\$9,320	\$830	\$18,830
Lorimer	\$5,610	\$3,070	\$9,320	\$830	\$18,830
Sandridge	\$5,590	\$2,740	\$8,850	\$810	\$17,990
Wirraway	<u>\$6,050</u>	<u>\$2,570</u>	<u>\$9,490</u>	<u>\$840</u>	<u>\$18,950</u>
Total FB residents	\$5,620	\$3,020	\$9,280	\$830	\$18,750
Total FB workers	\$450	\$2,240	\$970	\$230	\$3,890
STA-Port Phillip (part)	\$5,650	\$3,670	\$10,340	\$790	\$20,450

Source: MarketInfo, Essential Economics

5.5 Total Available Retail Spending

Total available retail spending is derived by multiplying population/worker numbers by per capita spending rates. Table 5.3 shows total trade area demand for 2025.

A share of this available retail spending will be captured by retailers in Fishermans Bend, and a share will continue to be captured in the existing strip centres of Bay Street and Clarendon Street (including the Market). Other centres will also attract a share of available spending, such as the Melbourne CBD and retailers located further afield.

Total available retail spending in 2025 generated by PTA-Fisherman Bend residents is estimated to be \$171.2m, expressed in constant 2017 prices, and including GST. Workers contribute a further \$117.3m, resulting in total primary trade area available spending of \$288.5m. The well-established STA-Port Phillip (part) accounts for \$847.9m of available trade area spending. Total trade area available spending in 2025 is estimated to be \$1.14b.

Table 5.3: Fishermans Bend Total Available Retail Spending 2025 (Constant \$m 2017)

Trade Area Sector	Total Retail Spending				
	FLG	Food Catering	Non-Food	Services	Total Retail
PTA-Fishermans Bend					
Residents					
Montague	\$25.0	\$13.7m	\$41.5m	\$3.7m	\$83.8m
Lorimer	\$19.3	\$10.6m	\$32.0m	\$2.9m	\$64.8m
Sandridge	\$4.9	\$2.4m	\$7.8m	\$0.7m	\$15.8m
Wirraway	<u>\$2.2</u>	<u>\$0.9m</u>	<u>\$3.4m</u>	<u>\$0.3m</u>	<u>\$6.8m</u>
Total FB residents	\$51.3	\$27.6m	\$84.7m	\$7.6m	\$171.2m
Workers					
Montague	\$1.4	\$6.8m	\$3.0m	\$0.7m	\$11.9m
Lorimer	\$0.9	\$4.6m	\$2.0m	\$0.5m	\$8.0m
Sandridge	\$4.5	\$22.3m	\$9.7m	\$2.3m	\$38.8m
Wirraway	\$1.1	\$5.5m	\$2.4m	\$0.6m	\$9.6m
Employment	<u>\$5.6</u>	<u>\$28.2m</u>	<u>\$12.2m</u>	<u>\$3.0m</u>	<u>\$49.0m</u>
Total FB workers	\$13.5	\$67.5m	\$29.2m	\$7.1m	\$117.3m
Total PTA-Fishermans Bend	\$64.8	\$95.0m	\$113.9m	\$14.6m	\$288.5m
Total STA-Port Phillip (part)	\$234.2	\$152.0m	\$428.9m	\$32.8m	\$847.9m
Total Main Trade Area	\$299.0	\$247.0m	\$542.8m	\$47.5m	\$1,136.3m

Source: MarketInfo, Essential Economics

The build-up in available trade area retail spending to 2050 is illustrated in Table 5.4. In 2020, PTA-Fishermans Bend retail spending (residents + workers) totals \$119.4m, increasing to more than \$2b by 2050. As later indicated, a share of this available retail spend of Fishermans Bend residents will be captured by retailers located in Fishermans Bend, while a share of their available spend will also be directed to retailers located beyond Fishermans Bend. Total Trade Area spending is estimated to reach \$3.39b by 2050.

Table 5.4: Fishermans Bend Total Available Retail Spending 2020 to 2050 (Constant \$m 2017)

Trade Area Sector	Total Retail Spending						
	2020	2025	2030	2035	2040	2045	2050
PTA-Fishermans Bend							
Residents	\$23.6m	\$171.2m	\$430.9m	\$758.0m	\$1,111.8m	\$1,470.9m	\$1,842.9m
Workers	<u>\$95.8m</u>	<u>\$117.3m</u>	<u>\$145.5m</u>	<u>\$183.3m</u>	<u>\$227.0m</u>	<u>\$267.8m</u>	<u>\$333.7m</u>
Total PTA-Fishermans Bend	\$119.4m	\$288.5m	\$576.4m	\$941.3m	\$1,338.9m	\$1,738.7m	\$2,176.6m
Total STA-Port Phillip (part)	\$789.0m	\$847.9m	\$908.8m	\$977.6m	\$1,052.8m	\$1,130.6m	\$1,210.3m
Total Main Trade Area	\$908.4m	\$1,136.3m	\$1,485.2m	\$1,918.9m	\$2,391.7m	\$2,869.2m	\$3,387.0m

Source: MarketInfo, Essential Economics

5.6 Implications

The Fishermans Bend Urban Renewal Area will accommodate a substantial resident and worker population once fully developed. In addition, an established and mature population base in neighbouring suburbs will provide a source of spending for retail businesses to be launched in Fishermans Bend.

This population base, combined with expected higher-than-average per capita spending, results in a substantial market for retail goods and services. The proportion of this market that will be directed to retail businesses in FBURA and the volume of floorspace supported is discussed in subsequent Chapters.

6 CAPTURED RETAIL SPENDING

This Chapter estimates the volume of retail spending, from all sources, projected to be captured or retained by retailers located in Fishermans Bend.

6.1 Methodology

An Origin-Destination matrix is used to estimate retained spending in different precincts in the FBURA:

- Spending Origins include the defined PTA-Fishermans Bend precincts, STA-Port Phillip plus an allowance for spending originating from beyond the MTA.
- Spending Destinations include each precinct in Fishermans Bend, aggregated destinations outside the MTA, as well as an online category. The online category represents the proportion of spending expected to be captured by either pure play online retailers or retailers with an online channel.
- Spending from each Spending Origin is allocated to a Spending Destination, reflecting general shopping patterns as described below. The row sum from any Spending Origin adds to 100% of the volume of spending from that origin.
- The column sum for any Spending Destination represents the total volume of spending (from all Spending Origins) estimated to be retained by that destination.
- In this model the proportion of Non-Food spending captured online is assumed to increase from 7% in 2020 to 15% in 2030.
- The calculations are performed for each combination of spending category (FLG, etc) and year (2020, 2025 etc).

In general terms, shopping patterns (i.e. where people shop relative to where they live and work) depend on two main factors:

- 1 **Main reason for the shopping trip**, that is, particular goods or services which people are seeking to purchase while shopping. While people often have multiple reasons for visiting a retail centre, the following patterns generally hold true:
 - Food, liquor and grocery shopping (the FLG market) is relatively concentrated. For example, people tend to shop regularly at their closest local supermarket. Supermarkets are often co-located with other food and grocery shops (butchers, greengrocers, bakers etc), thereby creating a convenient destination for regular take-home food shopping.
 - Food Catering shopping patterns at restaurants, cafes and take-away food stores tend to be more spread out than food and grocery shopping. While people regularly eat at places located near to home and work, they are also prepared to venture further for evening meals.

- Non-Food shopping patterns are a mixed bag, but tend to be more spread out than dining patterns. Convenience non-food shopping (e.g. at a pharmacy) is generally localised near to home or workplace, while people are prepared to travel substantial distances to shop for fashion items and the like.
- 2 **The retail offer at a particular shopping destination.** The retail offer largely (but not solely) depends on whether a certain shop is located in a centre and the choice afforded by other shops. The attractiveness of a centre is also influenced by its ease of access, parking provision, availability of public transport, layout and amenity.

Applying these generalised rules to each Spending Origin, for each spending category and for each year evaluated, is a complex process. In the Appendix (and which is provided as a separate document), detailed output from the model is shown for each combination.

A summary of results is presented below.

6.2 Captured Retail Spending

The aggregated results from the Origin-Destination approach are summarised in Table 6.1.

Table 6.1: Summary of Estimated Captured Retail Spending 2020 to 2050 (Constant \$m 2017)

Year	Retained Spending				
	FLG	Food Catering	Non-Food	Services	Total
2020	\$0.0	\$46.5	\$0.0m	\$0.0m	\$46.5m
2025	\$38.7	\$66.1	\$22.2m	\$2.6m	\$129.7m
2030	\$64.0	\$97.6	\$56.6m	\$5.9m	\$224.2m
2035	\$131.6	\$154.3	\$110.2m	\$10.6m	\$406.7m
2040	\$227.6	\$201.3	\$205.1m	\$18.6m	\$652.7m
2045	\$286.0	\$284.6	\$317.0m	\$27.6m	\$915.3m
2050	\$352.9	\$330.4	\$420.5m	\$35.7m	\$1,139.5m

Source: Essential Economics

In 2020, the total volume of captured retail spending is only \$46.5m, all in Food Catering. By 2025, resident population and worker numbers will allow for FLG spending to be captured (probably) by a new supermarket.

Near the end of development by 2050, the total volume of retail spending captured is estimated to be \$1.14b (Constant \$2017). By this stage all precincts are well-established and close to population capacity. Retail facilities in each sector should also be well-established.

7 SUPPORTABLE RETAIL FLOORSPACE IN 2050

Having estimated the volume of spending able to be captured by Fishermans Bend retailers, this Chapter estimates the amount of retail floorspace supportable in the entire Fishermans Bend Urban Renewal Area in 2050. Floorspace supportable in each precinct within the FBURA is discussed in Chapter 8, and detailed model results are contained in the appendix.

The assessment of supportable retail floorspace takes into account Retail Turnover Densities (RTDs), or the level of retail sales achieved per square metre of retail floorspace (\$ per m²). The RTDs vary according to retail spending categories. Application of these RTDs across the range captured spending on retail goods and services enables estimation of total supportable retail floorspace.

7.1 Methodology

To estimate the volume of retail floorspace that can successfully trade in Fishermans Bend, the following method was applied:

- Based on industry sources and previous consulting assignments, a supportable retail turnover density for 2017 was established for each spending category. Each RTD broadly represents:
 - the level at which individual retailers can profitably trade and pay market rents; and
 - the level at which retail developers (and landlords) receive a fair return on their investment, and allows for future investment in new and upgraded retail facilities.
- Once these 2017 sustainable RTDs were fixed, the figures were indexed by real growth.
- The RTDs were then applied to captured retail spending derived earlier to estimate how much floorspace could be sustained in each precinct and in total across Fishermans Bend.
- Floorspace is expressed in square metres (m²) of Gross Leasable Area (GLA). GLA, in essence, is the selling area of shops plus checkout areas and back of house storage. GLA is the area leased by the tenant, and therefore excludes common areas (malls, circulation, lift shafts), shared services and on-site parking.
- GLA is considerably less than Gross Building Area (GBA). In a modern enclosed shopping centre, GLA is typically 50%-80% of GBA, but will depend significantly on the number of levels and the provision and configuration of on-site parking.
- In addition, floorspace estimates exclude supportable floorspace in commercial non-retail categories such as entertainment (e.g. cinemas), banks and financial services, medical centres and small office tenants. These non-retail tenants, often occupying similar shopfronts to retail shops, can add up to 15% to 30% to the volume of space required to meet sustainable demand.

7.2 Retail Turnover Densities

The RTDs and the indexed values to 2050 (expressed in constant 2017 prices) are shown in Table 7.1.

In 2017, RTDs vary from \$4,450/m² for Services, to \$8,200/m² for FLG traders. These figures increase to \$6,600/m² to \$9,990/m², respectively, by 2050.

Table 7.1: Estimated Sustainable Retail Turnover Densities 2017 to 2050 (Constant \$2017 per m² GLA)

Year	Spending Category (Constant 2017 Prices)			
	FLG	Food Catering	Non-Food	Services
2017	\$8,200/m ²	\$7,700/m ²	\$5,700/m ²	\$4,450/m ²
2020	\$8,350/m ²	\$7,820/m ²	\$5,980/m ²	\$4,610/m ²
2025	\$8,600/m ²	\$8,020/m ²	\$6,470/m ²	\$4,900/m ²
2030	\$8,860/m ²	\$8,220/m ²	\$7,010/m ²	\$5,200/m ²
2035	\$9,130/m ²	\$8,420/m ²	\$7,590/m ²	\$5,520/m ²
2040	\$9,410/m ²	\$8,640/m ²	\$8,210/m ²	\$5,860/m ²
2045	\$9,700/m ²	\$8,850/m ²	\$8,890/m ²	\$6,220/m ²
2050	\$9,990/m ²	\$9,080/m ²	\$9,620/m ²	\$6,600/m ²
<i>Average Annual Growth Rate</i>	<i>+0.6%</i>	<i>+0.5%</i>	<i>+1.6%</i>	<i>+1.2%</i>

Source: Essential Economics

7.3 Supportable Retail Floorspace in FBURA 2050

Applying these RTDs to captured spending, Table 7.2 shows estimated sustainable floorspace in Fishermans Bend in total in 2050.

The logic of Table 7.2 is as follows:

- By 2050, Fishermans Bend is expected to accommodate 77,700 residents and 70,200 workers. The number of workers has been adjusted to account for people who also live in Fishermans Bend.
- The total market size (or level of available retail spending) of the Fishermans Bend Trade Area is \$3.39b, including \$2.18b that would be generated by Fishermans Bend Residents and Workers (refer Table 5.4) and \$1.21b generated by STA-Port Phillip (part) residents.
- In the FLG category, estimated captures rates range from 61% from Fishermans Bend PTA residents to 6% from STA residents in Port Phillip-part. An estimated 9% of FLG spending would originate from beyond the trade area.
- Similar patterns are expected in other spending categories.

- Retained (or captured) FLG spending totals \$352.9m, while captured spending for all spending categories totals \$1.14b.
- Applying an RTD of \$9,990/m² to captured FLG spending yields a sustainable FLG floorspace of 35,340m².
- Across all spending categories, floorspace sustainable in Fishermans Bend totals 120,850m² (121,000m², rounded).

Table 7.2: Estimated Supportable Floorspace Fishermans Bend, 2050

Population	77,680				
Workers	70,165				
Available Spending (\$m 2017)	FLG	Food Catering	Non-Food	Services	Total
Fishermans Bend Residents	\$467.8m	\$244.3m	\$1,049.8m	\$81.0m	\$1,842.9m
Fishermans Bend Workers	<u>\$35.6m</u>	<u>\$177.8m</u>	<u>\$98.6m</u>	<u>\$21.6m</u>	<u>\$333.7m</u>
Total PTA - Fishermans Bend	\$503.4m	\$422.1m	\$1,148.4m	\$102.7m	\$2,176.6m
STA - Port Philip (part) Residents	<u>\$276.1m</u>	<u>\$187.8m</u>	<u>\$700.4m</u>	<u>\$46.1m</u>	<u>\$1,210.3m</u>
Total Spending	\$779.4m	\$609.9m	\$1,848.9m	\$148.8m	\$3,387.0m
Capture Rates (%)	FLG	Food Catering	Non-Food	Services	Total
Fishermans Bend Residents	61%	64%	29%	29%	41%
Fishermans Bend Workers	56%	71%	24%	24%	53%
Total PTA - Fishermans Bend	60%	67%	28%	28%	43%
STA - Port Philip Residents	6%	5%	6%	6%	6%
From Beyond	9%	11%	13%	12%	11%
Retained Spending (\$m 2017)	FLG	Food Catering	Non-Food	Services	Total
Fishermans Bend Residents	\$283.2m	\$156.1m	\$301.7m	\$23.3m	\$764.4m
Fishermans Bend Workers	<u>\$20.1m</u>	<u>\$126.8m</u>	<u>\$23.7m</u>	<u>\$5.2m</u>	<u>\$175.8m</u>
Total PTA - Fishermans Bend	\$303.3m	\$283.0m	\$325.4m	\$28.5m	\$940.2m
STA - Port Philip Residents	\$16.6m	\$9.9m	\$41.7m	\$2.7m	\$70.9m
From Beyond	<u>\$33.1m</u>	<u>\$37.5m</u>	<u>\$53.4m</u>	<u>\$4.5m</u>	<u>\$128.4m</u>
Total	\$352.9m	\$330.4m	\$420.5m	\$35.7m	\$1,139.5m
Turnover per sq m (\$ 2017)	\$9,990/m ²	\$9,080/m ²	\$9,625/m ²	\$6,600/m ²	
Floorspace Supported (sq m GLA)	35,340m ²	36,400m ²	43,700m ²	5,410m ²	120,850m²
Floorspace per Resident	0.5m ²	0.5m ²	0.6m ²	0.1m ²	1.6m²

Source: Essential Economics

A graphic presentation of the retail floorspace distribution by Precinct is presented in Figure 8.2 in the following Chapter.

The total retail floorspace figure supported in FBURA in 2050 (121,000m² rounded) represents 1.6m² of retail floorspace per resident in Fishermans Bend. While this provision is below the national level of approximately 2.2m² per person, the national average includes resident spending at highly concentrated areas of retail provision such as capital city CBDs and suburbs

containing super regional centres. Thus, Fishermans Bend residents would be expected to spend the equivalent of an additional 0.6m² per person in retail shops located beyond Fishermans Bend, and this would include shopping in the nearby Melbourne CBD (e.g. for higher-order purchases such as fashion and giftware) and elsewhere.

By comparison, the Clarendon Street shopping strip accounts for 0.61m² of retail floorspace per resident in its surrounding catchment, while the Bay Street shopping strip accounts for 0.85m² per resident in that centre's surrounding catchment (based on information in the "City of Port Phillip Activity centre supply and demand study" (MacroPlan Dimasi, October 2015).

7.4 Distribution of Floorspace by Precinct 2050

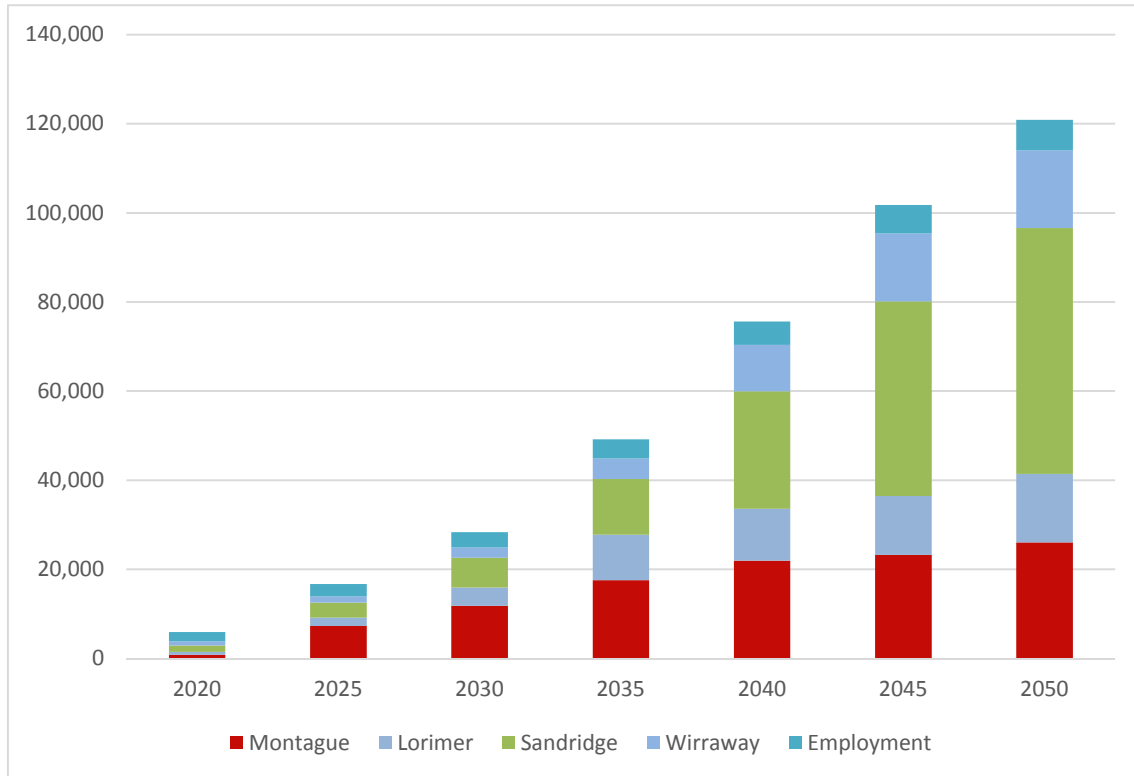
The expected progression of retail floorspace provision by precinct in Fishermans Bend between 2020 and 2050 is summarised in Table 7.3 and Chart 7.1.

Table 7.3: Retail Floorspace Supportable at Fishermans Bend, 2020 to 2050 (GLA m²)

Precinct	2020	2025	2030	2035	2040	2045	2050
Montague	850m ²	7,310m ²	11,860m ²	17,560m ²	21,930m ²	23,220m ²	26,070m ²
Lorimer	600m ²	1,850m ²	4,030m ²	10,220m ²	11,680m ²	13,210m ²	15,330m ²
Sandridge	1,470m ²	3,420m ²	6,740m ²	12,510m ²	26,360m ²	43,740m ²	55,170m ²
Wirraway	90m ²	1,310m ²	2,270m ²	4,590m ²	10,390m ²	15,200m ²	17,500m ²
Employment	<u>2,130m²</u>	<u>2,850m²</u>	<u>3,420m²</u>	<u>4,290m²</u>	<u>5,280m²</u>	<u>6,370m²</u>	<u>6,780m²</u>
Total	5,950m²	16,740m²	28,320m²	49,170m²	75,640m²	101,740m²	120,850m²

Source: Essential Economics

Chart 7.1: Estimated Retail Floorspace Supportable at Fishermans Bend, 2020 to 2050 (GLA m²)



Source: Essential Economics

In 2020, less than 6,000m² of retail floorspace is supportable in Fishermans Bend. However, by 2025, assuming the rate of development underpinning DELWP population projections, supportable floorspace almost trebles to 16,740m². This rapid growth pattern in supportable retail floorspace continues until 2050, when it is projected that slightly more than 120,000m² is supportable.

By precinct, retail floorspace growth patterns follow growth in population and worker numbers. To a large extent, the volume of supportable retail floorspace also reflects the intended role of each precinct.

For example, Sandridge does not experience rapid growth until after 2030, although eventually becomes the precinct with the largest volume of supportable retail floorspace. This projection is consistent with the precinct's expected role as a major office precinct, as well as supporting relatively high-density population levels.

The following Chapter discusses supportable retail floorspace provisions in each of the FRURA precincts.

8 RETAIL FLOORSPACE BY PRECINCT AND CENTRE TYPE

In this Chapter supportable retail floorspace is allocated across the FBURA, having regard for:

- The location and number of residents and workers in each of the Fishermans Bend precincts.
- The volume of supportable retail floorspace as defined in the previous Chapter.
- A retail centre hierarchy appropriate for Fishermans Bend, taking into account factors that include the distribution of the resident population and the workforce engaged in activities in Fishermans Bend, accessibility within the area, and the type and scale of retail goods and services available to residents and others.

A summary of the estimated total number of residents and workers in each precinct is provided for the period 2020 to 2050 in Figure 8.1, while the estimated total retail floorspace by retail category is provided in Figure 8.2.

8.1 Hierarchy of Retail Centres in Fishermans Bend

The retail hierarchy broadly suitable for Fishermans Bend is expected to be very similar to the hierarchy discussed earlier in Chapter 2. However, given the relatively limited geographical extent of the FBURA and the inner city nature of its urban design framework, it is unlikely that a Regional Centre (such as The Glen or Northland) could be successfully established.

The suggested hierarchy for FBURA is as follows:

- **Regional Centre:** Sandridge will serve the entire FBURA and beyond. The retail mix may include at least one fully enclosed managed centre (perhaps similar to Emporium which comprises specialty retailers and a food court), and may also accommodate some larger footprint stores, such as mini-majors. On current trends Sandridge is unlikely to incorporate a traditional department store.

The precinct will be developed intensively, and may have a street-based shopping environment similar to parts of the Melbourne CBD, and should offer a strong range of convenience goods and services, including multiple supermarkets. The size and format of supermarkets will be determined by market trends and available space, but full line supermarkets (3,000m² to 4,000m² GLA) should be a consideration.

The dining opportunities in Sandridge are potentially extensive, ranging from affordable every day snacks and meals, to high-end restaurants. Sandridge, over time, could become one of Melbourne's key 'foodie' destinations when consideration is given to the extensive main trade area of around 124,000 residents and 70,000-plus workers, plus the area's accessibility as an inner Melbourne location.

Food Catering usually works well in conjunction with a strong entertainment offer which is technically not part of the retail floor space projections. A strong entertainment,

events and cultural focus – including cinemas, cafes, bars, nightclubs, galleries, concerts and the like – will be needed to ensure that Sandridge thrives at night and on weekends when the commercial office workforce is absent. The ‘night-time economy’ is now a recognised component in the economy of larger cities and towns.

A further consideration is the importance of the non-food offer in Sandridge (including a strong fashion component), which is potentially extensive in view of the size of the surrounding residential trade area and workers.

- **Sub-Regional Centre:** One of the predominantly residential precincts (Montague Lorimer or Wirraway) may support a medium-sized retail component in the longer-term. Of the three precincts, Montague is likely to support a smaller sub-regional centre over time in view of its forecast resident population (19,070 persons plus 3,580 workers by 2050) and supportable retail floorspace (26,070m² by 2050).

In today’s context, a smaller sub-regional centre typically incorporates at least one full-line discount department store, one or two supermarkets and around 40 specialty shops. Total retail floorspace could be around 20,000m². A planned expansion in trade area population in excess of around 50,000 residents is a trigger for the transition of a sub-regional centre towards a regional centre, with additional retail components anticipated for inclusion in the mix of businesses and community services and amenities.

The sub-regional centre can be a shopping mall (or plaza) under single management, or it could take the form of a street-based centre rather than an internalised mall (or plaza). Under either physical form, the ‘single management’ entity is likely to be in favour for the efficient outcomes in terms of centre design, operation, marketing and management.

- **Neighbourhood Centre:** Centres that serve a surrounding neighbourhood catchment of around 10,000 to 25,000 residents are normally anchored by one or two full-line supermarkets and up to 30 small specialty shops. Generally, retail floorspace does not exceed 10,000m², but larger double supermarket-based centres may do so, bringing total retail floorspace to around 16,000m² or so. The neighbourhood centre is where most households undertake their regular weekly shopping trip to the supermarket, butcher, newsagency, drycleaner and so on.

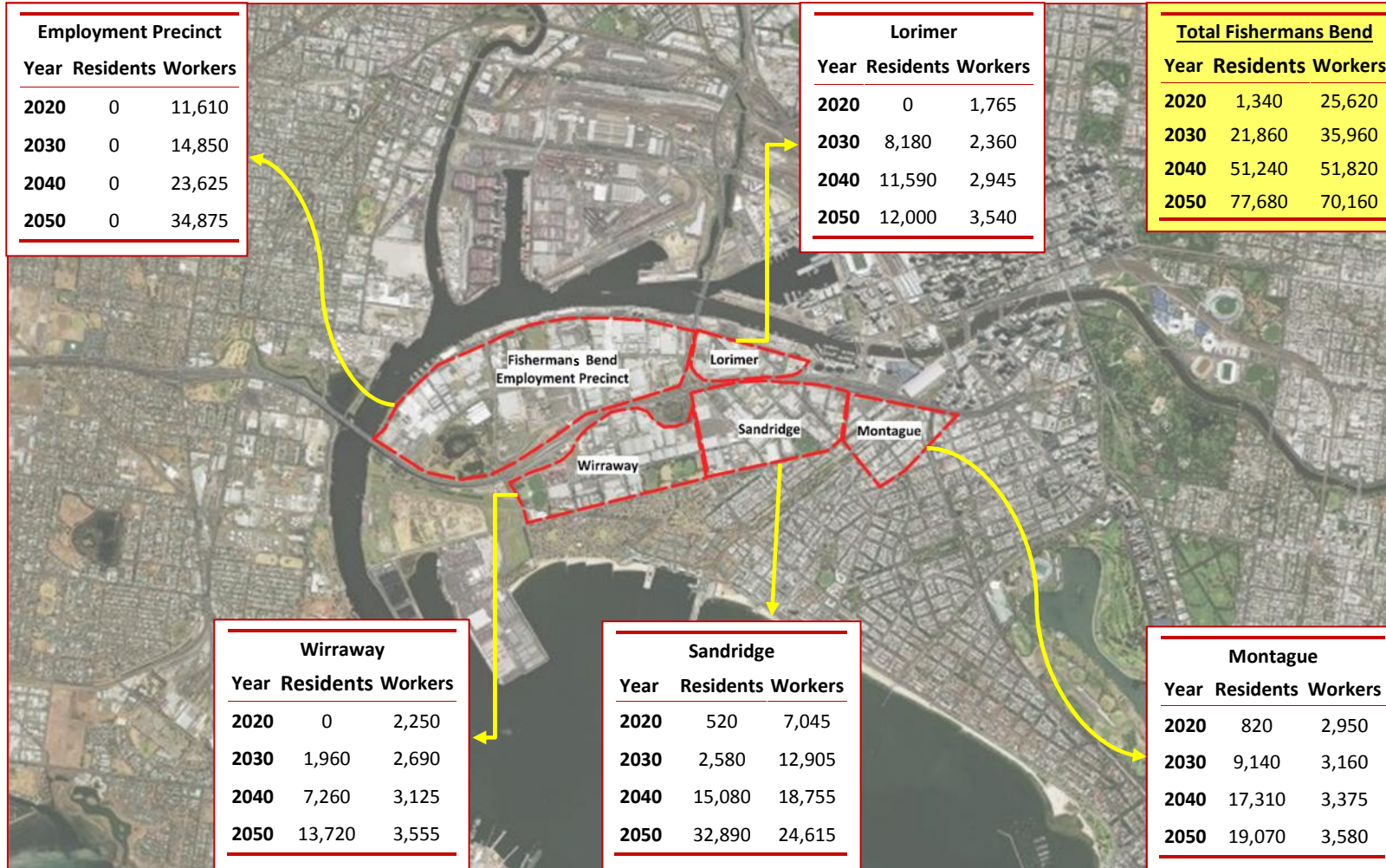
Neighbourhood centres can be managed or unmanaged (see the discussion in Chapter 2 and below), and their built form can be street front-oriented (a typical strip shopping centre) or an enclosed mall or plaza. Traditionally, street-based neighbourhood centres have involved an agglomeration of individual property and business owners, but in the future it is likely that most neighbourhood centres (whether mall or street-oriented) will be designed as a single entity and under one manager. As noted above, this approach ensures efficiencies in design, operation, marketing and management.

For FBURA, neighbourhood centres will evolve in Montague, Lorimer and Wirraway, with possibly one of these precincts also supporting a sub-regional centre over time (and this is likely to be Montague, as noted above).

The four residential precincts and the employment precinct will also support local convenience centres, as outlined below.

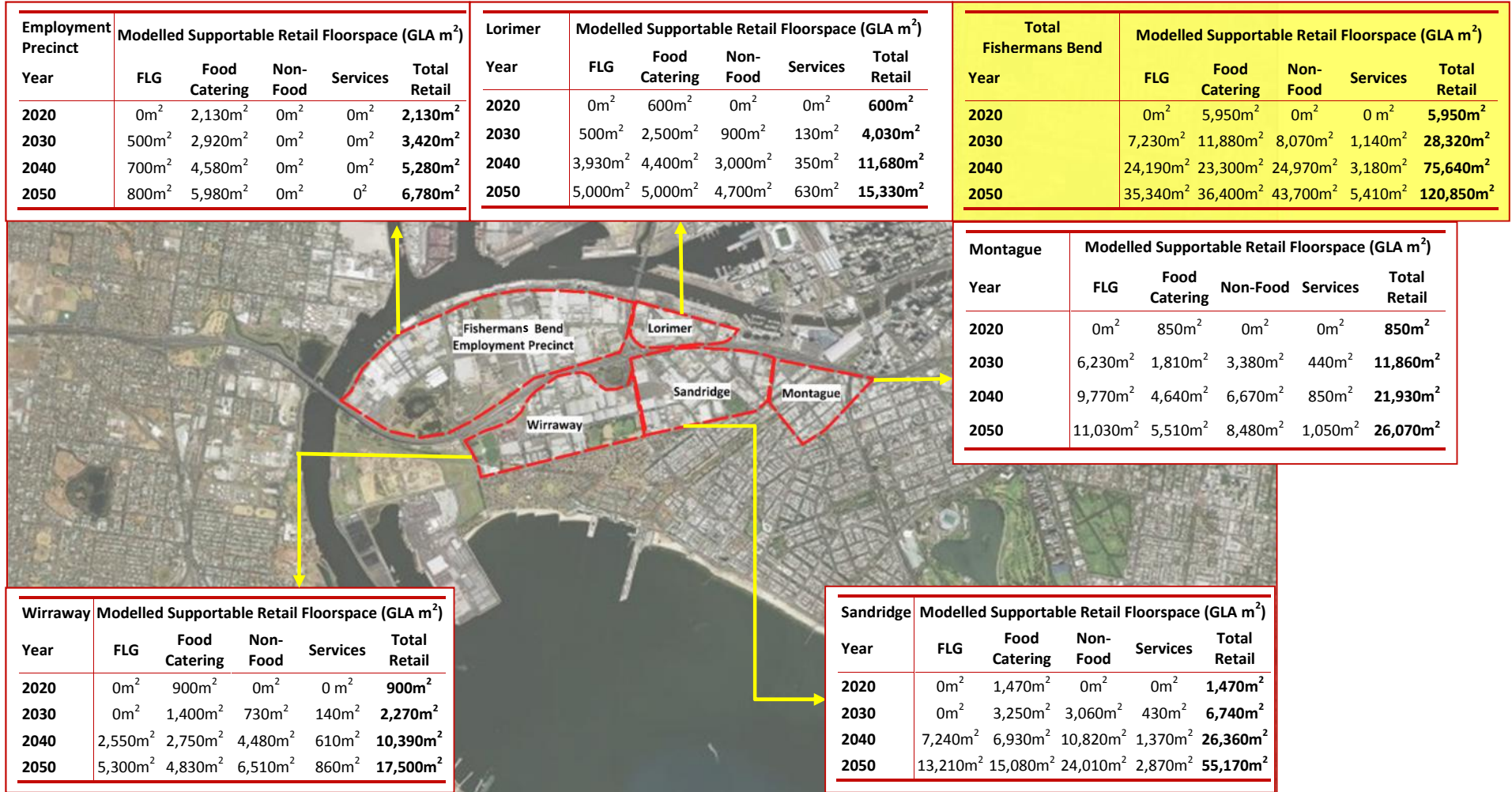
- **Local Centre:** Local centres are smaller collections of shops serving a relatively confined neighbourhood with convenience and top-up shopping. Local centres are usually unmanaged, consisting of properties and shops owned by individual entities as opposed to all properties and shops being under single ownership.

Figure 8.1: Estimated Number of Residents and Workers, by Precinct, Fishermans Bend, 2020 to 2050



Source: Essential Economics

Figure 8.2: Estimated Retail Floorspace Requirements, by Precinct, Fishermans Bend, 2020 to 2050



Source: Essential Economics

8.2 Shopping Centre Development Paths

Strip shopping centres and enclosed (managed) shopping malls generally follow very different development paths:

- Shops in a strip centre may be developed in a block or as separate smaller developments. Strip shops can also be located on the ground floor of commercial buildings.

Typically, shops face onto a road, or a dedicated pedestrian walkway, or onto a courtyard or plaza surrounded by commercial buildings.

The developers of these properties almost always intend to sell the individual shop units to investors, who in turn lease the space to retail or commercial tenants. This development pattern often results in disparate ownership, minimal retail planning, and a general lack of retail coherence. However, metropolitan Melbourne has many traditional strip shopping centres – such as Toorak Road, Brunswick Street, Lygon Street and Burke Road – that are extremely popular with shoppers.

- Alternatively, professional mall developers purposefully design retail spaces from the outset. Major traders are strategically positioned within a centre to promote traffic flows past specialty shops; the retail mix is carefully planned; retail precincts comprising similar shops are created within a centre (e.g. a fresh food precinct) to provide choice and convenience for customers; and access and parking options are key considerations, including public transport.

Importantly, mall developers usually retain ownership of the asset for the medium to long-term and manage leasing of premises and retail mix. Furthermore, centres under single ownership can plan for expansion to match growth in retail demand. For example, many managed centres in new residential areas start with one supermarket and a limited number of specialty shops and, as the surrounding population expands, add a second supermarket and a wider range of specialties.

This development pattern, if properly executed, usually results in a coherent retail offer that meets public expectations.

- A third model of shopping centre design has emerged in recent years in the development of residential communities where the shopping centre is owned by the one entity, but is designed to incorporate elements of both the street-oriented shops and internal mall-type components (e.g. including a food court). Examples include Lynbrook Village, Mernda Village and Point Cook Shopping Centre.

The fundamental difference in development patterns, ownership and built form between strip centres and managed centres needs careful consideration in the planning of physical retail spaces in Fishermans Bend:

- Too much floorspace which is individually-owned (as prevails in most long-established strip centres) is likely to result in a disjointed retail experience for shoppers.

- If the overwhelming majority of retail space is within managed centres, there is a danger of sameness and a lack of diversity in the retail offer.

Having regard for these potential outcomes, the ‘third’ design model noted above – which incorporates the successful elements of both the strip centre and a mall or plaza – may be of value in considering future approaches to shopping centre design and ownership.

According to the Shopping Centre Council of Australia, 37% of retail floorspace is located in managed shopping centres. This proportion is potentially higher in newly established areas, and it is the consultant’s view that, on balance, around 50% of retail floorspace in Fishermans Bend could be in managed centres. This balance would be expected to provide a good mix for consumers: it would satisfy those preferring to shop in centres that have a professionally managed tenant mix; and satisfy others who prefer the traditional strip shopping experience.

As noted, new centres can be developed that have elements of both the successful strip centre (with street-oriented shopfronts) and the successful mall or plaza, and all under the one centre owner and under the one centre manager. Under this approach, the one property owner would own a whole street block or a couple of street blocks within a centre.

Getting the balance right in terms of (a) planned shopping centres and (b) an approach that is typically more ‘street-oriented’, will be important for the planning of retail and associated activities in the several Fishermans Bend precincts. The clustering of retail activities at appropriate locations will be important, having regard for such factors as shopper access, store pick-up and deliveries, public transport services, and the like. Encouraging retail on the ground floors of commercial/office buildings and residential buildings will also be important, and with ‘anchor’ retailers suitably located to generate foot-traffic for the specialty shops located within these planned shopping areas.

It will also be important to ensure that retail activities are suitably planned in a locational sense, and not permitted to simply locate ‘anywhere’ in a particular precinct. This aspect is especially important when consideration is given to the multitude of land owners – large and small – in Fishermans Bend (and this situation is generally the opposite to far more limited ownership patterns in outer-metropolitan areas that are the subject of Precinct Structure Plans).

A further consideration is the role and function of the ‘local centre’ or ‘local convenience store’ noted in Section 8.1 in regard to the hierarchy of retail centres. As the title denotes, these ‘local’ retail facilities will be situated in all residential precincts and in the employment precinct in such a manner that they are readily accessible to residential neighbourhoods and employment areas. In these accessible locations, the local centre will enable convenience or ‘top up’ shopping that supplements purchases made during the regular shopping trip to the supermarket in the neighbourhood (or larger) centre. An example is the shopper stopping off on the trip home from work to buy milk and bread. The number and location of these local shops would be determined on a case-by-case basis to meet local demand. Provision is made for a total of ten such ‘local’ centres in FBURA, each with an average retail floorspace of around 500m² per centre. Typical tenants would include a convenience store (with a limited range of foodstuffs and household merchandise, newspapers, etc), hairdresser, beauty parlour, takeaway food, cafe and the like.

The following sections discuss the estimated supportable floorspace in each precinct in the FBURA, broad timing of development, and possible positioning in the retail hierarchy.

In Tables 8.1 to 8.6, the number of workers is adjusted to account for people who live and work in Fishermans Bend, as described in Chapter 5.

8.3 Montague

The Montague precinct is expected to accommodate 19,070 residents and 3,580 workers by 2050, with supportable retail floorspace as shown in Table 8.1.

Table 8.1: Montague - Estimated Supportable Floorspace, 2020 to 2050 (GLA m²)

Year	Residents (No.)	Workers (No.)	Modelled Supportable Retail Floorspace (GLA m ²)				
			FLG	Food Catering	Non-Food	Services	Total Retail
2020	820	2,950	0m ²	850m ²	0m ²	0m ²	850m ²
2025	4,450	3,060	4,000m ²	1,510m ²	1,570m ²	230m ²	7,310m ²
2030	9,140	3,160	6,230m ²	1,810m ²	3,380m ²	440m ²	11,860m ²
2035	14,430	3,265	7,690m ²	4,440m ²	4,840m ²	590m ²	17,560m ²
2040	17,310	3,375	9,770m ²	4,640m ²	6,670m ²	850m ²	21,930m ²
2045	18,350	3,475	10,300m ²	4,980m ²	7,060m ²	880m ²	23,220m ²
2050	19,070	3,580	11,030m ²	5,510m ²	8,480m ²	1,050m ²	26,070m ²

Source: Essential Economics

In 2020, there is only sufficient demand to support a number of local food catering shops, particularly in view of the small number of residents (estimated 820 persons).

However, by 2025, around 4,500 residents and 3,000 workers are estimated to be in Montague. While this population level is generally insufficient to support a neighbourhood centre anchored by a supermarket, the prospect of population growth over the subsequent five years may encourage a centre developer to positively consider a retail development in advance of demand.

As the precinct matures, either a second full-line supermarket could be added to the existing centre by 2035, or another supermarket could be established in a separate location.

A steady level of growth population over time indicates the ultimate supportable retail floorspace would be in the order of 26,000m², including almost 8,500m² in non-food shops.

In addition, non-retail floorspace (entertainment, medical, small office) will be supportable by the local population. Conservatively, an additional 15% of floorspace could be supported for these uses, taking overall retail and non-retail floorspace in Montague to around 30,000m² by 2050.

Given the relatively confined geographic area covered by Montague, retail floorspace is likely to be concentrated into one or two areas as opposed to a widely dispersed distribution of shops.

8.4 Lorimer

Estimated supportable retail floorspace in Lorimer over time is shown in Table 8.2.

Table 8.2: Lorimer - Estimated Supportable Floorspace, 2020 to 2050 (GLA m²)

Year	Residents (No.)	Workers (No.)	Modelled Supportable Retail Floorspace (GLA m ²)				Total Retail
			FLG	Food Catering	Non-Food	Services	
2020	0	1,765	0m ²	600m ²	0m ²	0m ²	600m ²
2025	3,440	2,060	0m ²	1,280m ²	510m ²	60m ²	1,850m ²
2030	8,180	2,360	500m ²	2,500m ²	900m ²	130m ²	4,030m ²
2035	10,980	2,655	4,010m ²	3,850m ²	2,100m ²	260m ²	10,220m ²
2040	11,590	2,945	3,930m ²	4,400m ²	3,000m ²	350m ²	11,680m ²
2045	11,930	3,240	4,480m ²	4,780m ²	3,510m ²	440m ²	13,210m ²
2050	12,000	3,540	5,000m ²	5,000m ²	4,700m ²	630m ²	15,330m ²

Source: Essential Economics

Only small shops in local centres, based on these projections, are supported in Lorimer up until 2030. In particular, there is insufficient demand to support a supermarket until at least 2030.

Before then, Lorimer residents will most likely need to shop outside the precinct for food and groceries in nearby Montague or further afield in Port Melbourne or South Melbourne, notwithstanding the relatively poor physical connections to these areas because of the West Gate Freeway.

By 2035, when the population of Lorimer reaches more than 10,000 people, a supermarket with specialty shops should be supportable. However, little prospect is evident for a second supermarket in the longer-term.

By 2050, an estimated 15,300m² of retail floorspace is supportable. An additional 15% loading for non-retail floorspace brings retail and non-retail floorspace to around 17,500m². As is the expected case in Montague, retail floorspace is likely to be relatively concentrated.

8.5 Wirraway

Wirraway – bordering the existing Port Melbourne strip centre and the planned Fishermans Bend precincts of Sandridge and Employment – is only projected to have a population of 13,720 persons by 2050 as indicated in Table 8.3. Take-up of retail floorspace is expected to be similarly slow.

Table 8.3: Wirraway - Estimated Supportable Floorspace, 2020 to 2050 (GLA m²)

Year	Residents (No.)	Workers (No.)	Modelled Supportable Retail Floorspace (GLA m ²)				
			FLG	Food Catering	Non-Food	Services	Total Retail
2020	0	2,250	0m ²	900m ²	0m ²	0 m ²	900m ²
2025	360	2,465	0m ²	1,010m ²	230m ²	70m ²	1,310m ²
2030	1,960	2,690	0m ²	1,400m ²	730m ²	140m ²	2,270m ²
2035	4,490	2,905	0m ²	1,990m ²	2,260m ²	340m ²	4,590m ²
2040	7,260	3,125	2,550m ²	2,750m ²	4,480m ²	610m ²	10,390m ²
2045	10,410	3,340	4,000m ²	4,520m ²	5,890m ²	790m ²	15,200m ²
2050	13,720	3,555	5,300m ²	4,830m ²	6,510m ²	860m ²	17,500m ²

Source: Essential Economics

Furthermore, development of the precinct is expected to take place after Montague, Lorimer and Sandridge. Thus, by 2040, only around 7,300 people are projected to be residents of Wirraway.

Accordingly, substantial supportable retail floorspace, other than local shops, is not expected until 2040. Even by that time, it is unlikely that a full-line supermarket could be established in Wirraway. However, a supermarket-based centre could be established by between 2040 and 2045, accompanied specialties and local shops.

By 2050, total supportable retail floorspace is estimated to be 17,500m². With a 15% allowance for non-retail floorspace, total floorspace supportable is estimated to be around 20,000m².

Wirraway covers a relatively large geographical area compared with Montague and Lorimer. Residents of the eastern portion of Wirraway will have good access to significant retail located in Sandridge, so it is reasonable to expect that retail clusters in Lorimer are likely to be situated in the central and western parts of the precinct. A potential configuration is a larger concentration of retail near the centre, with a smaller provision in the eastern segment.

8.6 Sandridge

Sandridge, which is planned as the commercial centre of Fishermans Bend providing work for 25,000 people, is projected to accommodate around 33,000 residents by 2050. The pattern of estimated supportable retail floorspace in Sandridge is shown in Table 8.4.

Table 8.4: Sandridge - Estimated Supportable Floorspace, 2020 to 2050 (GLA m²)

Year	Residents (No.)	Workers (No.)	Modelled Supportable Retail Floorspace (GLA m ²)				
			FLG	Food Catering	Non-Food	Services	Total Retail
2020	520	7,045	0m ²	1,470m ²	0m ²	0m ²	1,470m ²
2025	880	9,970	0m ²	2,100m ²	1,140m ²	180m ²	3,420m ²
2030	2,580	12,905	0m ²	3,250m ²	3,060m ²	430m ²	6,740m ²
2035	6,710	15,830	2,120m ²	4,340m ²	5,320m ²	730m ²	12,510m ²
2040	15,080	18,755	7,240m ²	6,930m ²	10,820m ²	1,370m ²	26,360m ²
2045	24,080	21,690	9,970m ²	12,230m ²	19,200m ²	2,340m ²	43,740m ²
2050	32,890	24,615	13,210m ²	15,080m ²	24,010m ²	2,870m ²	55,170m ²

Source: Essential Economics

The substantial residential development of Sandridge is not projected to occur until about 2035, when an estimated 6,700 residents are expected in the precinct. By that time, a projected 15,800 workers are also expected to be employed in Sandridge.

On these projections, 2035 is too early for a supermarket, although at least one is supported by 2040. Ultimately, Sandridge could potentially accommodate up to four full-line supermarkets, or a larger number of smaller units.

A substantial provision of take-away food, cafes and restaurants is also supportable. As discussed earlier, Sandridge could become one of Melbourne's key restaurant destinations, provided that complementary entertainment businesses are established to ensure that weekends and weekday night times in Sandridge are popular.

A significant CBD-type centre, with a sizeable provision of non-food floorspace (24,000m² overall in the precinct), is supportable in Sandridge by 2050 based on these projections. Non-food floorspace would typically include a fashion offer that is large and diverse to attract shoppers from beyond the trade area. A DDS could be supported at Sandridge in view of the precinct's anticipated role as a regional centre, serving the wider FBURA.

By 2050, supportable retail floorspace totals 55,200m². An additional 30% of non-retail floorspace brings the supportable retail and non-retail floorspace to around 70,000m². This non retail space would include entertainment venues such as cinemas.

In the long-term, Sandridge may potentially have a Melbourne Metro station. It is anticipated the station would have two or three entrances along Plummer Street.

Many overseas examples, particularly in Asian countries, have demonstrated highly successful retail developments integrated with underground rail stations. This proven development history should be a key consideration in decisions regarding the location of retail facilities in Sandridge.

8.7 Employment Precinct

The Employment precinct is ultimately expected to support 40,000 jobs (35,000 jobs adjusted in this retail demand modelling to account for people who also work in the precinct – see Chapter 5), but no residents, as shown in Table 8.5.

Supportable retail floorspace will predominantly be in the Food Catering category – lunches, coffee shops and the like. By 2050, almost 6,000m² of supportable Food Catering floorspace is projected.

In addition, a small provision of FLG floorspace is expected, serving the convenience needs of workers in the Employment precinct. This FLG floorspace could be provided in a central location, but is more likely to be located in smaller convenience stores throughout the precinct. Convenience stores could also stock a small amount of non-food items, however, it is unlikely that any significant non-food stores could be supported.

The size of the Employment precinct suggests that retail facilities will need to be dispersed to allow workers to readily access food catering venues.

Table 8.5: Employment - Estimated Supportable Floorspace, 2020 to 2050 (GLA m²)

Year	Residents (No.)	Workers (No.)	Modelled Supportable Retail Floorspace (GLA m ²)				Total Retail
			FLG	Food Catering	Non-Food	Services	
2020	0	11,610	0m ²	2,130m ²	0m ²	0m ²	2,130m ²
2025	0	12,600	500m ²	2,350m ²	0m ²	0m ²	2,850m ²
2030	0	14,850	500m ²	2,920m ²	0m ²	0m ²	3,420m ²
2035	0	18,900	600m ²	3,690m ²	0m ²	0m ²	4,290m ²
2040	0	23,625	700m ²	4,580m ²	0m ²	0m ²	5,280m ²
2045	0	29,250	750m ²	5,620m ²	0m ²	0m ²	6,370m ²
2050	0	34,875	800m ²	5,980m ²	0m ²	0 ²	6,780m ²

Source: Essential Economics

The University of Melbourne recently announced that the Faculty of Engineering would open a new campus in the Employment precinct on a 7ha site in the old GMH factory. This initiative is expected to result in around 1,000 students and staff at the campus by the early 2020s.

Universities (as well as some large employers) often provide a subsidised food and beverage offer within their campuses for the convenience of their students and staff. The potential extent of this practice in the Fishermans Bend Employment precinct has not been explicitly modelled in this analysis, but it is a factor that should be considered in a later review.

8.8 Total Fishermans Bend

Overall, approximately 120,000m² of retail floorspace may be supportable in 2050 in the FBURA, as summarised in Table 8.6. In addition, with a non-retail floorspace allowance of around 20%, total retail and non-retail floorspace could total 145,000m² GLA.

Table 8.6: Fishermans Bend - Estimated Supportable Floorspace, 2020 to 2050 (GLA m²)

Year	Residents (No.)	Workers (No.)	Modelled Supportable Retail Floorspace (GLA m ²)				Total Retail
			FLG	Food Catering	Non-Food	Services	
2020	1,340	25,620	0m ²	5,950m ²	0m ²	0 m ²	5,950m ²
2025	9,130	30,160	4,500m ²	8,250m ²	3,450m ²	540m ²	16,740m ²
2030	21,860	35,965	7,230m ²	11,880m ²	8,070m ²	1,140m ²	28,320m ²
2035	36,610	43,560	14,420m ²	18,310m ²	14,520m ²	1,920m ²	49,170m ²
2040	51,240	51,820	24,190m ²	23,300m ²	24,970m ²	3,180m ²	75,640m ²
2045	64,770	60,995	29,500m ²	32,130m ²	35,660m ²	4,450m ²	101,740m ²
2050	77,680	70,165	35,340m ²	36,400m ²	43,700m ²	5,410m ²	120,850m ²

Source: Essential Economics

Note: (*) excludes workers resident in Fishermans Bend

9 SUMMARY AND CONCLUSIONS

Context

- 1 Fishermans Bend is the largest urban renewal area in Australia, covering some 485ha. As described in the *Fishermans Bend Framework Plan* (Draft for Consultation, October 2017), this locality is to transition from a predominantly industrial precinct to a number of central city liveable and resilient neighbourhoods.
- 2 The urban renewal area lies within the boundaries of two municipalities, the City of Melbourne and the City of Port Phillip, and is situated just 5km from the Melbourne Central Business District. The renewal area is also located in proximity to both Southbank and Docklands and to the long-established strip shopping centres in Bay Street Port Melbourne and in Clarendon Street in South Melbourne.
- 3 The *Fishermans Bend Urban Design Strategy* (Hodyl + Co, September 2017) identifies the ‘aspiration’ for Fishermans Bend as setting “*a new benchmark for inner city living and working, to position Melbourne as a 21st century smart city and to enhance the highly valued natural and cultural attributes of the area*”. Moreover, Fishermans Bend will be transformed “*into a series of flourishing, high-density, mixed-use neighbourhoods (that) will fundamentally reshape central Melbourne*” (p9).

Retailing Today and Tomorrow

- 4 Underlying trends in the retail sector will be need to be carefully monitored for the impact such trends may have on retail centres at Fishermans Bend over the period to 2050.
- 5 The trend most likely to impact on the physical provision of retail floorspace at Fishermans Bend will be the continuing growth in online shopping. Presently, online shopping accounts for around 7% of total retail spending, but is expected to increase to around 15% or more in coming years. This growth in online shopping is changing the way people shop (‘click and collect’; home delivery; etc) and is having an impact on revenues in conventional ‘bricks and mortar’ shopfront retailing. Moreover, the trend to online shopping will accelerate into the future.
- 6 Other trends include the role of department stores which have traditionally provided the anchor tenant to regional centres serving 100,000-plus residents, and similar to the resident population planned for Fishermans Bend. Today, department stores are under pressure from other retail forms, particularly in the fashion sector.
- 7 If the department store is no longer the ‘certainty’ as a retail anchor, the growth in specialty retail is likely to continue as an important retail component that provides the key attraction to a retail shopping complex. Examples in the Melbourne CBD include Emporium, QV and St Collins Lane.

- 8 A certainty in the context of planning a new retail centre, and having regard for a resident population and workforce of considerable size, is the popularity of food and hospitality services, ranging from cafes and restaurants, to bars and clubs. The importance of the night-time economy in consolidating the role of large centres is also emphasised.

Trade Areas Served by Retail at Fishermans Bend

- 9 The **Primary Trade Area** (PTA) defined for Fishermans Bend Urban Renewal is planned to accommodate an ultimate resident population of 80,000 persons and with up to 70,000 workers. The PTA will account for around 80% of retail sales at Fishermans Bend.
- 10 The **Secondary Trade Area** is defined at STA-Port Phillip (part), which comprises the neighbourhoods of Port Melbourne, South Melbourne, Albert Park and Middle Park, all of which are situated in the City of Port Phillip. This STA has a resident population estimated at 74,000 persons. Retailers in Fishermans Bend can expect to attract some 10% of their retail sales from the STA.
- 11 The **Main Trade Area** (MTA) comprises the PTA and the STA, combined.
- 12 Retailers in Fishermans Bend can expect to attract the balance of around 10% of their retail sales from **beyond the MTA**. These retail sales are accounted for by visitors who may be on business or meeting with friends and relatives in Fishermans Bend, and undertaking some shopping (or even just a coffee or lunch) during their visit.

Trade Area Populations at 2050

- 13 In 2050 the PTA is forecast to have approximately 77,700 residents plus an estimated 70,180 workers employed in the PTA. A further 46,180 residents are estimated for the STA. Total MTA residents are estimated at approximately 124,000 persons.

Available Retail Spending

- 14 By 2050, the total level of available retail spending is estimated at \$3.4b (in constant 2017 prices), with \$2.2b accounted for by Fishermans Bend residents and workers in the PTA and a further \$1.2b accounted for by STA residents.
- 15 This population base, combined with expected higher-than-average per capita spending, results in a substantial market for retail goods and services.

Captured Retail Spending

- 16 By 2050, the total volume of retail spending captured at Fishermans Bend is estimated to be \$1.14b (in constant 2017 prices). By this stage all precincts are well-established and close to population capacity. Retail facilities in each sector should also be well-established.

- 17 The amount of captured spending at \$1.14b is equivalent to approximately one-third of total available retail spending of \$3.39b. Thus, \$2.25b or two-thirds of available MTA retail spending would be available for existing centres, ranging from the nearby CBD to neighbourhood centres in Port Melbourne and South Melbourne, and for other more distant centres where MTA residents may undertake some shopping over the course of a year.

Supportable Retail Floorspace in Fishermans Bend

- 18 This retail assessment indicates that approximately 121,000m² of retail floorspace would be supported in Fishermans Bend by 2050. Of this total amount, an estimated 67% would be supported by Fishermans Bend residents; 15% by Fishermans Bend workers; 6% by STA residents; and 11% by shoppers coming from beyond the MTA.
- 19 In round terms, the allocation of retail and non-retail floorspace supported in Fishermans Bend precincts in 2050 would be as follows:

Precinct	Retail Floorspace Supported (rounded)	Non-Retail Floorspace Supported (rounded)	Total Floorspace Supported (rounded)
Montague	26,000m ²	4,000m ²	30,000m ²
Lorimer	15,000m ²	2,500m ²	17,500m ²
Sandridge	55,000m ²	15,000m ²	70,000m ²
Wirraway	18,000m ²	2,500m ²	20,500m ²
<u>Employment</u>	<u>7,000m²</u>	<u>2,500m²</u>	<u>9,500m²</u>
Total	121,000m²	26,500m²	147,500m²

- 20 In terms of the centre hierarchy, it is likely that the retail and non-retail floorspace would be distributed as follows:

Centre Hierarchy	No. Locations	Total Retail Floorspace Supported (rounded)	Total Non-Retail Floorspace Supported (rounded)	Total Floorspace Supported (rounded)
Regional	1	56,000m ²	15,000m ²	73,000m ²
Sub-regional	1	20,000m ²	3,000m ²	23,000m ²
Neighbourhood	4	40,000m ²	6,000m ²	46,000m ²
<u>Local</u> ⁽¹⁾	<u>10</u>	<u>5,000m²</u>	<u>2,500m²</u>	<u>7,500m²</u>
Total	16	121,000m²	26,500 m2	147,500m²

⁽¹⁾ Includes Employment Precinct

- 21 The retail floorspace identified in the Table above relates to all of the retail components described in this assessment, ranging from supermarkets, discount department stores, factory outlets and local centres, to specialty shops, mini-majors and department stores (although current trends suggest that department stores are not so popular in terms of new development among retailers). The only retail type that

may be inappropriate for a location in FBURA is the bulky goods format of retailing. While this is a popular retail format, the relatively large floorspace typically required by a bulky goods centre (10,000 to 20,000m² of retail floorspace and above), plus land for on-site parking, landscaping and ingress/egress points (requiring an overall site area of some 3ha to 6ha and above if all on one level), is likely to be too extensive in precincts where land demand is high and where land prices are similarly high.

Conclusions

- 22 The transformation of Fishermans Bend from an industrial heartland into significant new inner city suburbs is an important chapter in the growth story of Melbourne. The analysis in this report indicates that, by 2050, approximately 121,000m² of retail floorspace will be supportable in Fishermans Bend, serving almost 80,000 residents and around 70,000 workers. An allowance for non-retail floorspace provision – such as entertainment, medical facilities and businesses occupying small offices – is also made.
- 23 To reach this conclusion, detailed modelling of retail demand and supply has been undertaken. As with any modelling, particularly modelling over a period of 30 years-plus, the results are based on a series of assumptions. These assumptions are a combination of past and current trends, plus a considered view about the future shape of the retail market. This approach also involves having regard for the long-term behaviour and preferences of consumers, and the response of the suppliers of retail goods and services to these changing shopping preferences.
- 24 As has been demonstrated over the last 30 years, the only certainty about retail is that it is constantly evolving. Who, in 1990, would have predicted today's retail landscape? In that year Chadstone was a small centre, mobile phones weren't available and the internet had almost no commercial applications. Preliminary construction of Southbank was just getting underway and Docklands did not exist as a residential and commercial focus. And Melbourne's CBD was not the attractive centre it is today, with over 40,000 residents and a vibrant night-time economy.
- 25 To conclude, it is worth re-iterating the **key assumptions underpinning the results of the analysis in this report:**
- a) The Victorian and national economies will not experience one or more severe downturns, such as a prolonged recession, between now and 2050. This assumption, given long-term economic history, is unlikely to hold true.
 - b) The rate of population growth, based on strong net external migration, will continue indefinitely. Again, it is more likely that there will be periods over the next 30-plus years when population growth substantially slows.
 - c) The projections of Fishermans Bend population and worker growth as prepared by DEWLP are largely accurate. In the models, the DELWP figures are taken as given, but if these figures are inaccurate with respect to timing, then the timing of supportable floorspace will be materially impacted.

- d) Future retail spending is accurately predicted by the MarketInfo model and expectations of real growth in per capita spending.
 - e) The projected capture rates of retail demand can be achieved by retail businesses in Fishermans Bend.
 - f) The RTDs assumed, reflecting sustainable trading conditions for retailer and landlords alike, are achievable.
 - g) The take-up of internet-based retailing reaches around 15% of total sales by 2050. If this assumption is substantially conservative, significant downward pressure may be experienced in the demand for retail shop space, as more shopping needs are satisfied by online ordering and delivery to homes. Amazon has just commenced trading in Australia, so its effect on bricks-and-mortar retailing is too early to assess. But Amazon and others like it do have the potential to re-shape and disrupt the current retail landscape in profound ways.
 - h) Other technologies that will inevitably emerge over the next 30-plus years do not substantially change demand for retail floorspace. The online revolution currently being experienced suggests that demand for retail floorspace could decline, but there may be technologies or consumer-led activities that actually increase demand for floorspace. For example, it is possible that there will be increased demand for non-retail floorspace, offsetting a reduction in retail floorspace.
- 26 These uncertainties about the long-term future of the retail market in general, and the retail market in Fishermans Bend in particular, reinforce the need to regularly review the assessment of sustainable retail floorspace provided in this report.
- 27 Overall, the shopping centre industry is a good example of where retailing has successfully adapted to market forces and changing circumstances, largely based on long-term ownership and management of retail assets. Expectations of the future landscape for retailing can be set high in the knowledge that these same market forces will continue to drive an evolving retail industry. Accordingly, any planning for retail facilities in Fishermans Bend will need to exhibit a high degree of flexibility over time so that the industry can respond in a positive way to contemporary trends.

ATTACHMENT – Detailed Retail Model Results: see accompanying ‘Attachments Report’