



Virginia Park, Bentleigh East

Neighbourhood Activity Centre Retail Impact Assessment

Prepared for:
Gillon Group

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This report has been prepared by:
deep end services pty ltd
suite 304 / 9-11 claremont street
south yarra vic 3141
t: +613 8825 5888
f: +613 9826 5331
w: www.deependservices.com.au

Principal	Chris Abery chris.abery@deependservices.com.au
	03 8825 5877
Senior Associate	Alex Hopley alex.hopley@deependservices.com.au
	03 8825 5898
Project Code	DG1305
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Table of Contents

1. Executive Summary	1
2. Introduction.....	6
3. Local & regional context	10
3.1 Location	10
3.2 Drive-time population	14
3.3 Population density	16
3.4 Household income	17
3.5 Dwelling approvals.....	18
4. Virginia Park development	19
4.1 Historical context	19
4.2 Vision & objectives.....	20
4.3 Concept plans	20
4.4 Proposed neighbourhood centre	23
5. Activity Centres	25
5.1 Overview.....	25
5.2 City of Glen Eira centres	29
5.2.1 Centre Road, Bentleigh.....	29
5.2.2 Bentleigh East	29
5.2.3 Carnegie.....	30
5.2.4 Glen Huntly.....	30
5.2.5 Ormond	30
5.2.6 McKinnon.....	31
5.2.7 Murrumbeena.....	31
5.3 City of Monash centres.....	31
5.3.1 Oakleigh.....	31
5.3.2 South Oakleigh (The Links)	32
6. Supermarket supply and demand.....	34
6.1 Floorspace provision by municipality.....	34
6.2 Supermarket distribution	35
6.3 Supermarket accessibility.....	36
6.4 Local supermarket supply-demand analysis.....	37
7. Virginia Park trade area analysis	40
7.1 Virginia Park trade area definition	40
7.2 Trade area population.....	41
7.3 Population characteristics	42
7.4 Retail spending.....	45
8. Retail impact assessment	47
8.1 Projected retail turnover	47
8.2 Trading impacts.....	49
8.3 Impact conclusions.....	52
8.4 Community benefits.....	53
8.4.1 Employment benefits	53
8.4.2 Other benefits.....	54
9. Conclusions.....	55

Tables

Table 1:	Drive-time population from Virginia Park	15
Table 2:	Virginia Park retail mix	23
Table 3:	Activity centres floorspace summary	25
Table 4:	Activity centres floorspace	33
Table 5:	Local supermarket supply-demand analysis.....	39
Table 6:	Trade area population.....	42
Table 7:	Trade area characteristics	44
Table 8:	Trade area spending estimates.....	46
Table 9:	Virginia Park projected sales - 2018	48
Table 10:	Virginia Park market shares - 2018	49
Table 11:	Virginia Park trading impacts - 2018	50
Table 12:	Retail employment generation.....	54

Figures

Figure 1:	Regional location.....	6
Figure 2:	Virginia Park Business Park.....	7
Figure 3:	Virginia Park ground floor tenancies.....	8
Figure 4:	Existing zoning	9
Figure 5:	Regional setting.....	10
Figure 6:	Glen Eira population projections	11
Figure 7:	Bentleigh East population growth.....	11
Figure 8:	Local setting	13
Figure 9:	Traffic volumes.....	14
Figure 10:	Drive-time isochrones	15
Figure 11:	Population density	16
Figure 12:	Household income	17
Figure 13:	Dwelling approvals.....	18
Figure 14:	Land use mix	21
Figure 15:	Built form mix	22
Figure 16:	Indicative staging plan.....	22
Figure 17:	Shopping centres and retail strips.....	26
Figure 18:	Floorspace mix major centres.....	27
Figure 19:	Floorspace mix local centres.....	28
Figure 20:	Supermarket provision by local government area.....	34
Figure 21:	Supermarket distribution	36
Figure 22:	Supermarket accessibility.....	37
Figure 23:	Local supermarket supply-demand area.....	38

Figure 24: Virginia Park trade area.....	41
Figure 25: Spending rate comparisons	45
Figure 26: Virginia Park source of sales - 2018	51

1. Executive Summary

1. Virginia Park is a 12.35 hectare commercial and office-warehouse Business Park located on East Boundary Road, Bentleigh East, 14 km south-east of the Melbourne CBD. The 58,000 sqm of building area forms part of a broader employment node which includes another 8 hectares of land and buildings zoned Industrial 1 extending through to North Road. The land which is the subject of the rezoning request is the 12 hectare southern section from buildings on North Drive to the southern boundary bordering the Virginia Park reserve.
2. The origins of the site can be traced back to the 1950's as a manufacturing plant for HO Wills & Co. Since the mid 1980's when manufacturing ceased, the site has evolved to a multi-tenanted business park using and adapting some of the original buildings while developing others to tenant needs and market demand. The Business Park today is an important employment node with some valuable tenant commitments.
3. The site is however under-utilised with remnant buildings having significant maintenance needs and limited commercial use. Part of the site's infrastructure and services require renewal or replacement which may be cost prohibitive given the current returns and low economic life of some of the original buildings. Developing new buildings on an incremental site-by-site basis is not a viable option.
4. Virginia Park is at a point where a long-term vision for the property is necessary that can make best use of its infrastructure, retain its vital employment role but expand its land use elements consistent with the new zones and demand for housing and retail uses.
5. The proposed concept plans show a stage 1 retail and residential development in the south-west corner of the site between South Drive and the Virginia Park reserve and town houses on the eastern boundary. A proposed neighbourhood centre (12,000 sqm GLA) might include two supermarkets (one large, one small) with mini-majors and specialty shops. Residential elements are incorporated on upper levels and as town houses.
6. Stages 2 & 3 redevelop existing office-warehouses and parking areas off South Drive with apartment buildings up to 10 levels. The longer term Stage 4 redevelops the existing office and office-warehouse buildings on North Drive for office/commercial uses up to 10 levels. The future residential capacity is estimated at 1,250 units and town houses.
7. To facilitate the development the Gillon Group is requesting the rezoning of the 12 hectares of land (currently zoned a mix of Commercial 1 and Commercial 2 zone) to Commercial 1 and variations to overlay provisions.
8. Virginia Park is surrounded by the established suburbs of Bentleigh East, Murrumbeena and Ormond including over 50,000 people within a 5 minute off-peak drive-time of the site. The major supermarket-based centres of Bentleigh, Glenhuntly, Carnegie and Oakleigh are all about 3km by road from the site.
9. Glen Eira's population has shown steady growth over the last ten years. The estimated resident population in 2013 of 141,519 (ABS) people has increased by over 18,000 in just 10 years (or 1.3% per annum). By 2031 Glen Eira's population is now projected to reach 163,075 - an increase of 21,566 people over the 2013 population. The additional population forecast by the State Government over the period 2011-2031 is 35% higher than the 2012 forecasts.

10. A detailed land use and floorspace survey was undertaken at 33 shopping centres within a 3.5 km radius of Virginia Park. Generally, the centres were found to be in good health with a low retail / shop vacancy level in the major centres ranging from 1% to 7% with an average vacancy of 4.7% of floorspace. The largest and closest major supermarket-based centre to Virginia Park is the Bentleigh Centre on Centre Road which is a thriving strip with a vacancy rate of just 2%.
11. The 23 smaller centres (less than 1,500 sqm GLA) had an average vacancy level of 12% which was generally lower on main roads and near railway stations. A significant trend in these centres is the growing proportion of non-retail tenants which include small offices, medical and health professionals and fitness and therapy consultants. In many centres these tenancies occupy 40-50% of the floorspace – and average 24% across the group. The presence of personal and professional services is a major shift in the role and function of smaller centres.
12. Glen Eira's population growth is concentrated in, or near, many of the strip shopping centres with townhouse and apartment developments recently completed or underway. The new residential zones introduced are believed to be having a positive effect on bringing new projects and population around the centres which, in turn, is increasing demands for cafes, restaurants and professional / personal services.
13. Currently, the City of Glen Eira has an estimated 27,433 sqm of supermarket floorspace for its 141,519 residents yielding a rate of 194 sqm per 1,000 residents. On our analysis, this is the lowest rate of provision of Melbourne's 31 municipalities and about 40% below the metropolitan average of 321 sqm per 1,000 residents.
14. The only recent addition to Glen Eira's supply has been Woolworths and ALDI at Carnegie (on the Glen Eira / Stonnington boundary) with Woolworths duplicating an existing store, 350 metres south. ALDI has provided some point of difference and competition with two stores at Carnegie and Bentleigh however these are relatively small changes for a population base of 140,000 people.
15. If Glen Eira raised its existing supermarket rate of provision to just the Melbourne average (321 sqm per 1,000 residents) approximately 18,000 sqm of supermarket floorspace could theoretically be supported in the municipality, on current population levels. With future population growth in the city, the deficiency is even greater. The Virginia Park proposal represents about 42% of the existing deficiency.
16. The defined primary trade area for a supermarket-based neighbourhood centre at Virginia Park extends approximately 3 km from the site. The narrowly-defined primary catchment has an estimated resident population of 23,736 people in 2014 and a further 67,269 in four secondary catchments. The total trade area is 91,005 people in 2014 which is projected to grow to about 100,000 people by 2022.
17. The primary trade area is an established family area where residents have moved less in the last five years compared to Melbourne averages. It has a higher proportion of typical family structures (couples with children), also showing in the age profile with a higher proportion aged 35-49 years old and lower proportions in the 20-34 year cohort. There is also a slightly older base with 15% aged over 65 years.
18. The primary sector has 35% of the population born overseas (Melbourne 33%) although no major sub-groups appear in the data. The area is a diverse one with residents from Europe, India, China and elsewhere. Household incomes in the primary sector are 7%

higher than the Melbourne average which is reflected in the low unemployment rate, high levels of tertiary education, higher home ownership and a high proportion of 'white collar' workers.

19. Per capita spending levels on food, groceries and packaged liquor are close to the Melbourne average but higher on cafes and restaurants and non-food items.
20. Projected sales for the 2-supermarket neighbourhood centre at Virginia Park are \$72.1 million in 2017/18 (at constant \$2014). The sales are drawn from the defined trade area with modest market shares leaving the bulk of spending still directed to other centres.
21. The largest 'dollar' impact from Virginia Park is projected on the Bentleigh activity centre which has three supermarkets, approximately 200 retail businesses and an estimated \$283 million in retail sales. The average trading impact on Bentleigh is modelled at -5.3% however the highest dollar and percentage effects will be on the existing Coles and Woolworths stores which are believed to be trading at very strong levels. The concentration of impacts on these supermarkets will not materially affect their already strong trading position or that of other retailers around them.
22. The Bentleigh East centre on Centre Road is the closest activity centre and is expected to be more heavily impacted in percentage terms, although the dollar effects are still quite low because of the lower-order nature of the centre and less-competitive, smaller IGA supermarket. The overall sales impact is estimated at -9.1%, still well below the level which would give rise to concerns about its ongoing viability. The measured vacancy rate of just 4% is a positive indicator of the health of this centre which will be reinforced by current and likely future multi-level residential projects.
23. The Oakleigh South centre (The Links) will be impacted by an estimated -6.5% in total, primarily focussed on the new Woolworths supermarket.
24. Beyond these centres, all others in or beyond the catchment have impacts of less than -5% which is generally considered low, particularly when most of the sales re-allocations will be on the larger supermarkets. For example:
 - § North Rd (Ormond) centre has an average projected impact of -4.9%
 - § Carnegie with its two Woolworths supermarkets an impact of -4.5%
 - § Glen Huntly with its recently extended Woolworths and being further from Virginia Park, an impact of -3.9%
 - § Moorabbin (South Rd) -4.2%
 - § Murrumbeena -3.9%
 - § Oakleigh centre -3.8%
25. The area has a large number of small local centres that, according to the floorspace survey, now have limited retail functions and have evolved towards cafes, hairdressers and beauty therapists and other personal and professional services. Some on the major arterial roads still maintain a stronger retail mix however many businesses are catering to passing traffic as much as local needs. The 23 local centres have been assessed as groups of centres with impacts of no more than -3.0% on the local Bentleigh centres and lower impacts down to 0.7% for others.

26. The proposed Virginia Park neighbourhood centre will not result in adverse trading impacts on large groups of retailers or the closure of a significant number of existing retailers in Bentleigh East, or any other centre for the following reasons:
 - § Glen Eira's low level of supermarket provision means that supermarkets are under-sized and generally trading at very high levels.
 - § The vacancy rate at most major strip shopping centres is very low indicating a healthy and vibrant network of centres.
 - § Many centres are re-mixing with personal and professional services while keeping some basic retail functions. These trends will be reinforced and strengthened with the development of mixed use sites, town house and apartment projects which is gathering pace around the better centres and near the rail lines. The increase in local population and change in demographic mix will bring demands for cafes and other services to the smaller centres - a pattern that is already evident in centres such as McKinnon. This growth will also quickly offset the relatively small impacts from the proposed development.
 - § Glen Eira's population should quickly off-set small trading impacts for many retailers while others will benefit from the rising population levels within a walkable distance of many centres.
 - § The strip shopping centres of Glen Eira are generally performing well and have an underlying appeal and popularity which suits a wide range of demographic and groups of different cultural backgrounds. Virginia Park presents a differentiated design and format that will complement the existing network.
 - § The proposed centre is heavily oriented to supermarket floorspace with the proposed specialty shops a relatively minor part of the overall development. The mix will ensure the impacts are largely contained to competing supermarkets (including those of the same ownership) rather than the duplication of large numbers of specialty retailers.
 - § The dense residential land use patterns of the inner south-east land and the distribution of centres generally within 3km of the site should ensure that trading impacts are spread widely and thinly over many centres on the edge of its catchment.
27. On opening, the Virginia Park centre will generate an estimated 275 direct full-time equivalent (FTE) jobs on-site and 180 jobs indirectly through multiplier effects in the economy.
28. Other community benefits include:
 - § Enhancing the range and choice of supermarkets available for Bentleigh East, Ormond and Murrumbeena residents. Access will be convenient, car parking will be close to the major stores and the centre will offer an alternative layout and design to strip shopping centres in the area.
 - § Strengthening the axis of popular leisure and community focal points on East Boundary Road. Council's major investments in Duncan McKinnon Reserve and GESAC will be enhanced with the neighbourhood centre and a large apartment-based population within a walkable distance of both facilities.

- § The neighbourhood centre will bring amenity and services to Virginia Park and should be the catalyst for the further development of townhouse and apartment stages across the expected 10-20 year life-span of the development.
- § The introduction of these new services and dwellings will also encourage the retention and attraction of existing and new major office tenants who generate a significant amount of local and regional employment opportunities.

2. Introduction

Virginia Park is a 12.35 hectare commercial and office-warehouse business park located on East Boundary Road, Bentleigh East, 14 km south-east of the Melbourne CBD (refer Figure 1). It forms part of a broader employment node which includes another 8 hectares of land zoned Industrial 1 extending through to North Road.

Figure 1: Regional location



Source: Deep End Services; MapInfo; Ausway

Virginia Park is currently developed with a range of office and office-warehouse / industrial buildings of varying ages and quality around an internal, circular road system. The site has two un-signalised entry points to East Boundary Road (North Drive and South Drive) which is a four-lane divided arterial road with a wide centre median.

Existing buildings on the site comprise some 58,000 sqm of leasable area with 1,800 car spaces spread over a series of at-grade parking areas and some under-croft building levels. The major commercial tenancies in the northern part of the site are:

- Officeworks national support centre

- Visionstream – national head office for design, construction and maintenance of telecommunication services
- Xtralis – national office for a global supplier of detection equipment for gas, fire and other security threats
- Call Active national office and call centre

A range of smaller office and commercial tenants are distributed throughout the Business Park with on-site amenities including a privately operated indoor pool, gymnasium, café, two child care centres and children's play centre.

Figure 2: Virginia Park Business Park



Source: Deep End Services; MapInfo; Ausway

Figure 3: Virginia Park ground floor tenancies



Source: www.virginiapark.com.au

The current zoning of the Business Park under the Glen Eira Planning Scheme and following the recent state-wide planning reforms is in two parts - a central area zoned Commercial 1 (formerly Business 2) and the residual areas zoned Commercial 2 (formerly Business 3) (refer Figure 4).

The recent planning reforms together with the established commercial profile of the site and its strategic location in the densely populated south-east suburbs provide an opportunity to redevelop part of the Business Park with a range of more intensive retail / commercial and residential uses.

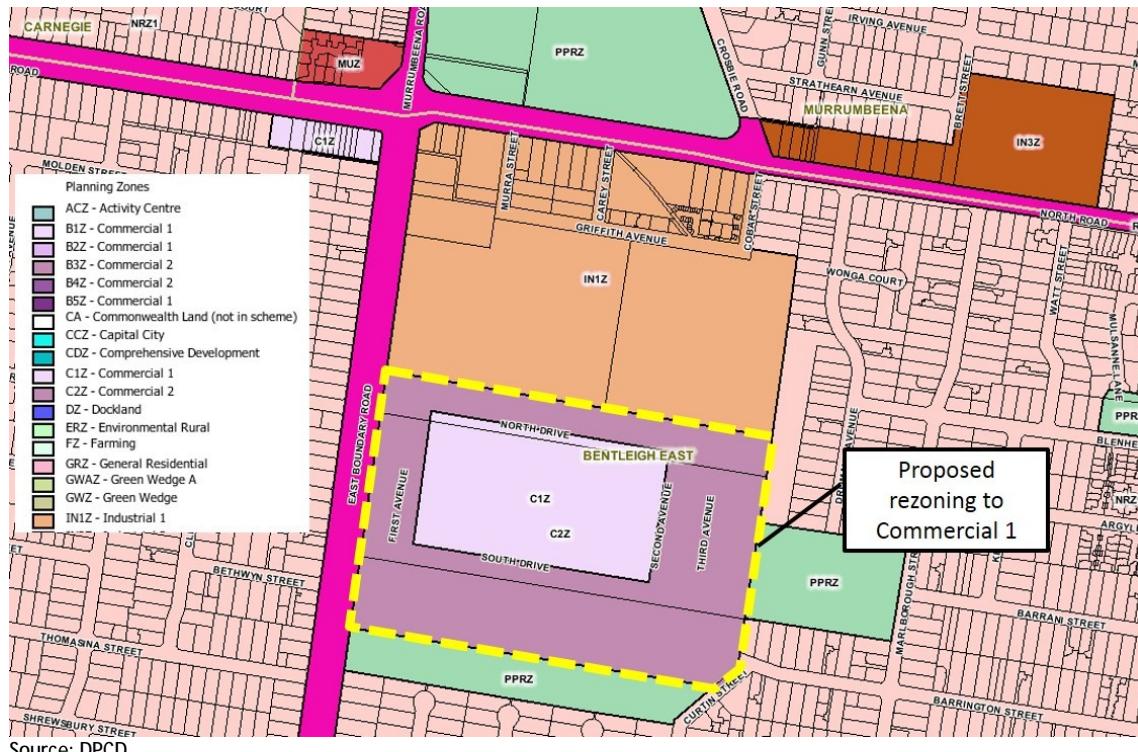
To facilitate these changes, a planning scheme amendment is sought to rezone all of the land to Commercial 1 zone and amend the existing Development Plan Overlay (Schedule 2).

The vision for the site is a staged development comprising:

- The retention of approximately 30,700 sqm of office-warehouse uses compared to the existing 58,000 sqm in the Business Park
- A neighbourhood centre with a maximum retail gross leasable area of 12,000 sqm GLA of which about 63% of the floorspace is dedicated to supermarkets
- Up to 1,250 dwellings in a mix of housing styles.

Deep End Services has been commissioned by Gillon Group to prepare a retail need and economic impact assessment report for the development of 12,000 sqm of retail floorspace on the site.

Figure 4: Existing zoning



Source: DPCD

This report contains the following sections:

- Section 3 outlines the regional context and local setting of Virginia Park highlighting population trends, surrounding land use and demographic features.
- Section 4 discusses the proposed development outlining the sites historical context, the vision and objectives, concept plans and the size and mix of the proposed neighbourhood centre.
- Section 5 presents the results of a land use and floorspace survey of all activity centres in the wider catchment and discusses the attributes of the major centres.
- Section 6 examines supply-demand for supermarket floorspace in Glen Eira generally and more locally, around the site.
- Section 7 defines the trade area for Virginia Park with population and retail spending forecasts and demographic characteristics.
- Section 8 presents the retail impact assessment including projected sales for the neighbourhood centre and the trading effects and implications on surrounding centres.
- Section 9 presents the overall conclusions.

All references to spending and sales / turnover levels in this report are at constant 2014 prices and include GST.

3. Local & regional context

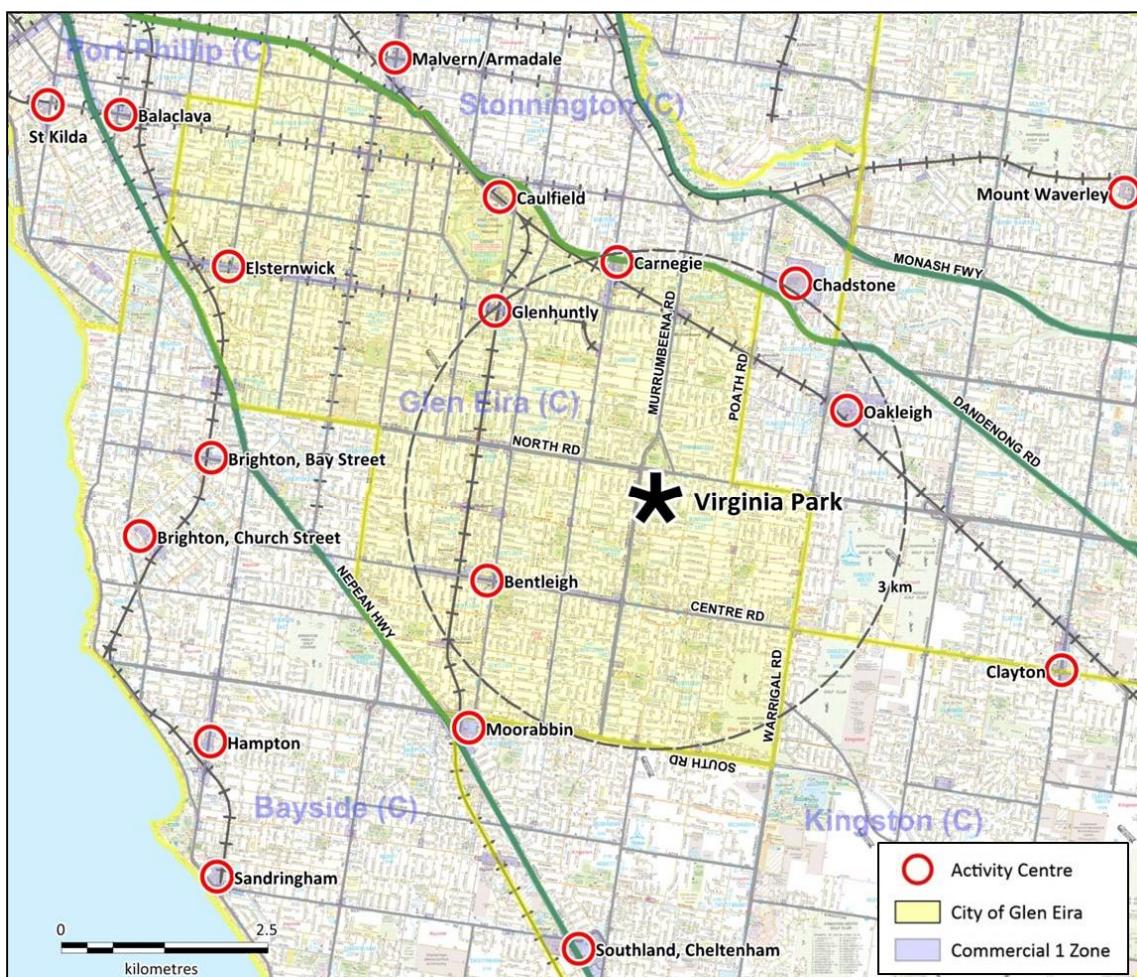
3.1 Location

Virginia Park is situated in the eastern part of the City of Glen Eira, a south-east municipality which spreads from the inner areas of St Kilda East and Caulfield North out between Dandenong Road and Nepean Highway to Warrigal Road.

Glen Eira is characterised by mid to high income suburbs, a range of strip shopping centres, well-used public reserves and leisure facilities and good public transport. The largely residential character of the municipality is reflected in a high population density of 3,657 people per sq km, a rate exceeded only by the inner municipalities of Yarra, Port Phillip and Stonnington. The city has a diverse and evolving mix of established families, student households, young professionals and areas with ageing post war migrants.

The eastern areas of Glen Eira including Murrumbeena, Bentleigh, Bentleigh East and Moorabbin developed rapidly after World War II. The suburbs are crossed by a grid of arterial roads and are well served by public transport with the Sandringham, Frankston and Pakenham rail lines and tram routes along major roads in the western part of Glen Eira.

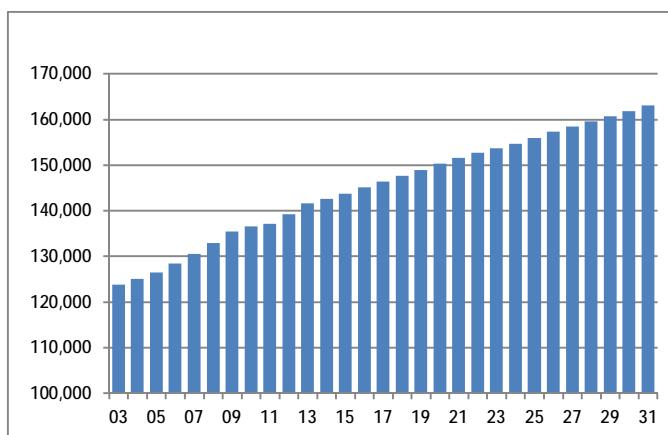
Figure 5: Regional setting



Glen Eira's population has shown steady growth over the last ten years. The estimated resident population in 2013 of 141,519 (ABS) people has increased by over 18,000 people in just 10 years, since 2003. The average growth rate of 1.3% per annum is slightly below Victoria's over the same period (1.6% per annum).

The recent population forecasts by the State Government (Victoria in Future May 2014) have increased Glen Eira's expected population growth over previous estimates. By 2031 Glen Eira's population is now projected to reach 163,075 (refer Figure 6) – an increase of approximately 21,566 people over the 2013 population level. Compared to VIF forecasts prepared in 2012, the additional population now projected over the period 2011-2031 has increased by 35%. Like other inner areas, there are expectations supported by new policies and zones that higher population densities will be achieved around key transport, tertiary education hubs and commercial / employment centres.

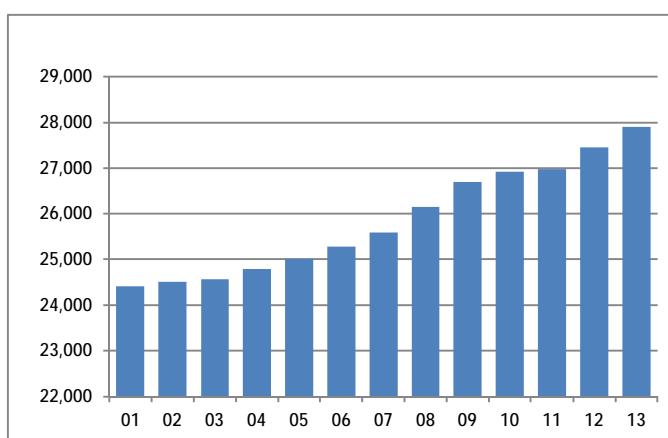
Figure 6: Glen Eira population projections



Source: VIF 2014, Deep End Services

Bentleigh East (27,900 people in 2013) has increased by over 3,300 people since 2003 – at about 1.0% per annum (refer Figure 7). The pattern of steady population growth in Bentleigh East has also been evident in the adjoining suburbs of Hughesdale, Murrumbeena, Carnegie, McKinnon and Bentleigh.

Figure 7: Bentleigh East population growth



Source: ABS, Deep End Services

The pattern of centres in the area shows a ring of major centres between 2.5 and 3.0 km from Virginia Park (refer Figure 8). Glen Huntly, Bentleigh and Moorabbin are strip shopping centres located on the Frankston rail line to the west while Carnegie and Oakleigh are on the Cranbourne / Pakenham line to the north. These are mostly long-established, strip centres with older-style Coles and Woolworths supermarkets which are generally small by modern standards but heavily used by a densely settled population base.

Chadstone Shopping Centre is 3 km north of Virginia Park and Westfield Southland is 5.5 km to the south.

The bayside and inner south-east suburbs have been historically undersupplied with supermarket space as many were established when supermarkets were generally smaller in size and have faced land or planning constraints in expanding or relocating. The need and demand for new or larger supermarkets is evident more broadly in the region with recent developments at Carnegie Central, South Oakleigh (The Links) and Bay Street, Brighton.

The proposed Caulfield Racecourse redevelopment will also contain a full-line supermarket, responding to the low levels of supply in the area and the opportunity created by the high density, mixed-use development – although the expected timing is thought to be about 5 years away from commencement. Other similar examples of completed or proposed supermarket-based developments in 'out-of-centre' locations serving an area of low supermarket supply and or catering to an area of urban renewal include:

- Coburg Hill – new Woolworths opened April 2014
- The Links Oakleigh – new Woolworths & Masters opened 2011
- Polaris Town Centre at Bundoora – opened 2012
- Alphington Mill (proposed)
- Bradmill site, Yarraville (proposed)
- Nova Centre, Clayton (proposed)
- Macaulay St North Melbourne (proposed)
- Precinct 15 Altona North (proposed)
- Joseph Road, Footscray (proposed)

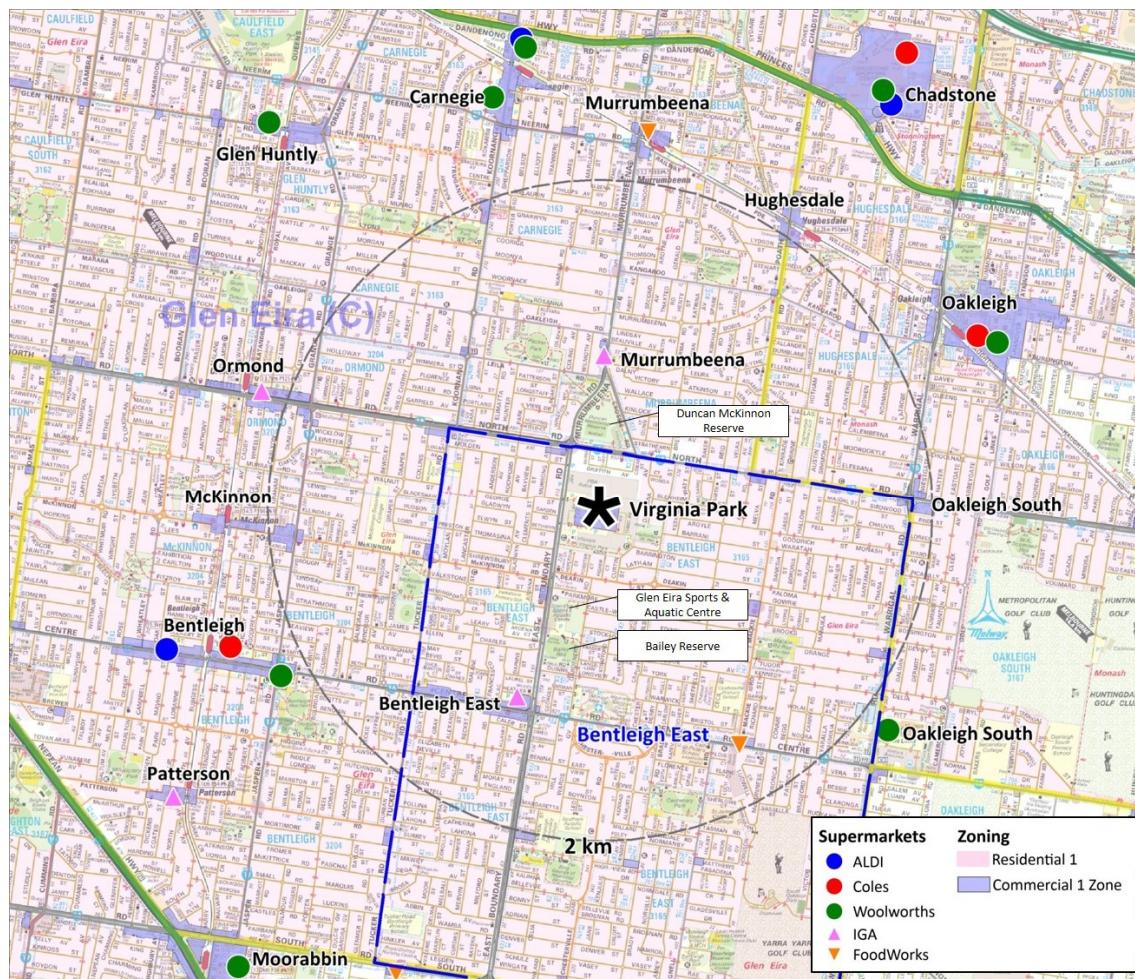
The suburbs around Virginia Park are characterised by a relatively dense residential subdivision pattern with little industrial land or regional open space, resulting in a large population base of over 42,000 people within a 2km radius (refer Figure 8).

Two major leisure and sporting facilities are located within 600 metres of the site. The Glen Eira Sport & Aquatic Centre (GESAC) on East Boundary Road is situated a short distance south of Virginia Park. The re-development of the former Northern Memorial Pool opened in 2012 with indoor and outdoor pools, a leisure pool and aquatic wellness area, gymnasium, exercise studios, occasional child care, indoor stadium and consulting suites. The venue has been successful in attracting a wide regional catchment throughout the south-east.

Just north of Virginia Park, Duncan McKinnon Reserve on the corner of North Road and Murrumbeena Road has a revamped Athletics Track, Netball Courts and new clubroom facilities

under construction. Both venues have focussed activities and greater community attention to the area.

Figure 8: Local setting

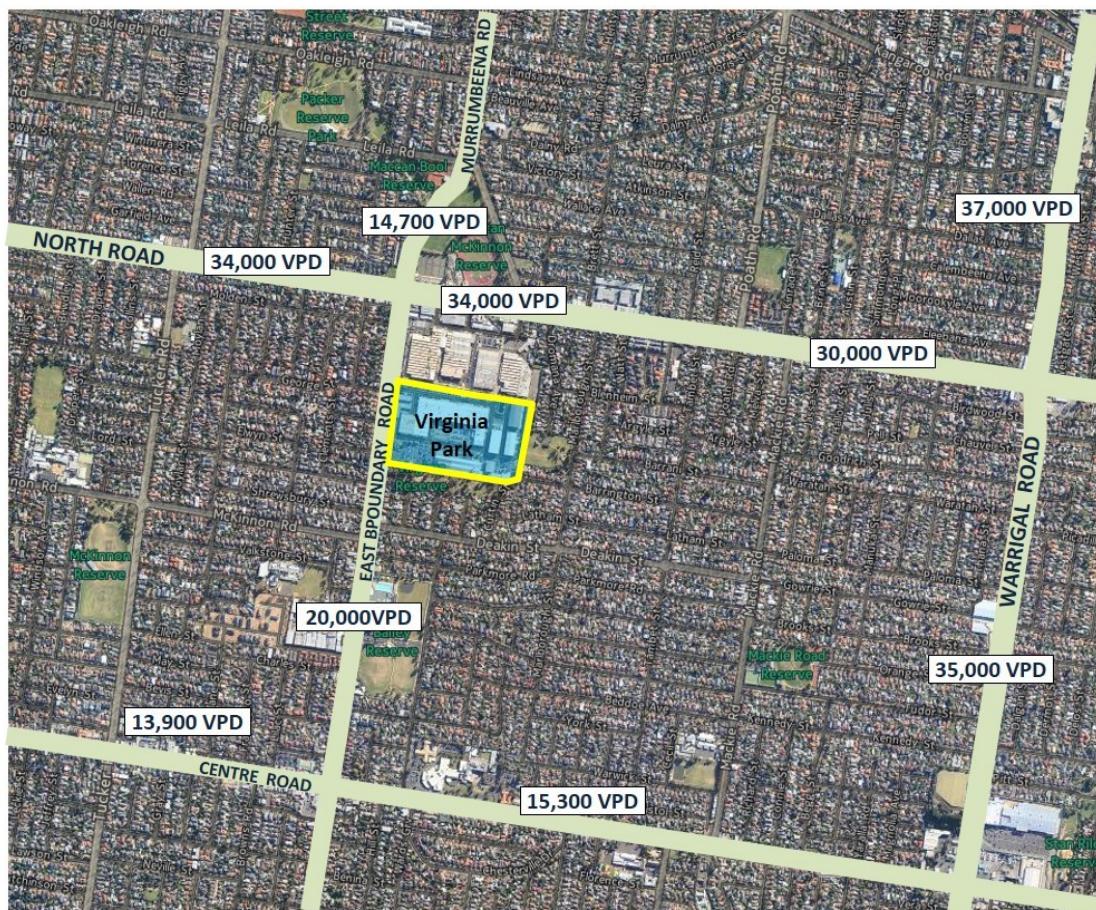


In addition to the nearby leisure facilities, there are five primary schools and the McKinnon Secondary College located within 1.5 km of Virginia Park.

Virginia Park has good regional road access and a well-connected local street pattern. East Boundary Road is an important north-south connector, providing a local alternative to Warrigal Road. According to VicRoads (2012 data), North Road where it passes just north of Virginia Park carries 34,000 vehicles per day (VPD) – similar volumes to Warrigal Road (refer Figure 9).

The nearest count to Virginia Park on East Boundary Road is 20,000 vpd highlighting the lower through traffic function compared to the parallel Warrigal Rd.

Figure 9: Traffic volumes



Source: VicRoads (April 2013), ABS Journey to Work data (2011)

3.2 Drive-time population

The arterial road and local street network around Virginia Park provides access to a significant population base within a short distance or drive-time.

Within a 5 minute off-peak drive-time from the site - an area extending along the main road networks to South Road, Bentleigh Station, west of the railway line crossing on North Road, to Carnegie in the north and Warragul Road in the east - there was 50,880 people at the 2011 Census (refer Figure 10 and Table 1). Many of these people will fall within the primary catchment of a supermarket-based centre at Virginia Park.

Within a 7 minute drive-time, the resident population doubles to almost 105,000 people. Some of this population base will fall within a secondary catchment where residents will elect to use closer centres for most of their shopping but for various reasons will shop at other destinations such as Virginia Park because of the size and combination of supermarkets, modern layout and amenities and through visits to other local attractions (schools, leisure facilities or visiting friends etc).

Within 10 minutes of Virginia Park – an area that still largely falls between Nepean Highway and Dandenong Road – there is almost 200,000 people. Most of these residents are unlikely to use Virginia Park as their first or even second choice of shopping centre for groceries from home

however a small proportion of commuter trips and other travel patterns that take residents past or near the centre will be converted to passing traffic trips if the centre is convenient, attractive and offers a point of difference to others in the region.

Figure 10: Drive-time isochrones

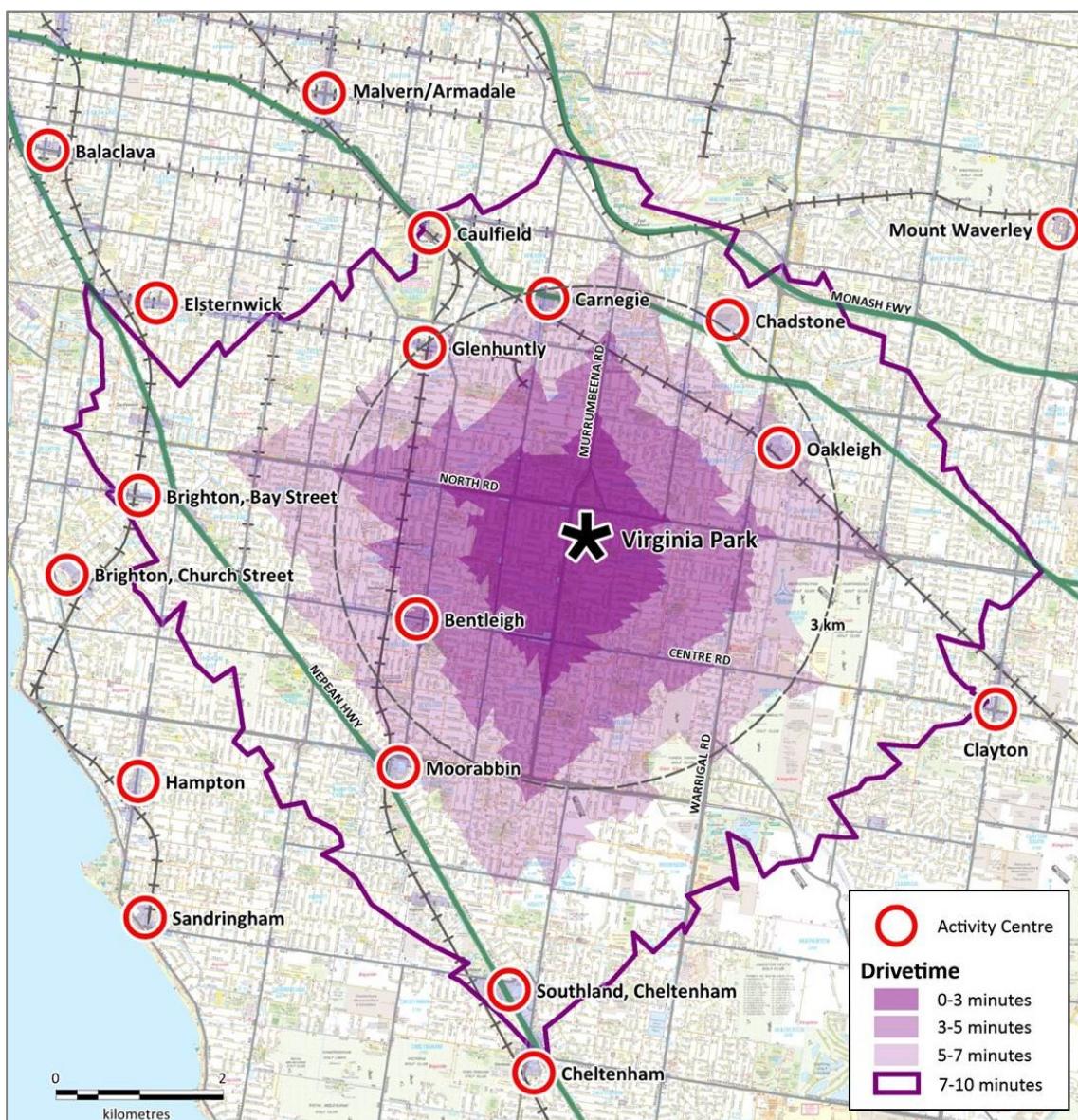


Table 1: Drive-time population from Virginia Park

Drivetime	2011 Population (No.)	Cumulative population (No.)
0-3 minutes	12,745	12,745
3-5 minutes	38,135	50,880
5-7 minutes	54,009	104,889
7-10 minutes	93,248	198,137

Source: Deep End Services; ABS; MapInfo

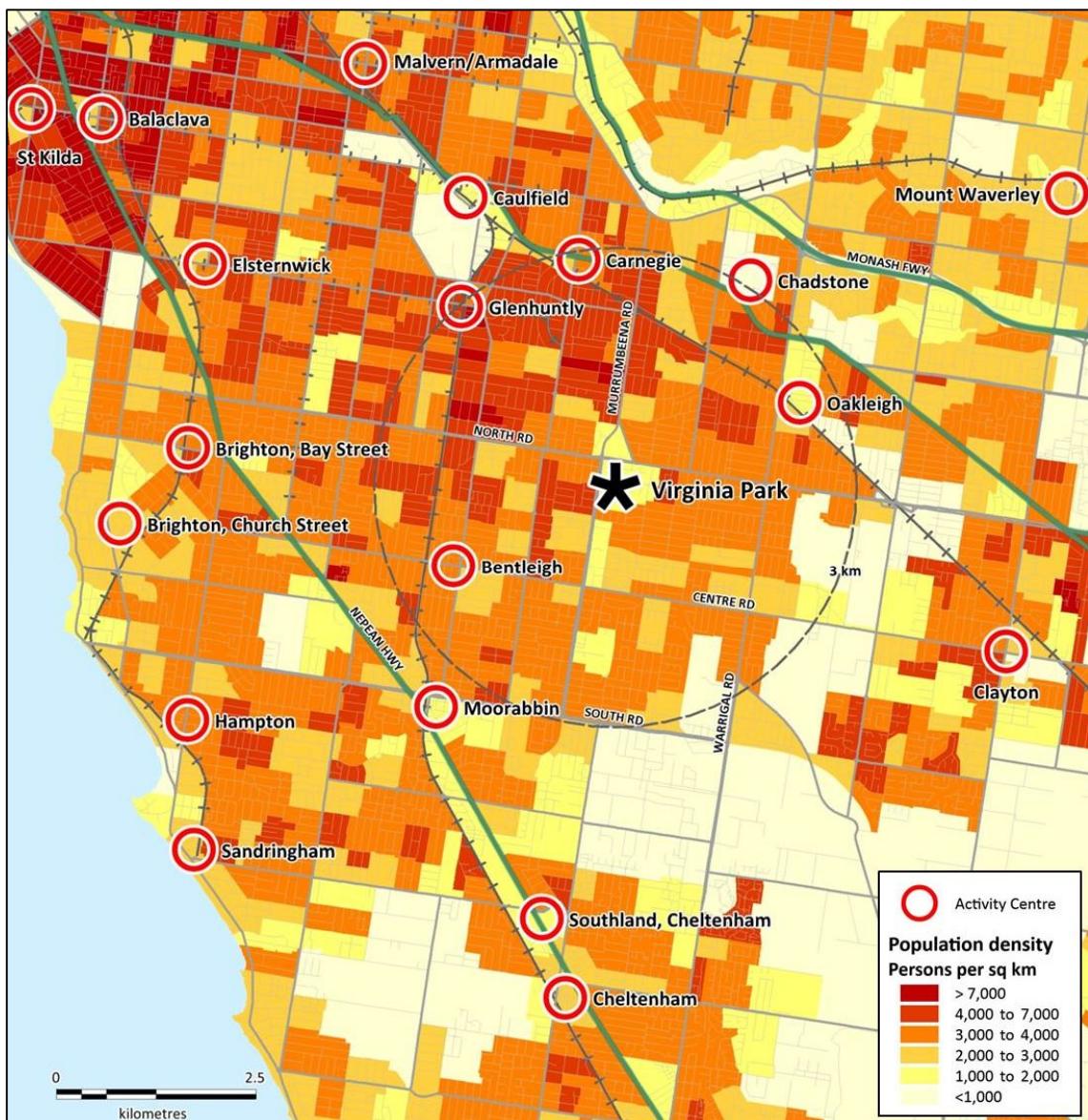
3.3 Population density

As indicated earlier, Glen Eira is a densely populated municipality with an average of 3,657 residents per square kilometre (2013).

Population densities thematically mapped across the broader region (refer Figure 11) clearly show the predominant residential land use form in Glen Eira's sprawling subdivision pattern. Higher population densities are evident along the rail network and around railway stations in the north and west of the municipality. However for most of the area extending to South Road and east to Warrigal Road, the residential densities are relatively even.

Virginia Park is central to this area with the benefit of a large and accessible population base evenly spread within 3km of the site.

Figure 11: Population density



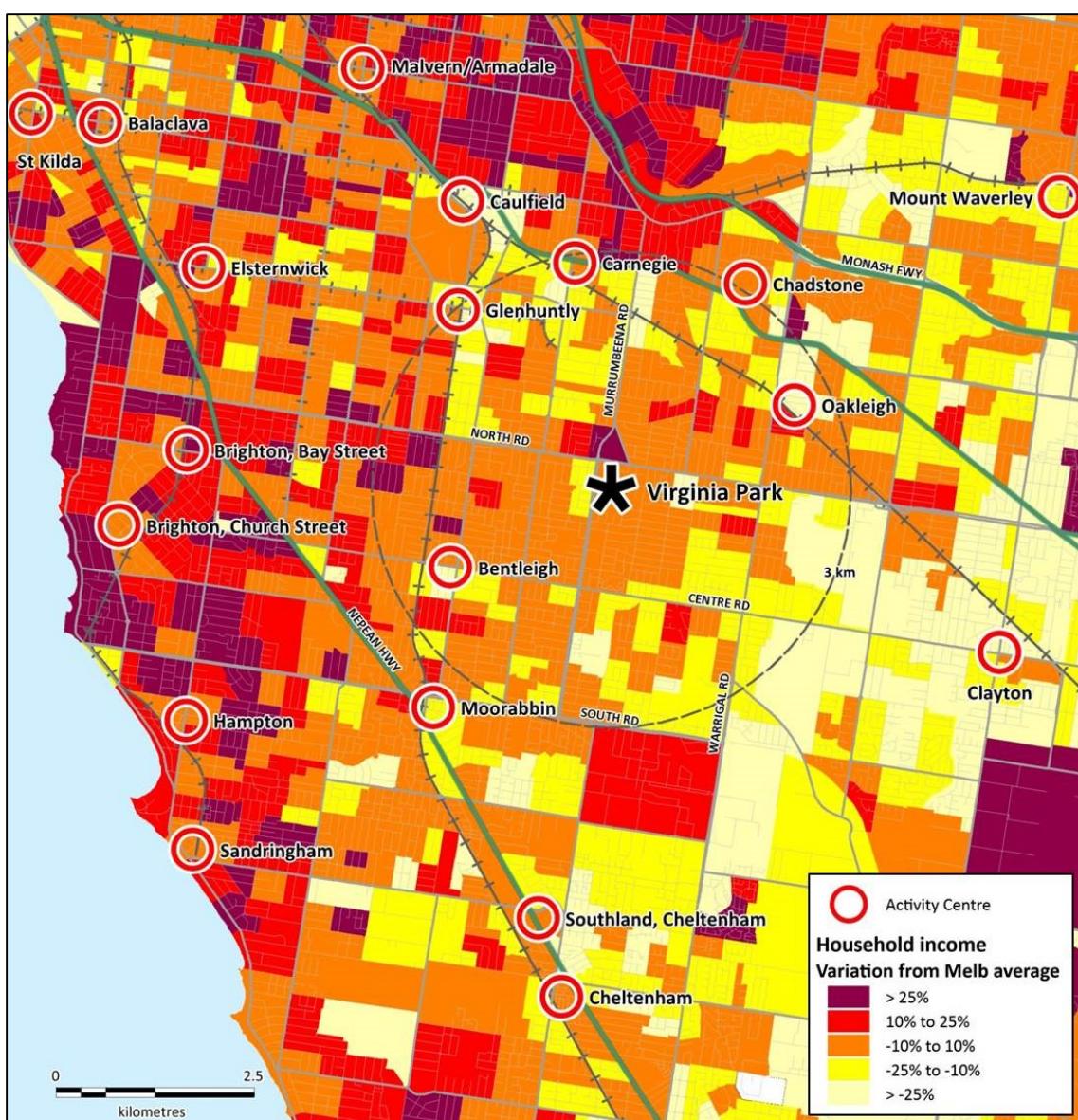
3.4 Household income

Average household income levels from the 2011 Census are thematically mapped at small area level as a variation to the Melbourne average (refer Figure 12).

The Cranbourne rail line between Caulfield and Moorabbin divides the higher income areas of Caulfield and Brighton East from the slightly lower areas of Carnegie, Bentleigh and Murrumbeena to the east.

Most areas within 3 km of Virginia Park have average household income levels that vary 10% below and above the metropolitan average. Lower income levels in Carnegie and Glenhuntly reflect a different housing mix with more units and apartments, smaller household size and students / shared housing living near the railway stations and University. Overall, the region has an income profile that largely mirrors the metropolitan average.

Figure 12: Household income

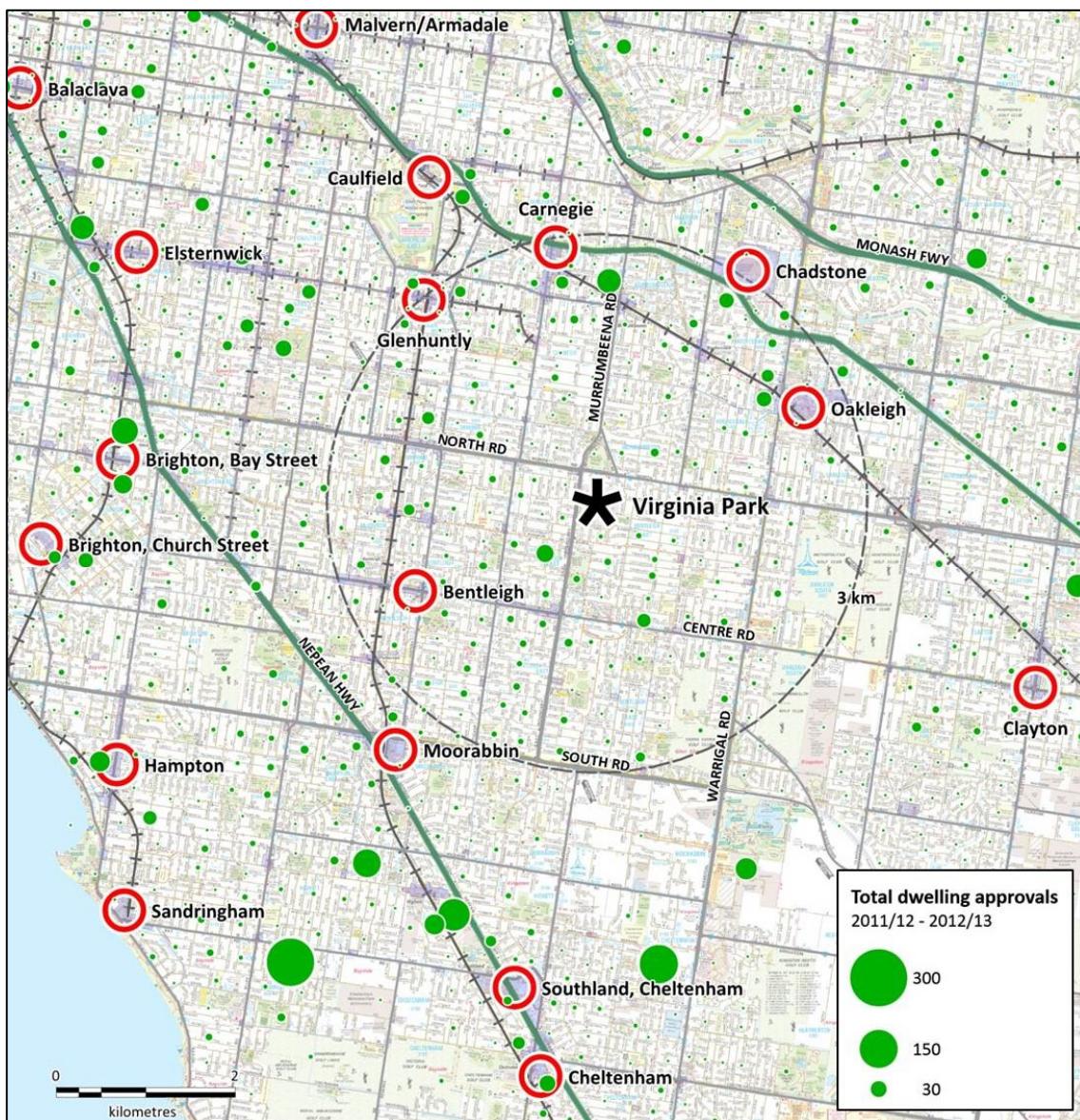


3.5 Dwelling approvals

The suburbanisation of east Glen Eira in the 1950's and 60's is now offering unit development opportunities in areas with ageing housing stock.

Unit activity is generally clustered along rail lines and activity centres although housing replacement and small unit developments are evident throughout the residential areas (refer Figure 13). The gradually changing housing stock and unit developments are contributing to the steady population growth rates in the established areas.

Figure 13: Dwelling approvals



4. Virginia Park development

4.1 Historical context

The origins of Virginia Park can be traced back to the mid 1950's when the first buildings were developed as a plant manufacturing cigarettes for HO Wills & Co. The use continued for almost 30 years until it ceased in 1984.

From 1984-1994 the property was owned by Telstra who used the site for telecommunications manufacturing and warehousing.

In 1994 the property was bought by Gillon Group. Telstra and later Visionstream who were the major tenants until 2004 continued the predominant telecommunications, logistics and manufacturing uses on the site.

In the period 2004-2009, Abacus Property Group became a joint owner of the Business Park and the tenant mix expanded with engineering and logistics office-warehouse uses, office tenants including Officeworks and retail and leisure uses (café, gym/yoga/pool, martial arts, Lollipops). The land was also rezoned from Industrial 1 to Business 3 recognising the evolving business and non-manufacturing uses establishing at the site.

Between 2009 and 2013, part of the site was zoned Business 2 with a Development Plan Overlay and an as-of-right entitlement to 2,000 sqm of 'shop' uses. The tenancy mix expanded further with, amongst other uses, a call centre, martial arts and child care centre.

In mid-2013, new planning reforms in Victoria were introduced which had the effect of reverting the Business 2 zone to a new Commercial 1 zone and the Business 3 to a new Commercial 2 zone.

Over the last 30 years, Virginia Park has evolved from a long established large, single manufacturing business to a multi-tenanted business park using and adapting some of the original buildings while developing others to tenant needs and market demand. The Business Park today is an important employment node with some valuable tenant commitments.

The site however is under-utilised with some remnant buildings having significant maintenance needs and limited commercial uses. Large parts of the site's infrastructure and services require renewal or replacement which may be cost prohibitive given the current returns and low economic life of some of the original buildings. Developing new buildings on an incremental site-by-site basis appears not to be a viable option.

Virginia Park is now at a point where a new long-term vision for the property is necessary that can make best use of its infrastructure, retain its vital employment role but expand its land use elements consistent with the new zones and demand for housing and retail uses.

4.2 Vision & objectives

The vision statement is drawn from the Urban Design Framework prepared by SJB Urban which accompanies the planning scheme amendment request.

Virginia Park will be a genuine, mixed-use activity centre, supporting Bentleigh East. It will be characterised as a new residential and enhanced employment community.

Virginia Park will enhance the range and diversity of its role within its local context, establishing a benchmark for a '20 Minute Neighbourhood'.

Virginia Park will provide new connections and amenity in its public realm for pedestrians.

The project objectives which support the vision statements outline a significant mixed-use development which is to become a new community and neighbourhood focus for Bentleigh East. A new retail centre serving the eastern part of Glen Eira is a key element with residential uses and the retention of some existing office-warehouse uses.

The objectives point to a staged, landmark development of a distinctive design which improves connections to the surrounding area including adjoining residential, open space and leisure uses.

4.3 Concept plans

A series of concept plans have been prepared by SJB that show the intended Land Use Mix (Figure 14), Built Form Mix (Figure 15) and Staging Plan (Figure 16).

The major elements are:

- A retail/residential precinct in the south-west corner of Virginia Park with a narrow frontage to East Boundary Road extending east into the site with boundaries to the internal South Drive (renamed The Boulevard) and Virginia Park reserve to the south. The site of the neighbourhood shopping centre with upper level residential elements would have a height limit of 3-4 levels to East Boundary Road and against Virginia Park and up to 10 levels fronting The Boulevard. Under the Indicative Staging Plan this would be Stage 1 of the development as it comprises under-developed areas and is less constrained by existing leases. Old warehouse buildings on the west side of Third Avenue (renamed Residential Street) would also be developed with 3-4 levels of residential use continuing the existing townhouse development under construction to the north.
- Stage 2 comprises the redevelopment of existing office-warehouse buildings along the southern boundary (adjoining Virginia Park reserve) and north between North Drive and Residential Street.
- Stage 3 is the redevelopment of existing surface parking areas north and south of The Boulevard with residential buildings of 8-10 levels.
- Ultimately Stage 4 will see the redevelopment of the existing and more substantial office and office-warehouse buildings on the south side of North Drive and the existing building occupied by Officeworks on the East Boundary Road / The Boulevard entry. These areas are envisaged with new commercial buildings of 8-10 storeys.

In overall terms the vision identified in the plans is a significant mixed-use activity centre which rebuilds under-utilised areas of the site in the early stages with a neighbourhood centre and residential elements while keeping the more significant office and employment generating uses operating under existing leases along North Drive.

Figure 14: Land use mix



Source: SJB

Figure 15: Built form mix



Source: SJB

Figure 16: Indicative staging plan



Source: SJB

4.4 Proposed neighbourhood centre

The analysis in this report shows that the City of Glen Eira generally and the area of Bentleigh East, Murrumbeena and Hughesdale more specifically, has a shortage of supermarket floorspace relative to the population base. This is demonstrated in general rates of provision (floorspace per capita) and accessibility modelling (refer Section 6 Supermarket supply and demand) and supported by strong levels of interest by major supermarket groups in expanding their presence in the area.

The vision for the neighbourhood centre is therefore intended to address a shortage and lack of choice in supermarket floorspace in the area and to enhance the role and function of Virginia Park as an evolving employment centre. The retail elements are also designed to cater for the significant office workforce and planned residential population from up to 1,250 units and townhouses.

For the purposes of this report, the 12,000 sqm of retail floorspace is assumed to be developed and leased in one stage and with the mix of major tenancies and specialty shops outlined in Table 2.

Table 2: Virginia Park retail mix

Tenancy	Floorspace (sqm GLA)
Summary by Tenant Group	
• Supermarket 1	6,000
• Supermarket 2	1,550
Supermarkets (incl Liquor)	7,550
Mini-majors	1,300
Specialty shops	
• FLG ¹ & Catering	855
• Non-Food & Services	1,295
Sub-Total specialty shops	2,150
Total Retail	11,000
Non Retail	1,000
Total Centre	12,000

¹ FLG = Food, liquor, groceries

Source: Deep End Services

Almost two-thirds of the proposed floorspace is taken up by two differentiated supermarket tenancies. The first, a large-format national supermarket that would operate an extended supermarket with a range of general variety and non-food departments. The second is a discount supermarket of the type operated by ALDI which presents a clear point of difference to the larger tenancy and others in the surrounding centres.

A centre of this size would normally accommodate one or more mini-major tenancies (> 400 sqm each) which could be leased to a range of retailers from discount variety goods, homewares, leisure and sporting goods, cosmetics and beauty products etc.

An allowance is made for 2,150 sqm of specialty shops (or about 20 tenancies) which is a small proportion of the total floorspace relative to national benchmarks and in comparison to the amount of specialty shop floorspace in the surrounding strip shopping centres. Some of these

tenancies would be take-away-food and restaurants catering to and heavily supported by the on-site workforce and residential base.

About 1,000 sqm of floorspace is assumed to be occupied by non-retail uses such as professional office tenancies, financial institutions or services / tenants not typically reporting turnover to the shopping centre owner.

To put the proposed floorspace in context, there is some 33 shopping centres of varying sizes within about 3km of Virginia Park – excluding Chadstone which is within 3km and including Moorabbin which is just beyond 3km. The existing occupied retail floorspace of these centres is approximately 167,140 sqm or approximately 225,000 sqm of total ground floor tenancy space.

The Virginia Park proposal therefore represents only 7.2% of existing retail space or 5.3% of total floorspace in those centres generally within 3km.

5. Activity Centres

5.1 Overview

For this study, ground floor land use surveys were conducted in all activity centres (except Chadstone) that generally fall within 3 km of Virginia Park. From these inspections and the use of aerial imagery, floorspace estimates were made for all centres - a summary of which is provided in Table 3. The location of each centre referenced by number is shown in Figure 17.

Table 3: Activity centres floorspace summary

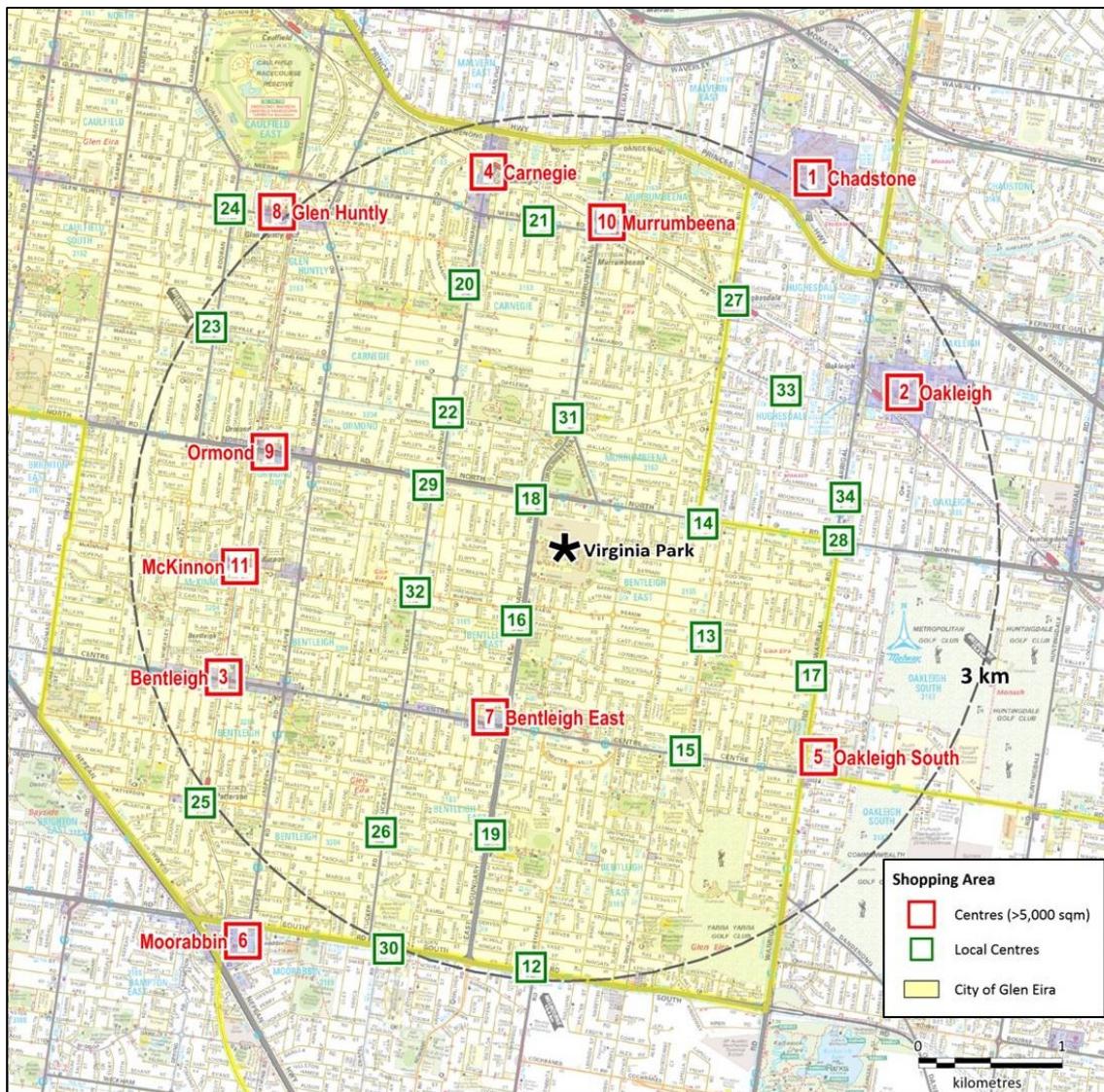
Map Ref.	Shopping centre / area	No. premises		Floorspace (sqm)			% of total		Major tenants
		Retail	Total	Retail ⁽¹⁾	Non-retail	Vacant	Total	Non-retail	
1	Chadstone	476	510	128,991	23,768	0	152,759	16%	Myer, DJs, Target, Kmart, Coles, Woolworths, ALDI
Centres (5,000-40,000 sqm)									
2	Oakleigh	175	256	27,140	5,991	2,686	35,817	17%	Coles, Woolworths
3	Bentleigh (Centre Rd)	197	253	27,771	5,320	640	33,731	16%	2% Coles, Woolworths, ALDI, Target Ctry
4	Carnegie	135	190	23,442	6,704	1,840	31,986	21%	6% Woolworths (x2), ALDI
5	Oakleigh South (inc. The Links)	26	31	22,564	122	320	23,006	1%	1% Masters, Woolworths
6	Moorabbin (South Rd)	60	105	11,138	5,160	721	17,019	30%	4% Woolworths
7	Bentleigh East (Centre Rd)	84	121	9,420	3,010	580	13,010	23%	4% Supa IGA
8	Glen Huntly	75	101	9,125	1,600	960	11,685	14%	8% Woolworths
9	Ormond (North Rd)	66	97	8,000	2,950	700	11,650	25%	6% IGA
10	Murrumbeena	32	58	3,665	3,160	190	7,015	45%	3% Foodworks
11	McKinnon	39	72	3,070	2,760	380	6,210	44%	6%
Sub-total Centres (5,000-40,000 sqm)		889	1,284	145,335	36,777	9,017	191,129	19.2%	4.7%
Local Centres									
<u>Bentleigh East</u>									
12	Chesterville & South	14	15	1,300	0	222	1,522	0%	15% Foodworks
13	Deakin & Mackie	13	13	1,380	0	0	1,380	0%	0%
14	North & Poet	3	10	340	600	280	1,220	49%	23%
15	Mackie & Centre	12	12	1,182	0	0	1,182	0%	0% Foodworks
16	McKinnon & East Boundary	10	12	940	80	80	1,100	7%	7%
17	Orange & Warrigal	1	11	260	400	400	1,060	38%	38%
18	North & East Boundary	10	11	900	0	80	980	0%	8%
19	Clarence & East Boundary	2	4	240	480	0	720	67%	0%
<u>Carnegie</u>									
20	Truganini & Koornang	3	9	660	540	0	1,200	45%	0%
21	Neerim & Hewitts	3	7	280	680	160	1,120	61%	14%
22	Leila & Koornang	1	8	60	600	350	1,010	59%	35%
<u>Caulfield South</u>									
23	Curraweena & Booran	10	12	810	140	0	950	15%	0%
24	Booran & Glen Huntly	1	7	80	480	240	800	60%	30%
<u>Bentleigh</u>									
25	Patterson Rd, Patterson	18	35	1,950	1,560	160	3,670	43%	4% IGA Xpress
26	Patterson & Tucker	8	12	720	0	320	1,040	0%	31%
<u>Other</u>									
27	Hughesdale	35	50	3,360	1,020	330	4,710	22%	7%
28	North & Warrigal, Oakleigh	17	33	2,940	620	780	4,340	14%	18% Dan Murphys
29	North & Tucker, Ormond	10	18	1,100	520	180	1,800	29%	10%
30	Chapel & South, Moorabbin	9	10	1,040	0	80	1,120	0%	7% Foodworks
31	Oakleigh & Murrumbeena, M'beena	8	8	1,090	0	0	1,090	0%	0% IGA Xpress
32	McKinnon & Tucker, McKinnon	6	8	550	0	120	670	0%	18%
33	Kangaroo & Canterbury, Hughesdale	3	8	240	155	200	595	26%	34%
34	Schoolhall & Warrigal, Oakleigh	3	4	280	100	0	380	26%	0%
Sub-total Local Centres		200	317	21,702	7,975	3,982	33,659	24%	12%
Total centres (ex Chadstone)		1,089	1,601	167,037	44,752	12,999	224,788	19.9%	5.8%

Notes:

⁽¹⁾ Retail floorspace includes all food retail, food catering, non-food retail, retail services (hairdressers, optometrists, key cutting etc)

Source: Deep End Services; PCA

Figure 17: Shopping centres and retail strips



The land use and floorspace survey included shop or retail type premises and excluded purpose built offices, community buildings and other non-shop type premises. A detailed floorspace table by tenancy group is provided in Table 4 however Table 3 provides a summary of occupied retail, occupied non-retail tenancies and vacant floorspace.

The centres in the floorspace summary table are grouped in two parts. Chadstone sits outside the group of centres and is excluded from the floorspace totals because of its unique role and occupancy level. Its role and influence across the area is clearly recognised.

Centres 2-11 are between 5,000 and 40,000 sqm GLA (total floorspace) and have at least one supermarket with the exception of the smallest centre, McKinnon. The next 24 (local) centres range in size from 1,522 sqm down to 380 sqm and are grouped by suburb name.

Examining the centres individually and collectively as two groups, there are two measures which provide an insight to the mix and relative strength of the centres; firstly, the proportion of total

floorspace occupied by 'non-retail' tenancies which includes professional office uses, medical, health and therapy consultants, gyms, TAB etc; and secondly, the vacancy level.

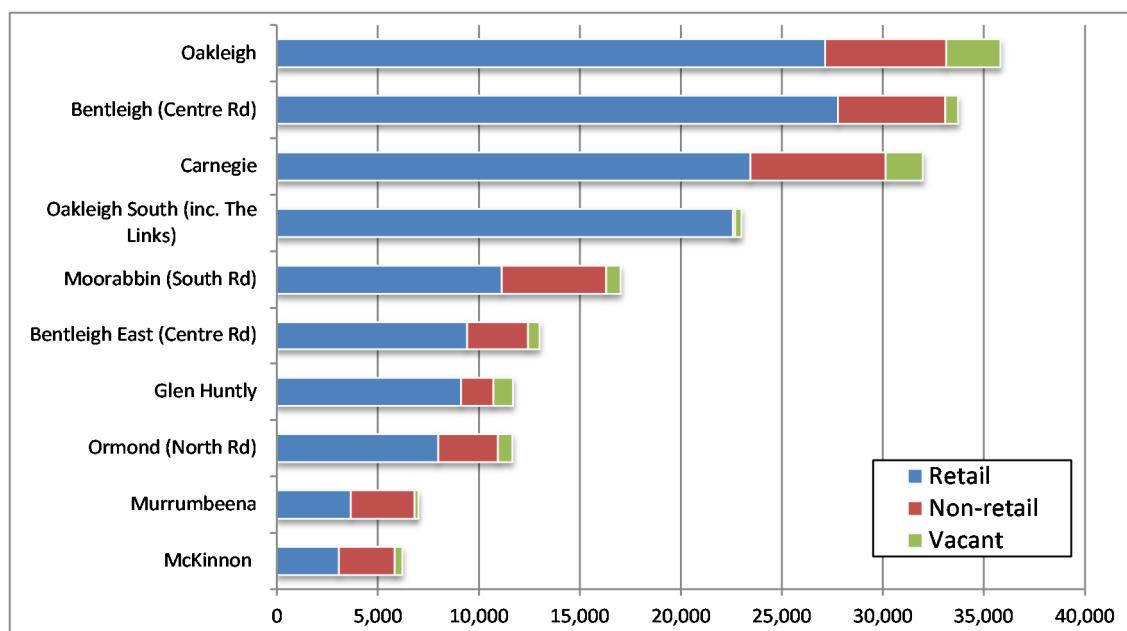
In relation to the first measure, 'non-retail' uses make up an average of 19.2% of total floorspace in the group of 10 large strip centres although in the smaller centres of this sample, Murrumbeena and McKinnon, the non-retail proportion is much higher at 40-45%. In the larger strip shopping centres the proportion is generally between 20-25%.

In the smaller centres (generally less than 1,500 sqm) the proportion as 'non-retail' uses varies depending on the strength and location of the centre. Where the centre is situated on a main road with high volumes of passing traffic, the proportion on 'non-retail' (and vacant) floorspace is quite low as retail tenancies such as take-away food, pharmacies, bakeries, liquor stores and others seek out these locations.

Where the centre is embedded within a residential area with lower passing traffic volumes, 'non-retail' uses can range between 40-60%. Across the entire group of small centres the proportion of 'non-retail' uses is 24%.

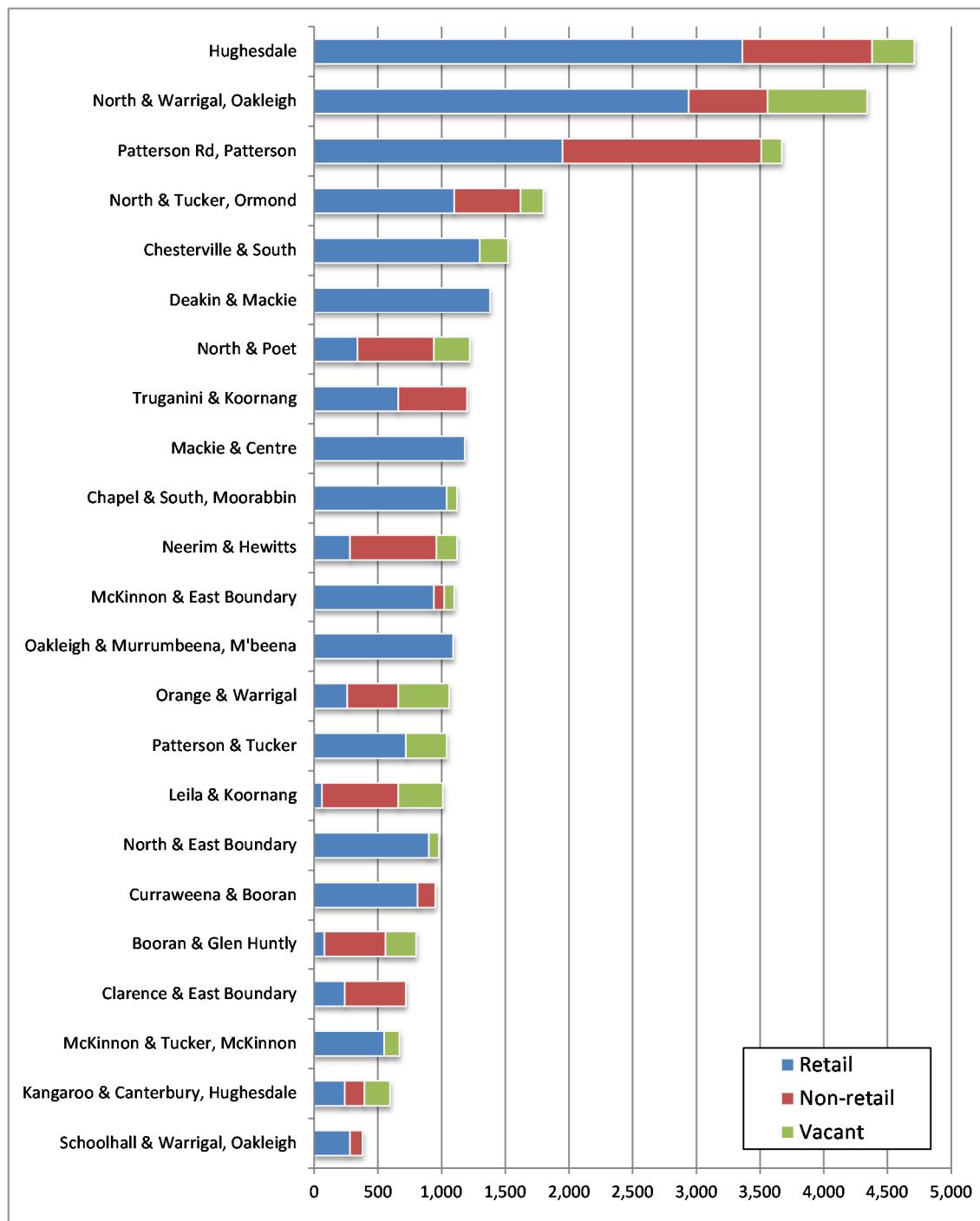
The vacancy rate is usually regarded as the best measure of the health of a shopping centre. Across the ten largest strip centres, the vacancy rate averages 4.7% of total ground level shop-type floorspace. It varies from as high as 8% at Glen Huntly and 7% at Oakleigh. In these centres the vacancies are generally on the fringe of the centre or secondary locations. In the two largest strip centres in Glen Eira, the vacancy rate is a very low at just 2% of total ground level floorspace in Bentleigh and 6% in Carnegie. Generally, these are low occupancy levels which reflect strong-performing centres.

Figure 18: Floorspace mix major centres



Source: Deep End Services

Figure 19: Floorspace mix local centres



Source: Deep End Services

The main centres in excess of 5,000 sqm within or just beyond the Virginia Park trade area that may be potentially affected by the proposed neighbourhood centre are briefly discussed below.

5.2 City of Glen Eira centres

5.2.1 Centre Road, Bentleigh

The Bentleigh shopping centre on Centre Road is the largest and arguably best-performing strip shopping centre in Glen Eira. It was formerly designated a Major Activity Centre under 'Melbourne 2030' and is now an 'activity centre' under the new 'Plan Melbourne Metropolitan Planning Strategy'.

According to the land use and floorspace survey undertaken by Deep End Services, the centre has 253 ground floor retail-type tenancies of which 197 are occupied by retail uses. The total estimated floorspace of 33,731 sqm includes 27,771 sqm of retail uses (or 82%), 5,320 sqm (16%) of non-retail uses and just 640 sqm (2%) of vacant floorspace. The vacancy rate is the lowest of the major centres in Glen Eira and the proportion of non-retail uses is also relatively low underlining the high demand for shop premises.

The centre is a vibrant mix of specialty food, cafes and restaurants, personal services and some homewares and apparel shops with distinctive European influences along the 1 km section of Centre Road. Bentleigh is one of six centres in Glen Eira which have developed around stations on the Frankston rail line. The line crosses Centre Rd splitting the centre in two parts with Bentleigh station on the north side.

There are three supermarkets in Bentleigh which include a small, freestanding Coles of 2,250 sqm on the north side which dates back to the first wave of 'new' supermarkets in Melbourne in the late 1960's. A slightly larger, free-standing Woolworths (2,800 sqm) at the eastern end was also established in the mid 1960's while a recently opened ALDI now occupies a former IGA supermarket at the western end. Coles and Woolworths are small by modern standards and notwithstanding some recent improvements to Woolworths, they have limited expansion potential. Both are understood to trade at very high levels relative to their floor area.

The Bentleigh centre is sustained by a good supply of off-street parking particularly on the north side. A range of Council, community and health services have also established in the area broadening the appeal of the centre.

5.2.2 Bentleigh East

The Bentleigh East centre is a smaller strip, commencing about 850 metres east of the Bentleigh Centre on Centre Road and extending about 700 metres from Tucker Road to East Boundary Road. The centre has approximately 13,000 sqm of floorspace including 23% of the space occupied by non-retail uses and a low vacancy rate of 4%. It is the nearest centre of some size to Virginia Park, being 1.3 km south.

The major tenant is a free-standing mid-sized Ritchies IGA of 1,730 sqm located behind the Centre Rd shops with good off-street parking (130 spaces).

Changes are beginning to appear in the centre with several large development sites likely to increase the local population base. A retail and multi-level residential development is under construction on Centre Rd with an adjoining former fuel site likely to be developed in a similar way. Older style shops on the north-east corner of Centre Rd and East Boundary Rd are also being marketed as a major development site.

5.2.3 Carnegie

A designated 'activity centre' under 'Plan Melbourne', the Carnegie centre on Koornang Road extends from Neerim Rd in the south to Dandenong Road where Carnegie Central (the 'Spotlight Centre') was developed in 2008 with Woolworths (3,700 sqm) and more recently ALDI opening on the upper level. The new Carnegie Central has 11,680 sqm of retail (2 supermarkets & 20 shops) over 2 levels plus a gym (1,981 sqm), medical centre (395 sqm) and music school (408 sqm).

Woolworths has a second and older (2,100 sqm) Safeway supermarket south of the railway line behind the Koornang Road shops. The demand for (or shortage of) supermarket space in the catchment is underlined by Woolworths' opening a second supermarket within 400 metres of an existing store – and maintaining the smaller store after the larger one opened.

With approximately 32,000 sqm of floorspace, Carnegie is slightly smaller than Bentleigh but has a higher proportion of non-retail uses (21%) and a higher (but not significant) vacancy rate of 5.8%. The centre is bisected by the Cranbourne-Pakenham rail line which creates heavy congestion in peak periods.

5.2.4 Glen Huntly

Although a designated 'activity centre' under 'Plan Melbourne', Glen Huntly is a relatively small retail strip on Glen Huntly Road, also split by the Frankston line. It lies almost 4km from Virginia Park and is considered to have a relatively small catchment overlap with a new centre.

Glen Huntly has approximately 100 retail tenancies (11,685 sqm) with a relatively low non-retail component (14%) and one of the higher vacancy rates (8.2%) - attributed to some older and newer tenancies on fringes of the centre and almost no formal off-street parking at the eastern end. Compared to other centres with dense, surrounding residential areas Glen Huntly's catchment is more constrained by Caulfield Racecourse to the north.

In overall terms, Glen Huntly is similar in size to East Bentleigh and Ormond (North Rd). The Woolworths supermarket was recently extended from 1,760 sqm to approximately 2,565 sqm which has the only off-street parking for the centre.

The centre's commercial zone was recently extended by Amendment C80 which rezoned about 8,000 sqm of land on Glen Huntly Rd, east of Grange Rd. According to Glen Eira Council, there are no current proposals for the various sites however ground level retail and multi-level residential developments are expected.

5.2.5 Ormond

The North Road retail and commercial strip through Ormond is 2 km west of Virginia Park. North Road is the most heavily used arterial through Glen Eira's shopping strips which affects the centre's amenity but also attracts a high number of take-away food premises, restaurants, personal services and other non-retail uses which account for 25% of the centre's 11,650 sqm.

Other than around the Ormond station, the centre has very little off-street parking. The major tenancy is a small IGA supermarket (less than 1,000 sqm) which has been redeveloped in the last five years. Notwithstanding its elongated length, the rail crossing and lower levels of ambience, the centre's vacancy rate is still a relatively healthy 6%. A number of small 2-3 level

office developments are spread through the strip which has also boosted the local workforce who in turn support local food and other businesses.

5.2.6 McKinnon

McKinnon is a small, but attractive village centre around McKinnon Station on the Frankston line, located between the larger centres of North Road (Ormond) and Bentleigh.

These smaller centres, like Patterson and Murrumbeena, have been impacted over many years with changing retail trends, demographic movements and not only the expansion of major centres such as Southland and Chadstone, but the strengthening of centres like Bentleigh that share the same local catchment.

McKinnon is now a good example of the various forces which are resulting in a change in the local population and business mix. New multi-level residential developments in or adjoining the centre are increasing the local population and type of residents who, in turn, are supporting new cafes and local businesses.

Of the 72 premises (or 6,210 sqm), the vacancy rate is a low 6% and 44% of the space is occupied by non-retail uses which, in this case, include small professional offices and a large number of medical, para-medical, therapist and fitness services.

While the traditional retail functions in McKinnon have probably declined over the years, there are visible signs of this centre providing valuable and affordable space for small businesses and specialists who are increasing the local workforce and, in turn, supporting new cafes and restaurants. The increase in apartment living in and around the centre also tends to support cafes and some services more than traditional family units.

5.2.7 Murrumbeena

The Murrumbeena Road local centre, 2.3km north of Virginia Park, is also fragmented by the rail line and (like McKinnon) is situated close, to a larger, more vibrant shopping strip in Carnegie.

Murrumbeena's land use and business mix has similarly transitioned to personal services with 45% of the 7,015 sqm of floorspace occupied by non-retail uses. The vacancy rate is very low at just 3% despite the only major retailer being a small, quite dated Foodworks supermarket (less than 1,000 sqm).

The tenancy mix shows signs of a large Indian-born population base with specialist food and grocery stores.

5.3 City of Monash centres

5.3.1 Oakleigh

The Oakleigh centre is similar in size to Centre Rd, Bentleigh with approximately 35,817 sqm of ground-floor retail-type tenancies and 27,140 sqm of retail occupied space. Oakleigh has very strong southern European influences, particularly Greek, where it is known for its specialist fresh food, cafes and restaurants along Eaton Street Mall and the small, but well-known Oakleigh Market. This strong cultural identity makes it a destination for a very wide catchment and provides a strong point of difference in the shadow of Chadstone Shopping Centre.

Centro Oakleigh is the only enclosed retail element in Oakleigh with two large supermarkets (Coles and Woolworths) close to Oakleigh station.

Oakleigh is also differentiated from other centres in the region with its commercial office floorspace supporting a large workforce and ready market for local retailers.

Oakleigh's vacancy rate is estimated from the land use survey at 7% although this is inflated by a number of vacant shops on the west side of Warrigal Rd below the overpass - a secondary retail area that has had a low occupancy level for some time and may be ready for redevelopment. Throughout the retail core of central Oakleigh and the Centro Centre there are few visible vacancies.

5.3.2 South Oakleigh (The Links)

The Links is a new Woolworths-based neighbourhood centre with 14 shops that opened with a Masters Home Improvement store in mid-2012. The centre is on Warrigal Road, just north of Centre Rd, about 3.5 km from Virginia Park. Woolworths closed a smaller Safeway supermarket on the corner of Warrigal and North Road, rebranding the store to Dan Murphys prior to The Links opening.

The new Woolworths would trade into East Bentleigh and draw heavily on the heavy out-bound traffic volumes on Warragul Road.

The floorspace estimates for South Oakleigh include Masters and several large-format retailers on the west side of Warragul Road.

Table 4: Activity centres floorspace

Shopping centre/strip	Floor Space by TENANT TYPE (sqm)										Floor Space BY PRODUCT GROUP (SQM)		
	Food		Non-Food		Total non-food & services		Total retail		Total non-retail				
	Other food & drink	Total food & drink	Dept stores & DDS	Other non food	Retail Services	Total non-food & services	Total retail	% total	% total	% total	% total	Total floor space	Total
Centres (>5,000 sqm)													
Chadstone	10,095	12,685	22,780	52,855	48,840	4,516	106,211	128,991	84%	23,768	16%	-	0%
Oakleigh	9,110	7,951	17,061	7,433	2,646	10,079	27,140	76%	5,991	17%	2,686	7%	23,883
Bentleigh (Centre Rd)	6,421	7,810	14,231	1,300	8,750	3,490	13,540	27,771	82%	5,320	16%	640	2%
Carnegie	7,478	5,970	13,448	-	7,374	2,620	9,994	23,442	73%	6,704	21%	1,840	6%
Oakleigh South (inc. The Links)	3,800	1,484	5,284	-	16,841	439	17,280	22,564	98%	122	1%	320	1%
Moorabbin (South Rd)	3,508	2,360	5,868	-	4,080	1,190	5,270	11,138	65%	5,160	30%	721	4%
Bentleigh East (Centre Rd)	1,730	3,620	5,350	-	2,110	1,960	4,070	9,420	72%	3,010	23%	580	4%
Glen Huntly	2,565	2,560	5,125	-	2,560	1,440	4,000	9,125	78%	1,600	14%	960	8%
Ormond (North Rd)	870	3,210	4,080	-	2,860	1,060	3,920	8,000	69%	2,950	25%	700	6%
Murumbeena	715	1,230	1,945	-	1,100	620	1,720	3,665	52%	3,160	45%	190	3%
McKinnon	-	1,380	-	-	920	770	1,690	3,070	49%	2,760	44%	380	6%
Sub-total	46,292	50,260	96,552	54,155	102,868	20,751	177,774	274,331	54,155	274,331	145,335	36,777	19%
Local Centres													
Bentleigh East	260	640	900	-	160	240	400	1,300	85%	-	0%	222	15%
Chesterfield & South	-	900	900	-	280	200	480	1,380	100%	0%	-	1,380	846
Deakin & Mackie	-	150	150	-	150	40	190	340	28%	600	49%	280	23%
North & Poet	222	560	782	-	320	80	400	1,182	100%	-	0%	-	190
Mackie & Centre	-	560	560	-	380	-	380	940	85%	80	7%	80	7%
McKinnon & East Boundary	-	260	260	-	510	-	660	900	92%	400	38%	400	38%
Orange & Warrigal	-	240	240	-	240	-	240	240	33%	480	67%	-	0%
North & East Boundary	-	240	240	-	-	-	-	-	-	80	8%	80	8%
Clarence & East Boundary	-	410	410	-	250	-	120	280	25%	660	61%	160	14%
Carnegie	-	160	160	-	-	-	-	60	6%	600	59%	350	35%
Truganini & Koornang	-	60	60	-	-	-	-	-	-	-	-	510	9%
Neerim & Hewitts	-	-	-	-	-	-	-	-	-	-	-	510	9%
Leila & Koornang	-	-	-	-	-	-	-	-	-	-	-	510	9%
Caulfield South	-	520	520	-	150	140	290	810	85%	140	15%	160	4%
Curraweena & Bocan	-	560	560	-	80	-	80	80	10%	480	60%	240	30%
Booran & Glen Huntly	-	-	-	-	-	-	-	-	-	-	-	320	31%
Bentleigh	400	700	1,100	-	350	500	850	1,950	53%	1,560	43%	160	4%
Patterson Rd, Patterson	-	-	-	-	80	80	160	720	69%	-	0%	320	31%
Patterson & Tucker	-	-	-	-	-	-	-	-	-	-	-	518	518
Other	-	-	-	-	-	-	-	-	-	-	-	202	202
Hughesdale	-	1,540	-	-	720	1,100	1,820	3,360	71%	1,020	22%	330	7%
North & Warrigal, Oakleigh	-	1,900	1,900	-	640	400	1,040	2,940	68%	620	14%	780	18%
North & Tucker, Ormond	-	740	740	-	270	90	360	1,100	61%	520	29%	180	10%
Chapel & South, Moorabbin	-	490	730	-	115	195	310	1,040	93%	-	0%	80	7%
Oakleigh & Murrumbeena, Mtbeena	350	360	710	-	90	290	380	1,090	100%	-	0%	-	0%
McKinnon & Tucker, McKinnon	-	350	350	-	80	120	200	550	82%	-	0%	120	18%
Kangaroo & Canterbury, Hughesdale	-	110	110	-	-	130	130	240	40%	155	26%	200	34%
Schoolhill & Warrigal, Oakleigh	-	-	-	-	190	90	280	280	74%	100	26%	0%	380
Sub-total	1,472	11,450	12,922	0	4,815	3,965	8,780	21,702	64%	7,975	24%	3,982	12%
												12,341	9,361
												21,702	

Source: Deep End Services; Property Council of Australia

6. Supermarket supply and demand

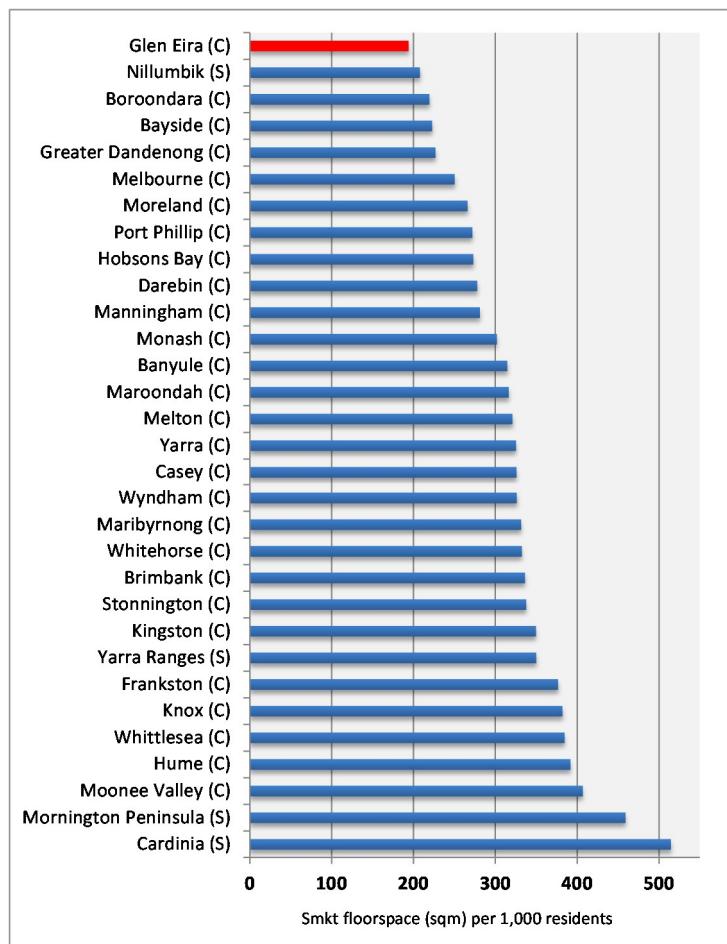
Almost two-thirds of the planned retail floorspace at Virginia Park consists of two supermarkets. This section assesses the levels of supermarket floorspace supply and demand in the municipality of Glen Eira generally, the distribution of supermarkets around the site and accessibility by small area and a local supply-demand analysis focussing on the local catchment.

6.1 Floorspace provision by municipality

A general measure of the rate of supermarket provision in an area can be made by dividing the total supply of floorspace in an area (sqm) into the resident population. The rate of provision for each local government area in Melbourne (measured as sqm per 1,000 residents) is shown in Figure 20

Currently, the City of Glen Eira has an estimated supply of 27,433 sqm of supermarket floorspace for its 141,519 residents yielding a rate of 194 sqm per 1,000 residents. On our analysis, this is the lowest rate of provision of Melbourne's 31 municipalities and about 40% below the metropolitan average of 321 sqm per 1,000 residents.

Figure 20: Supermarket provision by local government area



Source: Deep End Services

Glen Eira's historically low rate is attributed to the area's rapid suburbanisation in the 1950's and 60's with strip shopping being the predominant form of retailing. The advent of modern supermarkets in the early 60's saw small stores established in and around strip centres which have proven difficult to expand over time as supermarkets have expanded their product range and formats.

The only recent addition to Glen Eira's supply has been Woolworths and ALDI at Carnegie (on the Glen Eira / Stonnington boundary) with Woolworths duplicating an existing store, 350 metres south. ALDI has provided some point of difference and competition with two stores at Carnegie and Bentleigh however these are relatively small changes for a population base of 140,000 people.

If Glen Eira raised its existing supermarket rate of provision to just the Melbourne average (321 sqm per 1,000 residents) approximately 18,000 sqm of supermarket floorspace could theoretically be supported in the municipality, on current population levels. With future population growth in the city, the future deficiency is even greater. The Virginia Park proposal represents about 42% of the existing deficiency.

The residual demand can still be taken up by other proposals, if they eventuate. For example, Council has advised that the possible development of a supermarket at Caulfield Racecourse is at least 5 years away.

6.2 Supermarket distribution

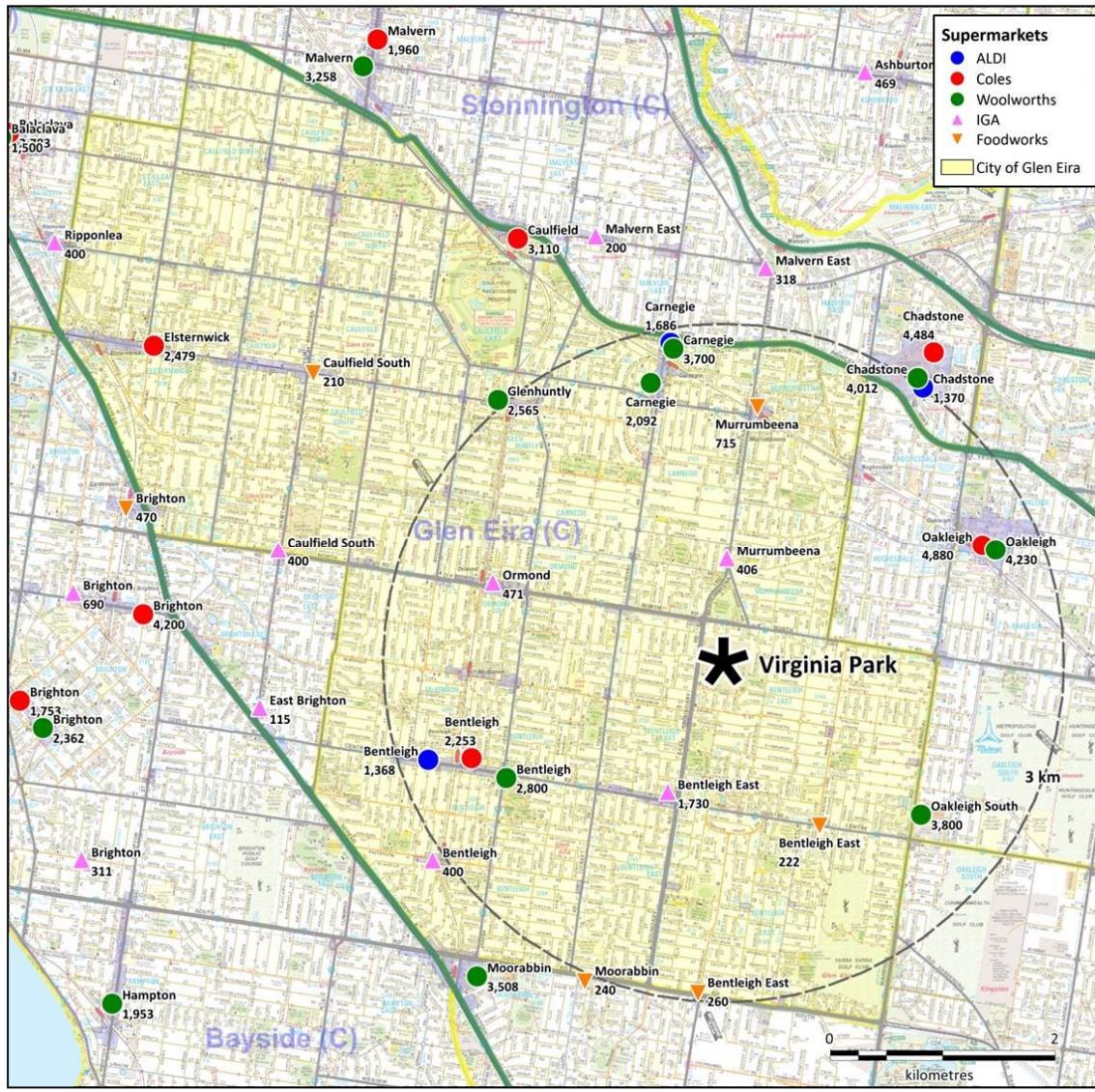
The location, ownership (branding) and size of existing supermarkets in the City of Glen Eira generally but more specifically around Virginia Park is shown in Figure 21.

Characteristics of the existing distribution and size are:

- There are only two supermarkets in excess of 3,000 sqm in the City of Glen Eira (Caulfield & Carnegie) which also sit on the boundary with Stonnington.
- The largest supermarket within 2 km of Virginia Park – an area approaching 45,000 people – is the mid-sized IGA at Bentleigh East.
- There are several supermarkets along the east-west Glen Huntly Road axis from Elsternwick through to Carnegie although most are relatively small.
- A second cluster is at Bentleigh in the south-west where the largest (Woolworths) is just 2,800 sqm.
- In these areas, the strip shopping centres with small Coles and Woolworths stores are believed to be trading at very high levels creating congestion and parking shortages in peak periods.
- Some supermarkets have undertaken small expansions (Woolworths Bentleigh & Glenhuntly) while others are constrained by land and residential interfaces (Coles Bentleigh and Elsternwick).
- Many are located near rail crossings and stations creating further congestion and frustration for residents.

The larger full-line supermarkets at Chadstone and Oakleigh and the new Woolworths at Oakleigh South (The Links) and new Coles in Bay Street Brighton are all outside Glen Eira. The relatively new Woolworths at Carnegie is the only supermarket in Glen Eira that could be regarded as a contemporary full-line store however its location at the top end of Koornang Road north of the rail line, is not convenient for many residents to the south.

Figure 21: Supermarket distribution



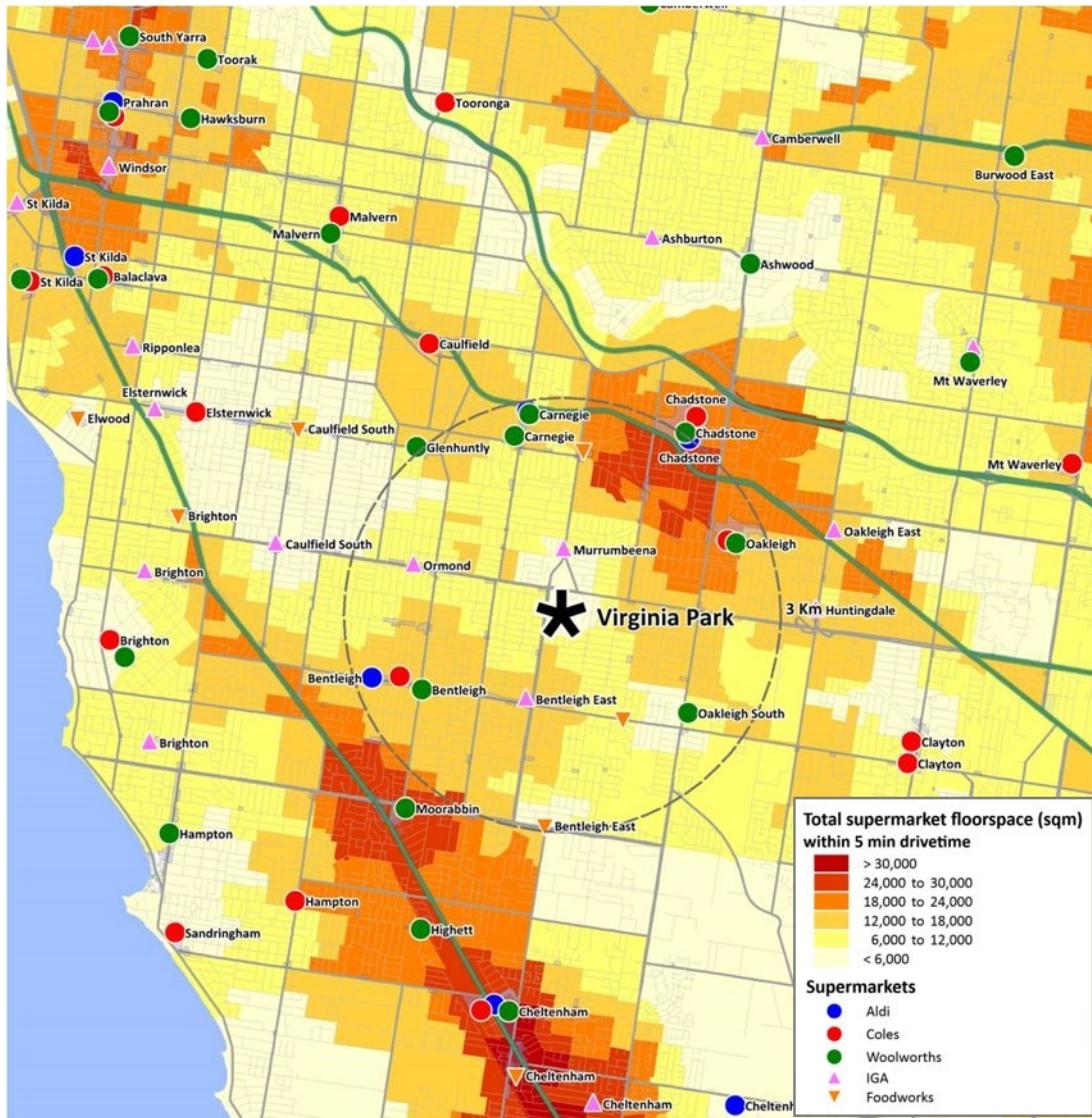
Source: Deep End Services; MapInfo; Ausway

6.3 Supermarket accessibility

The deficiency in supermarket floorspace around Virginia Park is also illustrated by the thematic map (Figure 22) showing the amount of supermarket floorspace (sqm) accessible within a 5 minute drive-time of each small ABS-defined small Statistical area (SA1s).

The areas shaded yellow and light yellow have low rates of supermarket accessibility from the place of residence compared to areas with darker orange shading which have either larger or more supermarket options close to home.

Figure 22: Supermarket accessibility



Source: Deep End Services; MapInfo; Ausway

The areas of high accessibility multiple supermarket clusters are:

- Along the Dandenong Road corridor between Carnegie and Oakleigh
- Along the Nepean Highway corridor between Moorabbin and Southland.

The areas of low supermarket floorspace accessibility are:

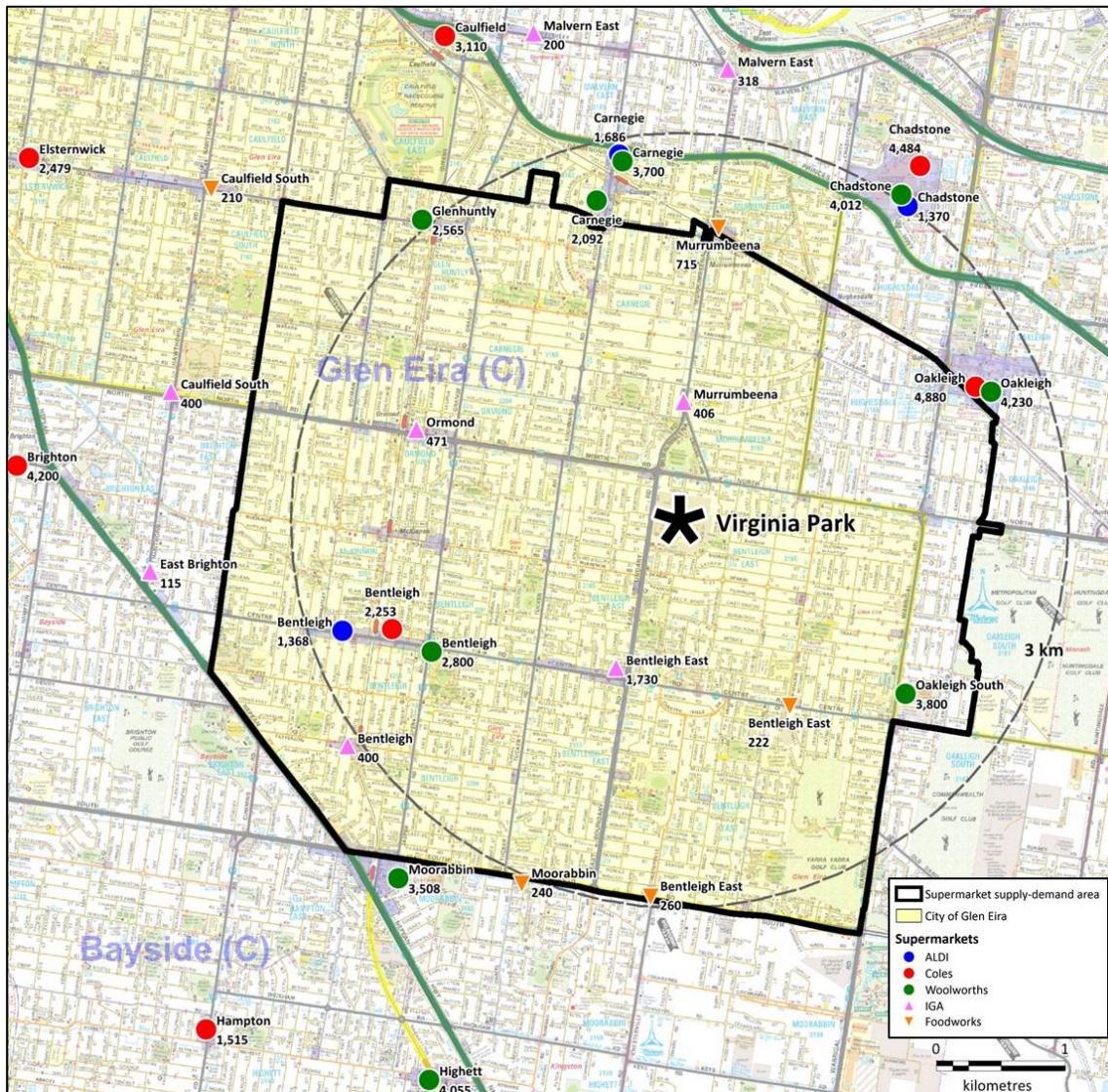
- Elsternwick and Caulfield
- Ormond, Murrumbeena and Bentleigh East centred on Virginia Park.

6.4 Local supermarket supply-demand analysis

A more confined area (approximating 3km) around Virginia Park has been defined to better evaluate supermarket supply and demand in the area with adjustments for supermarkets on or

near the edge this boundary (refer Figure 23). The population of the defined area was approximately 96,800 people in 2013.

Figure 23: Local supermarket supply-demand area



Source: Deep End Services; MapInfo; Ausway

All supermarkets within or just outside the area are evaluated for the proportion of their floorspace which is thought to be supported by the defined area. On this adjusted basis, the effective level of supermarket supply is estimated at 222 sqm per capita (refer Table 5).

Adopting 320 sqm per capita as a suitable supply level (reflecting the metropolitan average), +9,458 sqm of additional supermarket space can be easily justified in the local demand-supply area in 2014. This deficiency obviously increases with population growth over time.

Adopting a slightly higher rate of 350 sqm per capita indicates a larger deficiency of -12,362 sqm.

Table 5: Local supermarket supply-demand analysis

Smkt Group	Suburb	GLA (sqm)	% floorspace supported from region	Effective provision GLA (sqm)
Coles	Bentleigh	2,253	100%	2,253
Safeway	Bentleigh	2,800	100%	2,800
ALDI	Bentleigh	1,368	100%	1,368
IGA	Bentleigh East	1,730	100%	1,730
Safeway	Carnegie	2,092	50%	1,046
Woolworths	Carnegie	3,700	40%	1,480
ALDI	Carnegie	1,686	40%	674
FoodWorks	Bentleigh East (Chesterville Rd)	260	50%	130
FoodWorks	Bentleigh East (Centre Rd)	222	100%	222
Safeway	Glenhuntly	2,565	50%	1,283
Safeway	Moorabbin	3,508	50%	1,754
IGA Xpress	Murrumbeena	406	100%	406
Foodworks	Murrumbeena	715	50%	358
Coles	Oakleigh	4,880	40%	1,952
Woolworths	Oakleigh	4,230	40%	1,692
Woolworths	Oakleigh South	3,800	50%	1,900
IGA	Ormond	471	100%	471
Effective supply	Smkt floorspace (sqm)	36,686		21,518
	Population (2013)			96,800
	Smkt provision (sqm per 1,000 pop.)			222
Floorpace deficiency	Recommended provision (sqm per 1,000 pop)			320
	Total supportable smkt floorspace			30,976
	Deficiency (sqm)			-9,458
	Recommended provision (sqm per 1,000 pop)			350
	Total supportable smkt floorspace			33,880
	Deficiency (sqm)			-12,362

The analysis comfortably supports an additional 7,000-8,000 sqm of supermarket floorspace in the defined region around Virginia Park and particularly a major full-line supermarket and a smaller differentiated discount format.

The analysis suggests that, even with the development of Virginia Park, there is still scope for the expansion and improvement of other supermarkets (or new locations) in the region.

7. Virginia Park trade area analysis

Section 6 considered the demand-supply of supermarket floorspace in Glen Eira and more specifically around Virginia Park. Section 8 now defines a trade area for the proposed neighbourhood centre to identify its population and consumer spending potential, assessing sales and future trading effects.

7.1 Virginia Park trade area definition

The influential factors in defining a trade area for a dual supermarket-based centre at Virginia Park are:

- Exposure to East Boundary Road and close proximity to the higher traffic volumes on North Rd.
- Limited full range supermarkets to the west and south. The nearest supermarket options for local residents which include the small IGA at East Bentleigh and beyond that, the relatively small and congested supermarkets at Bentleigh.
- A point of difference to nearby centres with a choice of supermarkets, a mix of internalised air-conditioned mall space with activated, street-based frontages and good parking provision.
- Few physical, topographic or land use barriers within 3 km of the centre and instead a large residential base crossed by an easily navigable grid of local streets and main roads.
- The points of congestion around existing centres created by the Cranbourne and Frankston lines.

The defined primary trade area (refer Figure 24) is the area where the proposed neighbourhood centre could, for many residents, represent their closest and most convenient option for full-line supermarket shopping. It covers parts of Bentleigh East, Ormond, McKinnon, Carnegie and Murrumbeena but extends no further than 1.8 km in any direction. The only supermarket of any significance in the primary trade area is the IGA at East Bentleigh.

There are four secondary sectors that extend beyond the primary trade area, generally following the arterial road network out to, or just past, the next nearest supermarket-based centre. All of the secondary catchment areas fall within a 5-7 minute off-peak drive-time. For secondary catchment residents, Virginia Park may not be their first option for supermarket and convenience shopping however it may be an alternative for those looking for a point of difference to their nearest options and may be used some of the time or as a convenient stopping point associated with other work, education, social or other trips around the area.

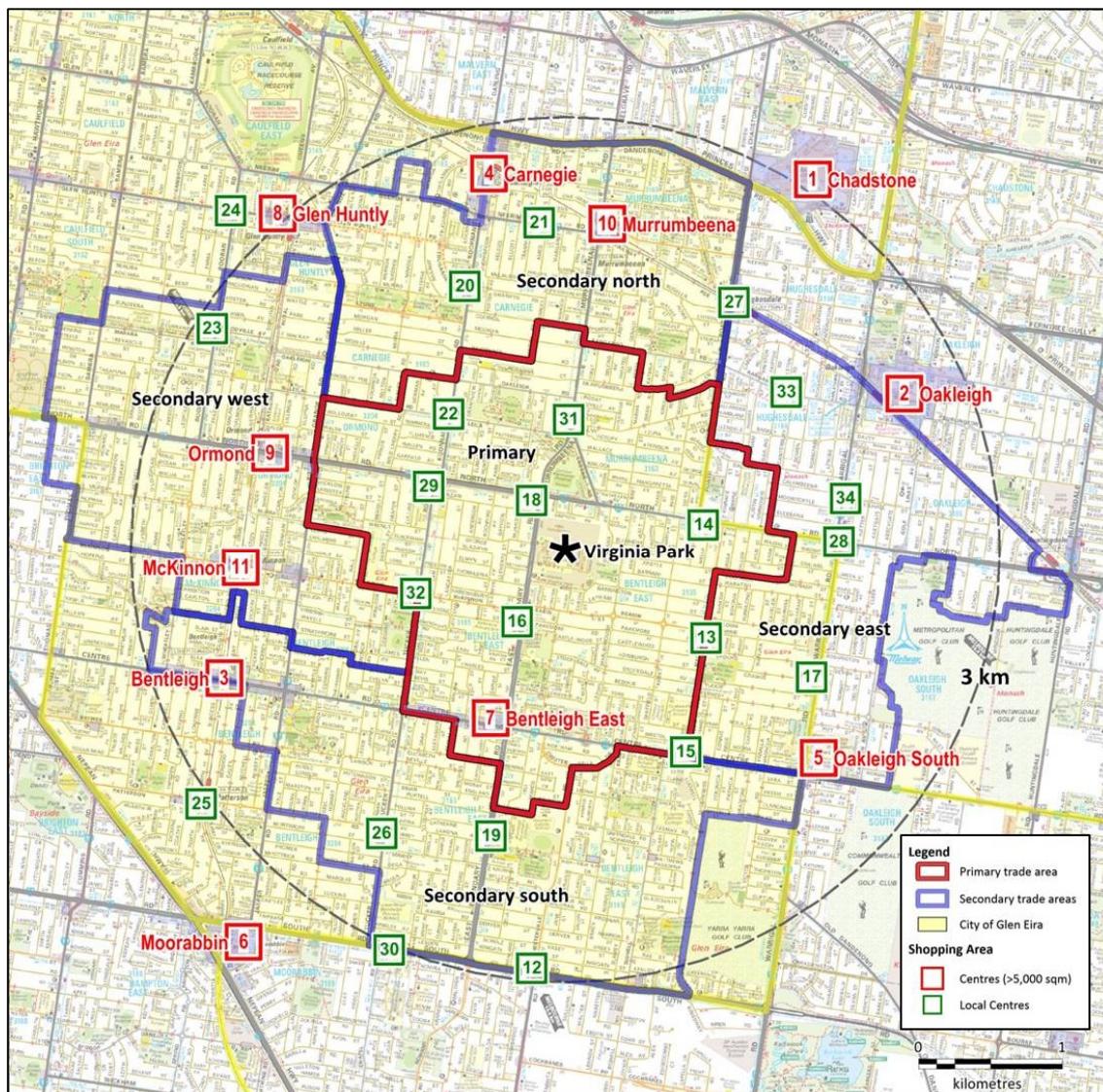
The secondary north extends to Glen Huntly, Carnegie and Murrumbeena where access to the site is still direct along Poath, Murrumbeena and Koornang Roads. Residents here may occasionally elect for the convenience of Virginia Park over negotiating the rail crossings at Glen Huntly and Carnegie.

The secondary west follows the North Road axis through Ormond and McKinnon out to, or just past, Bambra Road which is no further than 3.7 km from Virginia Park. This sector sits between the Glen Huntly and Bentleigh centres and has only a small IGA on North Road, Ormond.

The secondary south falls within a 3km radius of the site where residents will be drawn up East Boundary Road. The Moorabbin, Bentleigh and Oakleigh South (The Links) centres would all draw heavily across this area.

The secondary east extends into Hughesdale, southern parts of Oakleigh and areas of Bentleigh East that are equidistant or closer to The Links.

Figure 24: Virginia Park trade area



Source: Deep End Services; MapInfo; Ausway

7.2 Trade area population

The defined primary trade area has an estimated resident population of 23,736 people in 2014 and a further 67,269 in the four secondary catchments (refer Table 6). The total trade area for the centre in 2014 is therefore 91,005 people.

Population growth rates were strong in the inter-censal period (2006-2011) averaging 1.6% per annum in the primary and 1.3% pa in the secondary sectors – or about 1,169 people per annum.

Based on recent dwelling unit approvals in the catchment, which have been higher than previous years, the projected annual increase in population in the last three years is estimated to have increased.

Given recent population growth rates, evidence of unit developments activity around the existing centres and transport nodes and the positive effects of the new residential zones, the proposals at Virginia Park for higher density housing and the State Government's revised forecasts, the Virginia Park trade area - like other parts of Glen Eira - will experience moderate, if not, strong population gains over the next 10 years and beyond.

Notwithstanding this, our projections for the catchment are conservatively adopting similar annual population gains as the last 5-10 years. On this basis, the trade area will increase its population from about 91,000 people in 2014 to just over 100,000 people by 2022.

Table 6: Trade area population

Catchment area sector	2006	2011	2014	2018	2022
<u>Population (no.)</u>					
Primary	20,982	22,674	23,736	25,186	27,386
Secondary north	16,007	17,189	18,102	19,052	19,702
Secondary east	13,346	14,134	14,751	15,471	16,131
Secondary south	14,701	15,859	16,562	17,362	18,062
Secondary west	<u>16,114</u>	<u>17,137</u>	<u>17,854</u>	<u>18,504</u>	<u>18,954</u>
Secondary	60,168	64,319	67,269	70,389	72,849
Total	81,150	86,993	91,005	95,575	100,235
<u>Population growth (No. per annum)</u>					
Primary	-	338	354	363	550
Secondary	-	830	983	780	615
Total	-	1,169	1,337	1,143	1,165
<u>Population growth (% per annum)</u>					
Primary	-	1.6%	1.5%	1.5%	2.1%
Secondary	-	1.3%	1.5%	1.1%	0.9%
Total	-	1.4%	1.5%	1.2%	1.2%

Source: Deep End Services; ABS; Forecast.id; DPCD, "Victoria in Future 2012"

7.3 Population characteristics

The housing and demographic characteristics of the catchment, sourced from the 2011 Census, are presented in Table 7. In overall terms, large areas of the Virginia Park trade area have characteristics which generally mirror Melbourne's average on many population, household and housing measures.

The primary trade area is an established family area where residents have moved less in the last five years compared to Melbourne averages. There is a higher proportion of typical family structures (couples with children) which is shown up in the age profile with a higher proportion aged 35-49 years old and lower proportions in the younger 20-34 year cohort. At the same time there is a slightly older base with 15% aged over 65 years.

The primary sector has 35% of its population born overseas (Melbourne 33%) although no major sub-groups appear in the data. The area is a diverse one with residents from Europe, India, China and elsewhere.

Household incomes in the primary sector are 7% higher than the Melbourne average which is reinforced by the low unemployment rate, high levels of tertiary education, higher home ownership and a high proportion of 'white collar' workers.

The secondary sectors are distinguished from the primary sector in the following ways:

- The secondary west (Ormond & McKinnon) has a much higher income profile (16% above average), slightly younger households and a higher proportion of townhouses and semi-detached dwellings with more rented properties.
- The secondary north (Murrumbeena and Carnegie) shows the widest variations, influenced by a different housing mix (63% townhouse, flats or apartments) which attracts more students, lone persons and group households, a high proportion of renters (43%), lower incomes and a high proportion of overseas-born (43%) including from India (9%) and China (6%).
- The secondary south (Moorabbin, Bentleigh) is slightly older with higher home ownership levels and above average income levels.
- The secondary east (Hughesdale, Oakleigh South) has larger families, lower incomes and a higher proportion of separate dwellings.

The profile of much of the catchment is one of established families, with high levels of education, a high proportion in white-collar occupations and higher than average income levels. Variations to this pattern appear on the edges of the catchment where a different housing mix near the railway stations and closer to the Caulfield Campus of Monash University attracts a different group of residents.

Generally, the middle-suburban housing mix and family structures of the eastern areas of Glen Eira would, in our view, result in above average demand for and visitation to supermarkets.

Table 7: Trade area characteristics

Characteristic	Primary	Secondary north	Secondary east	Secondary south	Secondary west	Total catchment	Melbourne
Usually resident population	21,742	16,420	13,517	15,185	16,328	83,192	3,999,618
At same address: ⁽¹⁾							
• 1 year ago	86%	81%	87%	88%	86%	86%	85%
• 5 years ago	64%	55%	66%	67%	62%	63%	61%
Total private dwellings ⁽⁶⁾	8,845	7,713	5,247	6,157	6,714	34,676	1,636,261
• % unoccupied	6%	8%	6%	7%	8%	7%	9%
Persons per dwelling ⁽⁷⁾	2.63	2.30	2.73	2.65	2.63	2.58	2.68
Participation rate ⁽²⁾	66%	66%	64%	62%	66%	65%	62%
Unemployment rate ⁽²⁾	4.6%	5.3%	5.3%	4.9%	4.7%	4.9%	5.5%
White collar workers ⁽²⁾	61%	65%	58%	60%	66%	62%	53%
Bachelor degree or higher ⁽²⁾⁽³⁾	32%	39%	27%	27%	37%	33%	24%
SEIFA	1,064	1,056	1,046	1,057	1,084	1,062	1,007
Age group							
0-9	13%	10%	13%	13%	13%	13%	13%
10-19	12%	8%	11%	12%	12%	11%	12%
20-34	19%	31%	22%	17%	21%	22%	23%
35-49	25%	22%	24%	23%	24%	23%	22%
50-64	16%	16%	15%	17%	18%	16%	17%
65+	15%	14%	14%	18%	13%	15%	13%
Average age	38.9	38.7	38.1	40.7	38.3	38.9	37.8
Annual household income ⁽¹⁾⁽³⁾⁽⁵⁾							
<\$41,700	28%	31%	30%	29%	27%	29%	30%
\$41,700 - \$78,200	24%	26%	22%	24%	21%	24%	26%
\$78,200 - \$156,400	32%	30%	33%	32%	33%	32%	32%
>\$156,400	16%	13%	14%	15%	20%	15%	12%
Average household income	\$90,518	\$82,995	\$86,277	\$88,926	\$97,912	\$89,314	\$84,402
Variation from Melbourne average	7.2%	-1.7%	2.2%	5.4%	16.0%	5.8%	-
Average household loan repayment	\$26,400	\$26,485	\$26,032	\$26,997	\$27,831	\$26,746	\$23,838
% of household income	21%	22%	22%	22%	20%	21%	22%
Average household rent payment	\$18,316	\$16,430	\$17,471	\$18,249	\$18,910	\$17,728	\$16,687
% of household income	22%	24%	24%	23%	25%	24%	23%
Country of birth ⁽¹⁾							
Australia	65%	58%	67%	68%	62%	64%	67%
India	3%	9%	4%	2%	4%	4%	3%
China	4%	6%	4%	3%	4%	4%	2%
United Kingdom	3%	4%	3%	4%	4%	3%	4%
Other	25%	24%	22%	23%	26%	24%	24%
Occupied private dwelling tenure ⁽¹⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾							
Fully owned	37%	28%	37%	42%	33%	35%	34%
Being purchased	35%	29%	37%	36%	35%	34%	38%
Rented	28%	43%	26%	22%	32%	31%	28%
Dwelling type ⁽¹⁾⁽⁴⁾⁽⁶⁾							
Separate house	69%	37%	82%	80%	54%	63%	72%
Townhouse/semi-detached	14%	20%	8%	12%	21%	15%	12%
Apartment	17%	43%	10%	8%	25%	22%	16%
Household composition ⁽⁴⁾⁽⁵⁾							
Couples with children	38%	27%	38%	38%	38%	35%	35%
Couples without children	24%	26%	24%	25%	23%	24%	26%
One parent family	10%	6%	10%	11%	9%	9%	11%
Lone person	25%	34%	23%	23%	26%	26%	23%
Group	3%	7%	5%	4%	5%	5%	5%
Motor vehicle ownership per dwelling ⁽¹⁾⁽⁵⁾							
None	7%	16%	10%	7%	10%	10%	9%
One	40%	48%	38%	37%	40%	41%	36%
Two	40%	29%	39%	41%	38%	37%	38%
Three or more	13%	8%	14%	15%	12%	12%	16%

Notes:
⁽¹⁾ Excludes not stated

⁽²⁾ 15 years and over and excludes not stated

⁽³⁾ Excludes inadequately described and/or partially stated

⁽⁴⁾ Excludes other

⁽⁵⁾ Occupied private dwellings

⁽⁶⁾ Includes visitor only households

⁽⁷⁾ Excludes visitor only households

Source: Deep End Services; Australian Bureau of Statistics

7.4 Retail spending

For the purpose of this report, consumer spending on commodities and services sold by shop-based retailers is classified under the following categories:

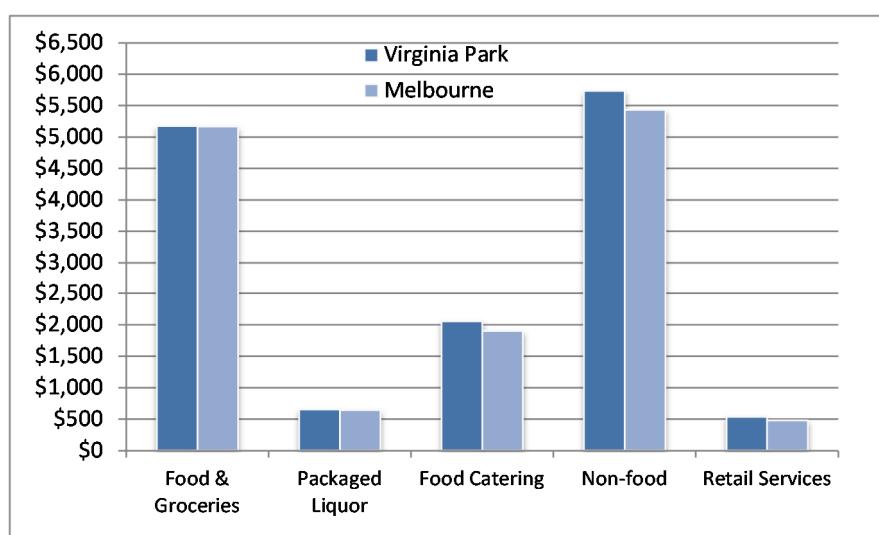
Broad category	Spending group	Items / services
Food, liquor, groceries & catering (FLG&C)	Food & Groceries	Edible supermarket goods (ESGs), non-food groceries inc. health & beauty, magazines & stationery.
	Packaged Liquor	Take-home liquor
	Food Catering	Take-away food, dining-in.
Non food & retail services	Non-food	Auto accessories, fashion, furniture & furnishings, hardware & garden, pharmaceuticals, home appliances & entertainment, homewares, reading & writing, recreational goods.
	Retail services	Hairdressing & personal care, repairs & alterations, dry cleaning, optical, photo developing, video hire.

Deep End Services uses small area spending information supplied by Market Data Systems (MDS). The MDS product known as *MarketInfo*, estimates spending propensity on a range of retail items at the small area level using a micro-simulation model and key data sets, including the ABS' *Household Expenditure Survey (HES)*, the Census and Australian National Accounts.

MarketInfo models the effects of demographic variables such as income, ethnicity, age and education level and geographic location on a household's propensity to purchase retail products and services. The results are generally regarded as the best proprietary data base of its type in Australia. To update *MarketInfo* to recent and future spending estimates, growth rates are drawn from the 'Detailed Consumer Spending' series issued by Access Economics.

A comparison of per capita spending levels for the Virginia Park catchment against the Melbourne average is set out in Figure 25. It shows average spending rates on food, liquor and groceries (FLG) is almost identical to the Melbourne average. Spending on 'take away food' and 'dining out' is slightly above the Melbourne average, as are 'non-food' items.

Figure 25: Spending rate comparisons



Source: Deep End Services, MDS (*Marketinfo*); Deloitte Access Economics

Combining population estimates with per capita spending levels in the catchment area, generates the retail spending market for each of the major product groups for 2013/14 and future years (refer Table 8).

In 2014, the catchment generated \$1.287 billion in consumer-based product and retail services spending. The spending level on food & groceries is estimated at \$470.8 million.

With population growth in the catchment, the spending market is projected to increase between 2014 and 2018 by about \$92 million of which almost \$38 million is on food and groceries. Over the next 8 years to 2022 the food and grocery market should increase by approximately \$95 million in real terms to \$565.9 million.

Table 8: Trade area spending estimates

Spending category	Spending market (constant 2014 \$m)			Average change (%pa)	
	2014	2018	2022	2014-18	2018-22
<u>Food & Groceries</u>					
Primary	122.5	133.3	152.7	2.1%	3.4%
Secondary	348.3	375.0	413.2	1.9%	2.5%
Total	470.8	508.4	565.9	1.9%	2.7%
<u>Packaged Liquor</u>					
Primary	15.2	16.0	16.9	1.3%	1.4%
Secondary	44.3	46.1	46.9	1.0%	0.4%
Total	59.5	62.0	63.7	1.1%	0.7%
<u>Food Catering</u>					
Primary	46.6	51.9	57.2	2.7%	2.5%
Secondary	140.1	154.1	163.6	2.4%	1.5%
Total	186.7	206.0	220.8	2.5%	1.8%
<u>Non-food</u>					
Primary	134.5	143.2	153.2	1.6%	1.7%
Secondary	387.0	407.1	419.1	1.3%	0.7%
Total	521.5	550.3	572.2	1.4%	1.0%
<u>Retail Services</u>					
Primary	12.6	13.9	15.8	2.4%	3.3%
Secondary	36.2	39.3	43.0	2.1%	2.3%
Total	48.8	53.2	58.8	2.2%	2.5%
<u>Total Retail</u>					
Primary	331.4	358.2	395.7	2.0%	2.5%
Secondary	955.8	1,021.6	1,085.7	1.7%	1.5%
Total	1,287.2	1,379.8	1,481.4	1.8%	1.8%

Source: Deep End Services; ABS; Market Data Systems; Deloitte Access Economics

8. Retail impact assessment

This section assesses the sales potential of the proposed neighbourhood centre at Virginia Park and the economic / trading impacts on other centres in, or just beyond, the catchment. The analysis draws on the assumptions, data and commentary from earlier sections and also considers the positive employment and other benefits to the community.

The analysis and findings are presented as a series of sequential steps including:

- Retail turnover levels are projected for the 12,000 sqm centre (including 11,000 sqm of retail reporting tenancies) in the assumed first full year of opening (2018)
- Projected sales redirected from competing centres are modelled expressed in dollar and percentage terms
- New employment and other positive benefits from the development of the centre

8.1 Projected retail turnover

Sales forecasts for the proposed neighbourhood centre are summarised in Table 9 by tenant group and by major product group. The forecasts assume:

- Although detailed plans are not available at this stage, the neighbourhood centre elements are developed with good convenience and access off East Boundary Road and sufficient parking below the retail level to accommodate most peak demands.
- The centre is developed and successfully leased in accordance with the notional tenancy mix set out in Table 2
- Population and spending growth will occur as set out in this report

The projected sales for the centre are assessed at \$76.2 million in 2018 (constant \$2014). The average turnover per square metre is \$6,930 which is considered an acceptable level for an establishment year given the size and mix of the various retail elements.

In relation to the individual elements:

- The two supermarkets are expected to generate around \$59.6 million in sales or \$7,887 per square metre. One of the two supermarkets is expected to be a large-format store with a large general variety section that will trade at a lower level to the food and grocery departments; and
- The min-majors and specialty shops (excluding non-retail tenancies) would generate \$12.9 million in sales or \$6,014 per square metre.

By broad product group, which combines the estimated category sales of individual tenancies into either 'FLG&C' or 'non-food & personal services' for impact assessment purposes, the sales at the centre comprise:

- \$50.9 million (or 67% of total sales) in FLG & catering sales; and
- \$25.3 million in non-food and retail services.

Table 9: Virginia Park projected sales - 2018

Tenancy	Floorspace (sqm GLA)	Sales 2017/18 \$m (constant \$2014)	Trading level (\$/sqm)
Summary by Tenant Group			
• Supermarket 1	6,000		
• Supermarket 2	1,550		
Supermarkets (incl Liquor)	7,550	59.6	\$7,887
Mini-majors	1,300	3.8	\$2,885
Specialty shops			
• FLG ¹ & Catering	855	5.7	\$6,678
• Non-Food & Services	1,295	7.2	\$5,576
Sub-Total specialty shops	2,150	12.9	\$6,014
Total Retail	11,000	76.2	\$6,930
Non Retail	1,000	-	-
Total Centre	12,000		
Summary by Product Group			
• FLG & Catering	6,580	50.9	\$7,741
• Non-Food & Services	4,421	25.3	\$5,723
Total Retail	11,000	76.2	\$6,930

¹FLG = Food, liquor, groceries

Source: Deep End Services

Table 10 shows how the centre's projected product group sales could be generated from the catchment in the form of market shares of available spending categories.

The centre is projected to generate a 13.9% market share of 'FLG&C spending in the primary sector and just 2.7% in the secondary sectors. A further 18.2% of sales are expected from beyond the trade area. These shares are relatively low and indicate that Virginia Park's proposed supermarkets can be sustained with relatively low shares of spending enabling many other centres in or outside the catchment to continue to trade successfully across the area.

The non-food and retail services sales projections for the proposed centre are only 50% of the food sales and accordingly, the required market shares of available non-food and services spending are also low at just 7.7% in the primary and an average of 1.5% across the secondary sectors.

The overall shares underline the role of the centre as having a neighbourhood function dominated by supermarket floorspace.

Table 10: Virginia Park market shares - 2018

Catchment sector	Spending (Constant \$m 2013/14)			Market share (%)			Turnover (\$m)		
	FLG & Catering	Non-food & Serv.	Total Retail	FLG & Catering	Non-food & Serv.	Total Retail	FLG & Catering	Non-food & Serv.	Total Retail
Primary	201.2	157.0	358.2	13.9%	7.7%	11.2%	27.9	12.2	40.1
Secondary									
Secondary north	161.4	121.6	283.0	2.4%	1.3%	1.9%	3.8	1.6	5.5
Secondary east	121.1	90.6	211.7	2.2%	1.3%	1.8%	2.6	1.2	3.8
Secondary south	138.2	108.3	246.5	3.1%	1.7%	2.5%	4.3	1.8	6.1
Secondary west	154.5	125.9	280.4	3.1%	1.6%	2.5%	4.8	2.1	6.9
Total Secondary	575.2	446.4	1,021.6	2.7%	1.5%	2.2%	15.6	6.7	22.3
Total catchment area	776.3	603.5	1,379.8	5.6%	3.1%	4.5%	43.5	18.8	62.4
Beyond trade area (% sales)				18%	18%	18%	9.7	4.2	13.9
Total							53.2	23.0	76.2

Source: Deep End Services

8.2 Trading impacts

The method of determining trading impacts on surrounding centres is based on the following:

- Projected sales for the key product groups of the proposed Virginia Park centre have been determined by trade area sector (refer Table 10).
- For each of the five trade area sectors, the projected sales are allocated away from various centres within or close to each sector on the basis of the strength of the competing centre (measured by size and number of competing retail formats from the land use survey and known or estimated sales levels), relative distance and accessibility and the general appearance and vitality of the centre.
- Sales which are derived from beyond the defined trade area are also notionally allocated to some centres within the trade area.
- From this detailed analysis, most of the projected sales at the centre are allocated to the major centres surrounding Virginia Park. Individual assessments are not made for the 23 local centres (generally less than 1,500 sqm) in the area however a summary sales allocation is made to cover these as a group of centres by suburb.
- The sum of these individual product group and trade area sector assessments results in a total sales level diverted from the major centres. This is then expressed in dollar terms in 2018 and as a percentage of the sales that would otherwise have been achieved in that year.

Although supermarket provision rates are shown to be very low in Glen Eira and especially the eastern section, there are still a large number of centres and supermarkets that sit a similar distance (3km) from Virginia Park all with comparable levels of road access. This results in a likely redistribution of sales from many centres although those closer and larger with larger supermarkets will be impacted more heavily – though not, as it turns out, significantly.

It should be noted that the impacts are modelled on the overall centre (and the major product groups FLG & C and Non-food and services. It is not the role of these reports to determine impacts on individual operators as this is not generally a matter that a planning authority or

review panel would have regard to. The more important consideration is whether or not the scale of the impact would result in significant economic impact to an existing centre that could, for example, cause a significant increase in vacancy rates or economic and retail blight to the extent that the community is not better off – even after the positive effects of the development are considered.

The estimated trading impacts are presented in Table 11.

Table 11: Virginia Park trading impacts - 2018

Activity Centre	Base Case 2018			2018 Post Virginia Park			Impacts Virginia Park					
	Estimated sales (\$m)			Estimated sales (\$m)			Change (\$m)			Change (%)		
	FLG & C	NF & services	Total	FLG & C	NF & services	Total	FLG & C	NF & services	Total	FLG & C	NF & services	Total
Virginia Park				53.2	23.0	76.2	53.2	23.0	76.2	-	-	-
Centres (>5,000 sqm)												
Chadstone	327.1	1,388.7	1,715.9	322.9	1,385.7	1,708.6	-4.3	-3.0	-7.3	-1.3%	-0.2%	-0.4%
Oakleigh	155.0	76.6	231.6	148.4	74.4	222.8	-6.5	-2.3	-8.8	-4.2%	-2.9%	-3.8%
Bentleigh (Centre Rd)	177.1	105.7	282.7	166.7	101.2	267.9	-10.4	-4.5	-14.8	-5.9%	-4.2%	-5.3%
Carnegie	135.0	60.9	195.9	128.2	59.0	187.2	-6.9	-1.9	-8.8	-5.1%	-3.1%	-4.5%
Oakleigh South (inc. The Link)	51.1	45.5	96.6	46.2	44.2	90.4	-4.9	-1.3	-6.2	-9.6%	-2.9%	-6.5%
Moorabbin (South Rd)	73.7	31.2	104.9	70.4	30.2	100.6	-3.3	-1.1	-4.4	-4.5%	-3.4%	-4.2%
Bentleigh East (Centre Rd)	36.5	23.0	59.5	32.7	21.4	54.1	-3.8	-1.6	-5.4	-10.3%	-7.1%	-9.1%
Glen Huntly	51.8	26.3	78.1	49.6	25.4	75.0	-2.1	-1.0	-3.1	-4.1%	-3.6%	-3.9%
Ormond (North Rd)	29.8	17.1	46.9	28.2	16.4	44.6	-1.6	-0.7	-2.3	-5.4%	-4.0%	-4.9%
Murrumbeena	9.1	8.3	17.4	8.6	8.1	16.7	-0.5	-0.2	-0.7	-5.2%	-2.4%	-3.9%
McKinnon	8.2	8.7	16.9	8.0	8.7	16.7	-0.2	0.0	-0.2	-2.1%	-0.5%	-1.3%
Sub-total	1,054	1,792	2,846	1,010	1,775	2,785	-44.4	-17.5	-61.9	-4.2%	-1.0%	-2.2%
Local Centres (No.) ¹												
Bentleigh East (8)	21.3	10.7	32.0	20.8	10.3	31.0	-0.6	-0.4	-1.0	-2.6%	-3.7%	-3.0%
Carnegie (3)	2.6	1.4	4.0	2.6	1.4	4.0	0.0	0.0	0.0	-0.8%	-0.5%	-0.7%
Caulfield South (2)	2.4	1.4	3.8	2.4	1.4	3.8	0.0	0.0	0.0	-0.3%	-1.5%	-0.7%
Bentleigh (2)	9.8	5.3	15.1	9.5	5.1	14.7	-0.3	-0.2	-0.4	-2.6%	-2.9%	-2.7%
Other (8)	38	19	56	37.0	17.8	54.9	-0.6	-0.7	-1.3	-1.7%	-3.5%	-2.3%
Sub-total Local Centres	73.8	37.2	111.1	72.3	36.0	108.4	-1.5	-1.2	-2.7	-2.0%	-3.3%	-2.4%
Total Centres	1,128.2	1,829.3	2,957.5	1,135.6	1,833.6	2,969.1	-45.8	-18.8	-64.6	-4.1%	-1.0%	-2.2%
Other centres / unallocated	-	-	-	-	-	-	-7.4	-4.2	-11.6	-	-	-
							14%	18%	15%			
Total Virginia Park Activity Centre							-53.2	-23.0	-76.2			

1. Refer Table 3 and Figure 18 for detailed list & location of Local Centres
Source: Deep End Services

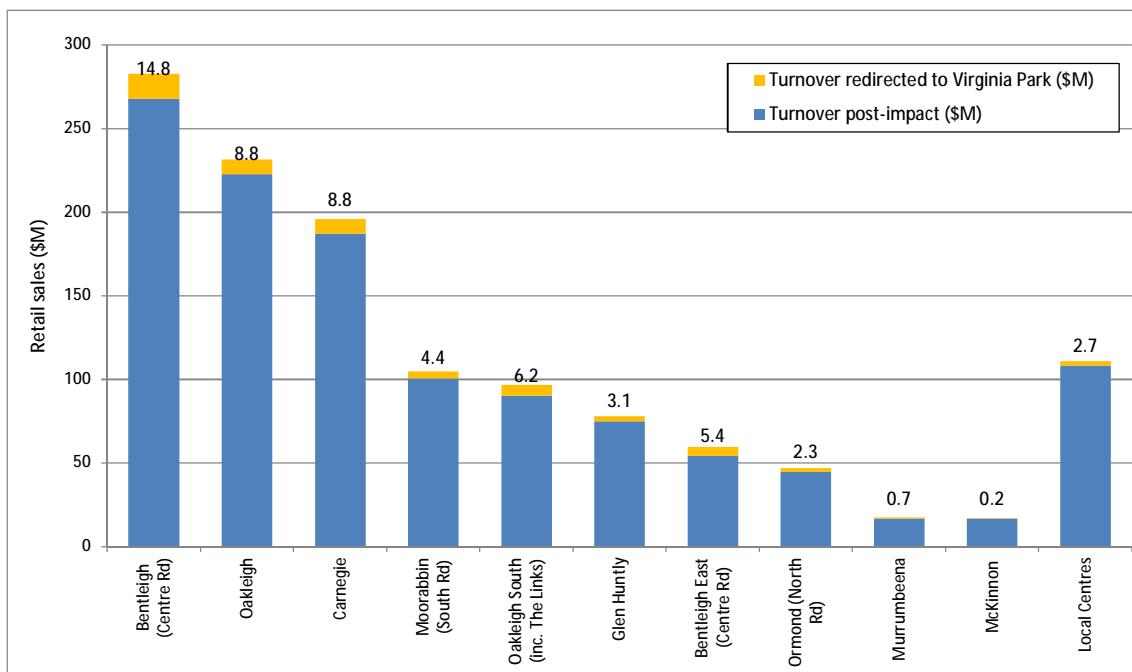
In relation to individual impacts on various centres:

- The largest 'dollar' impact from Virginia Park is projected on the Bentleigh activity centre which has three existing supermarkets, approximately 200 retail businesses and an estimated \$283 million in retail sales. The estimated impacts on Bentleigh amount to -5.9% of FLG & C sales and a slightly lower -4.2% of non-food and services sales. The overall impact is just -5.3%. The highest dollar and percentage impacts will be incurred by Coles and Woolworths who operate from central and eastern locations in the centre and are believed to be trading at levels above their own business-wide averages. The concentration of impacts on these supermarkets would not materially affect their already strong trading position or that of other retailers around them.
- The Bentleigh East centre on Centre Road is the closest activity centre and is expected to be more heavily impacted in percentage terms although the dollar effects are still quite low because of the lower-order nature of the centre and less-competitive, smaller IGA

supermarket. The overall sales impact on East Bentleigh is estimated at -9.1% which is still well below the level which would give rise to concerns about its ongoing viability. The recently measured vacancy rate of just 4% is a positive indicator of the health of this centre which will be reinforced by current and likely future multi-level residential projects in the centre.

- The Oakleigh South centre (The Links) will be impacted by an estimated -6.5% in total including almost 10% on its FLG & C sales – which is primarily the new Woolworths supermarket.
- Beyond these centres, all others in or beyond the catchment have impacts of less than -5% which is generally considered low, particularly when most of the sales re-allocations will be on the larger supermarkets. For example:
 - § North Rd (Ormond) centre has an average projected impact of -4.9%
 - § Carnegie with its two Woolworths supermarkets an impact of -4.5%
 - § Glen Huntly with its recently extended Woolworths and being further from Virginia Park, an impact of -3.9%
 - § Moorabbin (South Rd) -4.2%
 - § Murrumbeena -3.9%
 - § Oakleigh centre -3.8%
- The area has a large number of small local centres that, according to the floorspace survey, now have very low retail functions and have evolved to providing small offices for personal and professional services. Some on the major arterial roads still maintain a stronger retail mix however these businesses are catering to passing traffic as much as serving local needs.
- The 23 local centres have been assessed as groups of centres by suburb and after assessing their mix and role, impacts of no more than -3.0% are assessed on the local Bentleigh centres and lower percentages down to 0.7% for others.

Figure 26: Virginia Park source of sales - 2018



8.3 Impact conclusions

By 2018, the proposed development of the Virginia Park neighbourhood centre with two supermarkets and a moderate range of specialty shops in conjunction with the first stages of new apartment buildings in the Business Park will create a point of difference and new focus for the eastern areas of Glen Eira.

The development of a new retail centre of any size and category, inevitably results in sales moving from a range of existing centres and retailers to the new location. Importantly, this comes about from consumers electing to change their normal shopping patterns, permanently or occasionally, as a result of one or more of the following:

- An improvement in the quality and range of shops and services in their local area;
- Improved accessibility and reduced travel time; and
- Perceptions of better amenity or safety or new / better design and layout.

The proposed Virginia Park neighbourhood centre will not result in significant trading impacts or the closure of a significant number of existing retailers in Bentleigh East or any other centre for the following reasons:

- Supermarket provision. The analysis of supermarket provision rates, distribution and accessibility shows that Glen Eira has the lowest rate of supermarket supply relative to population levels of all 31 municipalities in Melbourne and is particularly low in a band extending from Elsternwick through Ormond to Bentleigh East. Indeed, other than minor extensions and refurbishments there has been little change in Glen Eira's supply for many years. To capitalise on this deficiency, new centres have emerged at Oakleigh South and Woolworths have resorted to establishing a second supermarket in Carnegie. As a result, most of Glen Eira's supermarkets are under-sized and trading at very high levels resulting in periods of congestion and parking shortages.
- Low vacancy rates. Importantly, the land use and floorspace survey conducted in May 2014 showed the vacancy rate at most major strip shopping centres in the area was very low indicating a healthy and vibrant network of centres where retailers, professional services and community facilities have co-located.
- Changing mix and apartment developments. The land-use survey revealed that many centres are gradually repositioning themselves with personal and professional services while keeping some basic retail functions. These trends will be reinforced and strengthened with the development of mixed use sites, town house and apartment projects which is gathering pace around the better centres and near the rail lines. The increase in local population and change in demographic mix will bring demands for cafes and other services to the smaller centres - a pattern that is already evident in centres such as McKinnon. This growth will also quickly offset the relatively impacts from the proposed development.
- Population growth. Glen Eira has been steadily gaining population for the last 20 years. In May 2014 the State Government released revised population projections for Melbourne which include Glen Eira's population growth over a 20 year period increasing by another 30% – compared to estimates of two years ago. There is a significant change occurring in Melbourne's inner and middle suburbs where new population will bring demands for new services. The Virginia Park development is one such example where the

large on-site population likely to be developed over the next 20 years should have a locally based neighbourhood centre to serve their needs, those of the local workforce and to give choice to residents of the catchment.

- Complementary design. The strip shopping centres of Glen Eira are generally performing well and have an underlying appeal and popularity which suits a wide range of demographic and groups of different cultural backgrounds. Virginia Park presents a differentiated design and format that will complement the existing network in what appears to be an obvious 'gap' in the Glen Eira's long-established centres network.
- Proposed mix. The proposed centre is heavily oriented to supermarket floorspace with the proposed specialty shops a relatively minor part of the overall development. The mix will ensure the impacts are largely contained to competing supermarkets (including those of the same ownership) rather than the duplication of large numbers of specialty retailers.
- Scale and distribution of impacts. The dense residential land use patterns of the inner south-east land and the distribution of centres generally within 3 km of the site should ensure that the proposed centre is successful and well-patronised and that (as our analysis reveals) the trading impacts are spread widely and thinly over many centres on the edge of its catchment.

In overall terms the range of impacts assessed from Virginia Park are relatively small and proportional to the role and size of the centre – effectively a neighbourhood centre. The sales re-allocations at all centres are within the tolerance levels of a normal competitive environment where retail turnover naturally fluctuates with changes in economic and market conditions. Impacts will be evenly distributed geographically and amongst a range of different centres across the hierarchy.

8.4 Community benefits

8.4.1 Employment benefits

At this early stage and without the benefit of detailed plans and building costs it is not possible to estimate the construction benefits of the development however it will clearly be significant and number in the hundreds of jobs particularly with the initial stages of residential development incorporated into the centre.

In terms of the ongoing operation of the centre, based on industry rates of employment, the floorspace of the proposed Virginia Park neighbourhood centre will generate an estimated 275 direct full-time equivalent (FTE) jobs on-site and 180 jobs indirectly through multiplier effects in the economy (refer Table 12).

The increase in direct jobs will more than off-set the small number of existing jobs on the development site that would be presumably located elsewhere and any minor loss in employment positions that may arise from the relatively small impacts on surrounding centres.

The new retail employment opportunities on-site will benefit the local economy and many will be filled by local residents living close to the centre. Unemployed youths, students, semi-retired people and those looking to work close to home with part-time hours in conjunction with family care and duties are strong candidates for future retail employment opportunities. Many of

these jobs may be taken by local residents who would otherwise not work in the absence of the nearby opportunity.

The increase in local employment will increase wages and salaries in the area which should be spent in part, with local retailers.

Table 12: Retail employment generation

Tenancy type	Assumed floorspace (sqm)	FTE direct job creation rate per 100 sqm (no.)			Total FTE jobs (no.)
		FTE direct jobs (no.)	Indirect jobs (no.)		
Supermarket	7,550	2.2	166	103	269
Mini majors	1,300	1.0	13	8	21
Specialty retail	2,150	3.1	66	41	106
<i>Sub-total</i>	<i>11,000</i>		<i>245</i>	<i>152</i>	<i>397</i>
Specialty non-retail	1,000	3.1	31	28	59
Total retail & specialties	12,000		275	180	455

Source: Deep End Services

8.4.2 Other benefits

Virginia Park is well-suited and well-located for the development of a neighbourhood centre. In addition to the employment benefits, it will have other economic and community benefits for residents of the catchment and for the broader City of Glen Eira:

- The development will enhance the range and choice of supermarkets available in Bentleigh East, Ormond and Murrumbeena and draw residents in from other areas attracted to the combined full-line and discount supermarket offering. Access will be convenient, car parking will be close to the major stores and the centre will offer an alternative layout and design to strip shopping centres in the area.
- The development will strengthen the axis of popular leisure and community focal points on East Boundary Road. Council's major investments in Duncan McKinnon Reserve and GESAC will be enhanced with the neighbourhood centre and a large apartment-based population within a walkable distance of both facilities.
- The neighbourhood centre will bring amenity and services to Virginia Park and should be the catalyst for the development of townhouse and apartment stages across the expected 10-20 year life-span of the development.
- The proposed retail and apartment uses will create a new image for the former industrial site and revitalise the core elements of the business park to be retained in the foreseeable future.

9. Conclusions

Virginia Park is a long-established landmark which has played a key role as an employment node for the City of Glen Eira – for almost 50 years as a traditional manufacturing plant and more recently, evolving to a an office and office-warehouse based business park with on-site leisure, child care and retail amenities.

Many of the original buildings and external storage and parking areas are still in place and despite the establishment of some modern office buildings, much of the infrastructure is ageing and in need of costly renewal.

Gillon Group has identified an opportunity to gradually redevelop the former industrial elements and buildings with a staged mixed-use project that initially retains the valuable and larger employment generating elements of the business park but adds a neighbourhood centre and apartment and town house elements to the under-utilised areas. The overall concept is similar to many others in construction or planning stages in the inner and middle suburbs that are responding to Melbourne's faster than expected population growth and local and state policies encouraging better utilisation of resources and infrastructure and higher density living around activity centres and employment nodes.

In summary, there is a strong case on economic and community benefit grounds for the broadening of Virginia Park's land use elements, as proposed. The key justification arguments are:

- Existing uses already form the basis for an activity centre in Council's local planning policy.
- There has been strong population growth in the City of Glen Eira which is now forecast to continue at higher rates than previously anticipated.
- These trends are now underpinning a strong and vibrant network of strip shopping centres in Glen Eira which on most measures, appear to be healthy and operating at viable levels. The decline in some centres evident in the 80's and 90's has been reversed with population growth and a new business mix.
- While Glen Eira's strip shopping centres are one of its major assets, they have also suppressed growth in the retail sector with limited expansion potential over many decades, resulting in the lowest level of supermarket floorspace provision in metropolitan Melbourne. The limited growth in Glen Eira's activity centres has in many ways assisted the ongoing expansion of major centres outside the municipality.
- Virginia Park is strategically placed and fills a logical gap in Glen Eira's network of centres. A neighbourhood centre based around two differentiated supermarket formats fills a need in the area and provides amenity and services to the Business Park and proposed development of 1,250 units / townhouses on site.
- The development is understood to have strong interest from major retailers who understand the limited opportunities to expand their foot print in Glen Eira.
- Residential land use patterns and the spread of activity centres suggests that impacts will be widely and evenly dispersed around various centres within and outside Glen Eira. Much of the trading effects will be felt on major supermarkets who are generally trading at very strong levels.

- The impacts are not of a level that give rise to concerns about increasing vacancy levels or the ongoing viability of existing centres. Ongoing population growth and a shifting demographic profile will support more retailers and specialised services in the large and small strip centres.
- The development will provide new job opportunities for the local area and broaden the existing employment base on site. Existing community infrastructure will be strengthened by the new land use proposals providing an axis of retail, leisure, employment and higher density residential uses along East Boundary Road.
- The introduction of these new services and dwellings will also encourage the retention and attraction of existing and new major office tenants who generate a significant amount of local and regional employment opportunities.

The proposals for Virginia Park will deliver the community a positive net community benefit and should be supported on the above grounds.