SUBURBAN RAIL LOOP EAST

SRL East Draft Structure Plan | Box Hill

Retail Assessment

More Homes For Victorians

VICTORIA State Government

Suburban Rail Loop

PREPARED FOR SUBURBAN RAIL LOOP AUTHORITY

SRL EAST DRAFT STRUCTURE PLAN – RETAIL ASSESSMENT – BOX HILL

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Executive summary

As part of the Suburban Rail Loop (SRL) East project, Draft Structure Plans (Structure Plans) are being prepared for the neighbourhoods surrounding the new underground stations at Cheltenham, Clayton, Monash, Glen Waverley, Burwood and Box Hill.

The Structure Plans will provide a framework to guide growth and change in each neighbourhood while protecting and preserving the features that people love about them now.

This report will inform the development of the Structure Plan for Box Hill.

RETAIL NEED

Understanding future retail demand in the Box Hill Structure Plan Area is crucial for structure planning, especially for understanding the mix of retail and the appropriate locations for retail development.

This report assesses future retail demand in the Structure Plan Area and whether the market can provide the floorspace needed to achieve it without policy and planning interventions.

Recommendations to consider when developing the Structure Plan are made to ensure the right amount and type of retail floorspace is delivered in the right locations.

FINDINGS

Current and Future Resident and Worker Population

The population in the Box Hill Structure Plan Area is forecast to grow from 15,300 residents in 2024 to 29,100 residents by 2041, which will generate demand for additional retail floorspace. Other market segments, such as workers, will generate a need for retail floorspace, with the worker market expected to increase from 20,600 workers in 2024 to reach 38,700 workers in 2041[1].

Current Retail Landscape

The current retail landscape of the Box Hill Structure Plan Area is defined by the designation of the Box Hill Metropolitan Activity Centre (MAC). The area functions as a major service delivery role, including retail, local community hub, commercial, and accommodation uses. It is also a state-significant health and education precinct.

The Box Hill Structure Plan has an estimated 103,100 sq.m of retail gross lettable area (GLA), anchored by Box Hill Central. Box Hill's current retail offering is characterised by a strong Asian influence, particularly in terms of restaurants, grocers and discount stores.

Other retail facilities in the Box Hill Structure Plan Area include small-scale retail and commercial strips at the corner of Middlesborough Road and Whitehorse Road (towards Laburnum), Station Street and Canterbury Road (Box Hill South), and Station Street and Thames Street (north of Structure Plan Area).

The Box Hill commercial and retail offer is part of a broader network of centres across the South East Region. In particular, the scale and role of retail facilities now and into the future will be influenced by the series of regional centres circling Box Hill (e.g. Doncaster, Knox, The Glen, Chadstone), which limits the discretionary, particularly non-food, retail role of Box Hill.

Future Retail Floorspace Demand

The retail needs assessment has identified the Structure Plan Area will need to accommodate 40,000 sq.m to 49,000 sq.m of net additional retail floorspace (GLA) to 2041. The indicative split between product categories is:

- 11,000 to 13,000 sq.m GLA of food retail
- 11,000 to 14,000 sq.m GLA of food and beverage retail
- 18,000 to 22,000 sq.m GLA of non-food retail.

This would take the retail floorspace requirement in the Box Hill Structure Plan Area to approximately 143,100 to 152,100 sq.m GLA.

[1] Derived from CityPlan projections as presented in the Suburban Rail Loop Authority (2021), Business and Investment Case, Victorian State Government. https://bigbuild.vic.gov.au/__data/assets/pdf_file/0004/578281/SRL-Business-and-Investment-Case.pdf Victorian State Government

A further 7100 sq.m to 8600 sq.m or so of non-retail shopfront uses will also need to be supported (i.e. non-retail uses occupying spaces that retail tenants typically would).

These figures should not be interpreted as a floorspace cap. Rather, they represent an indication of what floorspace is anticipated to be needed within the Structure Plan Area to meet demand from residents, workers, students or other visitors. It is recommended the Structure Plan provide for the flexibility and opportunity for this space to be delivered. However, it should be recognised that the market may demand more or less over the extended projection period.

BOX HILL STRUCTURE PLAN TOTAL RETAIL FLOORSPACE NEED (SQ.M)

	2024	2041	
	EXISTING RETAIL FLOORSPACE	ADDITIONAL RETAIL FLOORSPACE	FUTURE RETAIL FLOORSPACE
Food retail	26,600	11,000 - 13,000	37,600 - 39,600
Food and beverage	43,000	11,000 - 14,000	54,000 - 57,000
Non-food	33,500	18,000 - 22,000	51,500 - 55,500
Total retail (GLA)	**103,100**	**40,000 - 49,000**	**143,100 - 152,100**
Total retail (GBA)	**110,000**	**43,000 - 52,000**	**153,000 - 162,000**
Non-Retail Shopfront (GLA)		7100 - 8600	

Source: Structure Plan Area projections derived from CityPlan (published in SRL BIC); ABS ERP 2023; CommBank iQ 2023; AJM JV
Note: Numbers may not total due to rounding. GBA = Gross Building Area

RECOMMENDATIONS

The recommendations below are summarised, and their locations are shown in the Figure at the end of this Executive Summary. The numbers on the Figure refer to the number pertaining to each recommendation below.

1) Plan for the Box Hill Structure Plan Area to at least accommodate the forecast growth in retail floorspace of around 40,000 sq.m to 49,000 sq.m retail GLA
2) Allow the market to generally respond to the need for retail space in the right locations
3) Ensure most retail space is directed to the retail core to concentrate activity in and around the existing activity centre
4) Encourage any significant retail development along Whitehorse Road to remain within a short walk (200-300 metres) from the SRL station
5) Retail space can generally be added in the lower levels of major mixed-use developments that are within a short walk of the SRL station
6) Consider approaches to limit the spread of peripheral retail space along transport corridors away from designated commercial centres
7) Support regeneration and modest expansion of the retail offer within other existing commercial nodes beyond the core
8) Provide worker and student retail amenity in key employment locations, particularly the health and education precinct
9) Support actions to enhance the public realm that encourages shoppers to stay longer, visit more often and spend more.

3 Ensure most retail space is directed to the retail core to concentrate activity in and around the existing activity centre.

4 Encourage any significant retail development along Whitehorse Road to remain within a short walk (200-300 metres) from the SRL station.

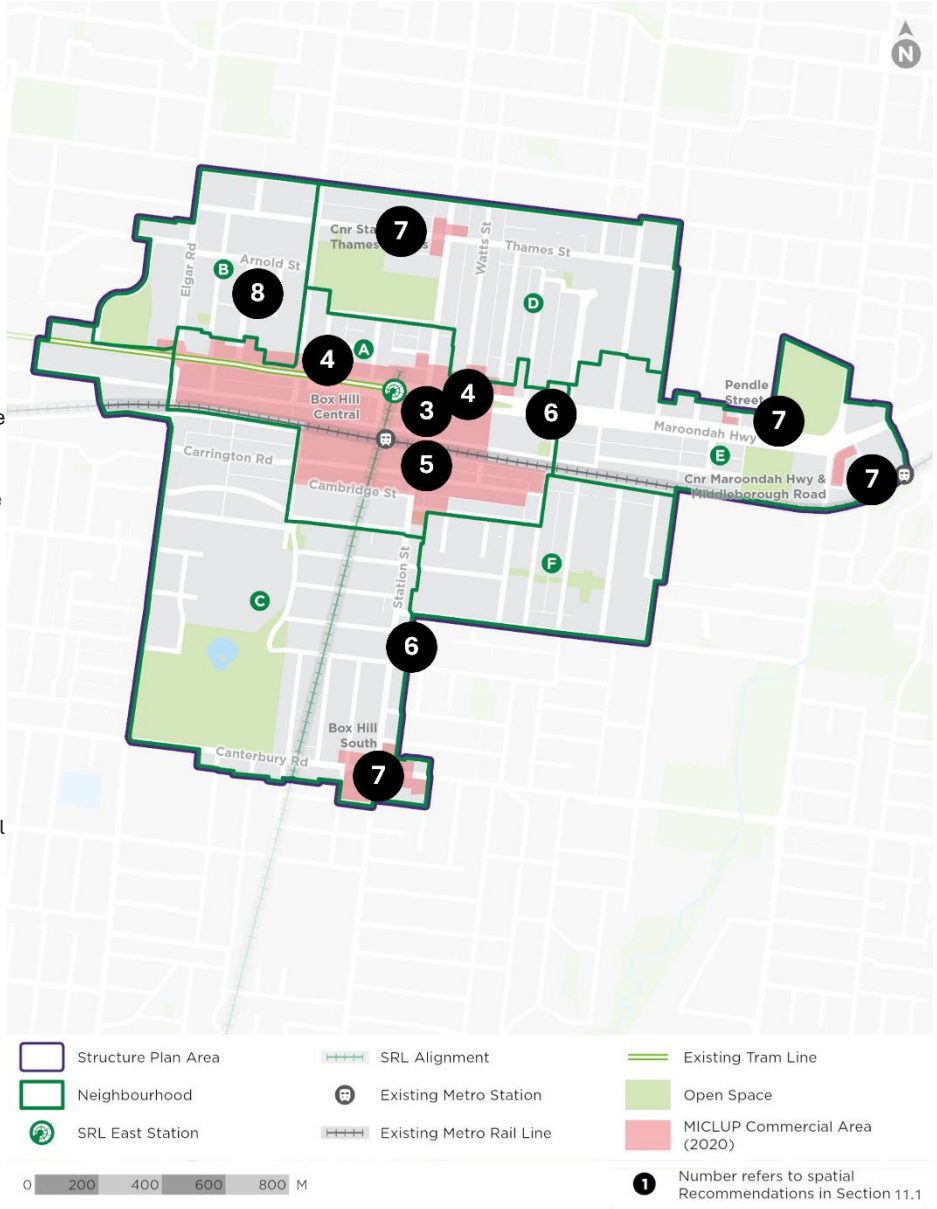
5 Retail space can generally be added in the lower levels of major mixed-use developments that are within a short walk of the SRL station.

6 Consider approaches to limit the spread of peripheral retail space along transport corridors away from designated commercial centres.

7 Support regeneration and modest expansion of the retail offer within other existing commercial nodes beyond the core.

8 Provide worker and student retail amenity in key employment locations, particularly the health and education precinct.

Only location-related recommendations are outlined on the map. Where a number does not reference a specific site, it indicates a general area rather than an exact location.



RECOMMENDATIONS AND LOCATIONS FOR RETAIL DEVELOPMENT, BOX HILL STRUCTURE PLAN AREA

1. Introduction

Suburban Rail Loop (SRL) is a transformational project that will help shape Melbourne's growth in the decades ahead. It will better connect Victorians to jobs, retail, education, health services, and each other, and help Melbourne evolve into a 'city of centres'.

SRL will deliver a 90-kilometre rail line linking every major train service from the Frankston Line to the Werribee Line via Melbourne Airport.

SRL East from Cheltenham to Box Hill will connect major employment, health, education and retail destinations in Melbourne's east and southeast. Twin 26-kilometre tunnels will link priority growth suburbs in the municipalities of Bayside, Kingston, Monash and Whitehorse.

SRL East Draft Structure Plan (Structure Plan) Areas will surround the six new underground stations at Cheltenham, Clayton, Monash, Glen Waverley, Burwood and Box Hill.

1.1 Purpose of this report

This technical report will inform the development of the Box Hill Structure Plan and guide land use planning and development in the Structure Plan Areas of SRL East.

The report forecasts the future amount and type of retail demand required in the Box Hill Structure Plan Area, and the most appropriate locations for its development.

Recommendations to consider when developing the Box Hill Structure Plan are made to ensure the right amount and type of retail floorspace is developed in the right locations.

1.2 Project context

Construction of the SRL East underground stations is underway at Cheltenham, Clayton, Monash, Glen Waverley, Burwood, and Box Hill, as shown in Figure 1.1. This provides an opportunity to enhance the surrounding neighbourhoods. SRL East will support thriving and sustainable neighbourhoods and communities that offer diverse and affordable housing options, with easy access to jobs, transport networks, open space, and community facilities and services.

A Vision has been developed in consultation with the community and stakeholders for each SRL East Structure Plan Area and surrounds. The Vision sets out the long-term aspirations for these areas, ensuring they are ready to meet the needs of our growing population.

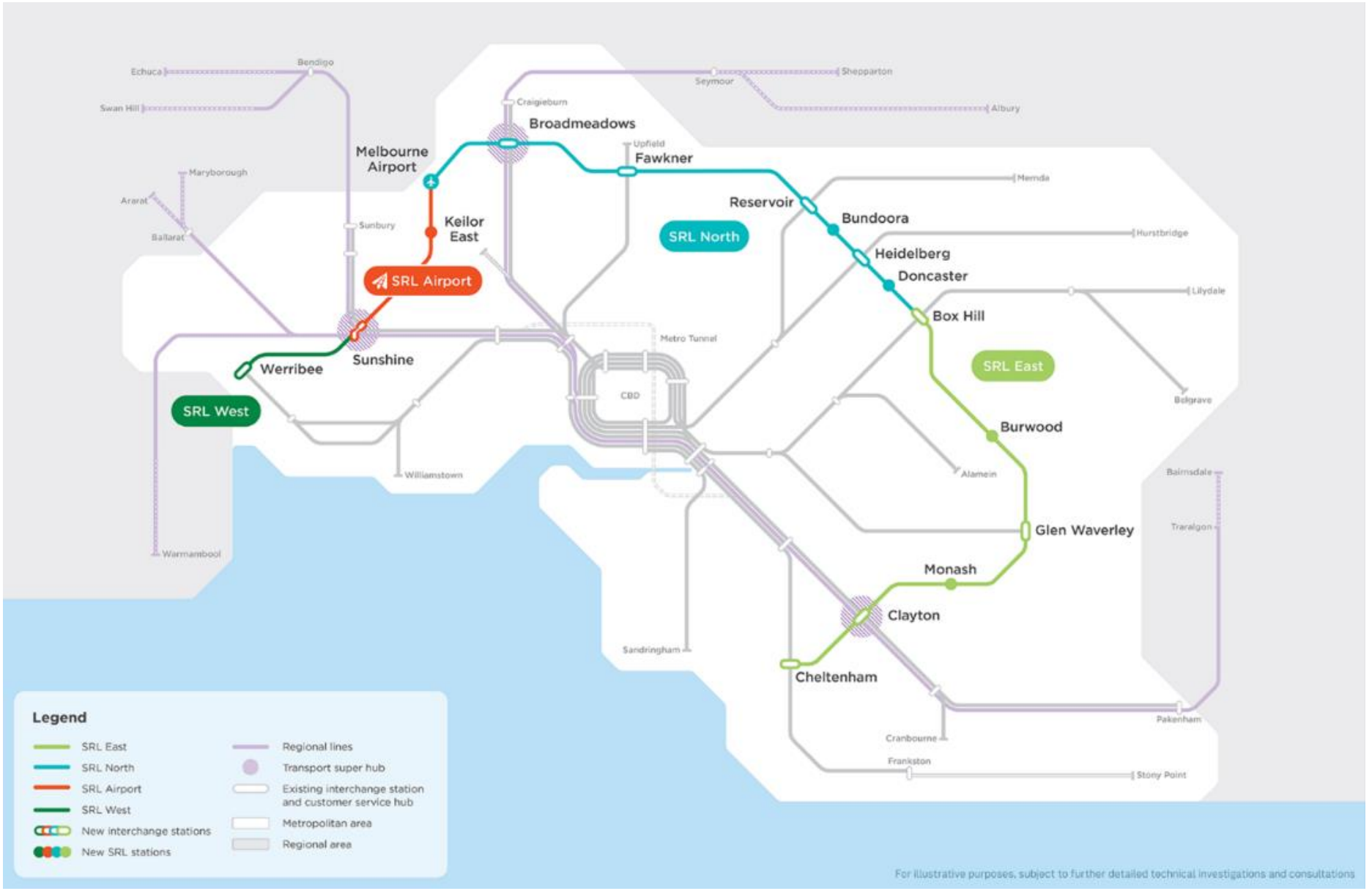


FIGURE 1.1 SUBURBAN RAIL LOOP

1.3 Structure planning for SRL East

Structure Plans have been prepared for defined areas surrounding the new SRL East stations to help deliver the Vision developed for each SRL East neighbourhood.

The Structure Plans cover defined Structure Plan Areas that can support the most growth and change. These areas cover a walkable catchment that extends from the SRL station entrances. Additional places are included within each defined area as required to make planning guidance more robust and effective and to align with each community's aspirations and current and future needs.

A Structure Plan is a blueprint to guide how an area develops and changes over a period of time. Structure Plans describe how future growth within the area will be managed in an appropriate and sustainable way to achieve social, economic and environmental objectives. The plans cover a wide range of matters, such as transport connections and car parking, housing and commercial development, community infrastructure, urban design, open space, water and energy management, climate resilience and sustainability.

By tailoring planning decisions to reflect the needs of a defined area, Structure Plans give effect to the policies and objectives set for these areas and cater to changing community needs. They also provide certainty for residents, businesses, and developers by identifying the preferred locations and timing of future land uses, development and infrastructure provision.

Structure Plans take a flexible and responsive approach that enables places to evolve over time.

Planning scheme amendments will be required to implement the Structure Plans into the planning schemes of the cities of Bayside, Kingston, Monash and Whitehorse.

1.4 Structure of this report

Part A: Background

- Part A reviews Victorian and local government activity centre policies and strategies and considers how development in the Structure Plan Area can contribute to achieving their objectives. International and local retail trends that may influence the future retail sector and development in the Structure Plan Area are reviewed.

Part B: Current state and potential

- Part B assesses existing and forecast market segments (potential shoppers) that will use retail facilities in the Structure Plan Area and predicts their spending capacity. Existing and proposed retail facilities in the Structure Plan Area are identified.

Part C: Future retail need

- Part C forecasts future retail demand in the Structure Plan Area and estimates the amount and type of retail space needed, the most appropriate locations for retail development, and its contribution to jobs growth.

Part D: Summary and recommendations

- Part D summarises the findings of the needs assessment and makes recommendations to consider when developing the Structure Plan.

1.5 Key data sources and definitions

The key data sources and definitions relevant to this needs assessment are outlined below. Additional abbreviations, references, data sources and definitions are provided in Appendix A.

- Retail floorspace demand was assessed using population and employment projections for the Structure Plan Area which were derived from the CityPlan population and employment projections outlined in the Business and Investment Case (BIC) prepared for the Suburban Rail Loop (August 2021). The CityPlan projections used in the BIC projections account for the expected overall growth of Melbourne and the transport interventions and precinct initiatives of SRL influence the distribution of population and employment. That is, population and employment growth isn't solely driven by SRL, rather SRL influences the distribution of growth.
- Unpublished Victoria in Future (VIF) population projections produced by the Department of Transport and Planning (DTP) were used for the South East Region forecast. VIF population projections are the official Victorian Government population projections.

- Analysis in this needs assessment refers to the concept of retail uses or spending. Key definitions relating to retail uses and spending include:
  - » The definition of '**retail**' in this needs assessment is largely determined by analysts based on the Australian and New Zealand Standard Industrial Classification System (ANZSIC). There are therefore inevitable minor variations in definition based on analysts' objectives.

    ANZSIC is published by the Australian Bureau of Statistics (ABS) and is used for the production and analysis of industry statistics on a nationally, and indeed globally, consistent basis.

    The ANZSIC is used to aggregate and organise data about business types. It is a standard framework which enables business units carrying out similar activities to be grouped together in a meaningful and consistent way. Given that there is inevitably some crossover based on the products sold or services offered (e.g. a homewares store which has a café), an individual business entity is assigned to an 'industry' based on its predominant activity.

    The ANZSIC is a hierarchical classification with four levels, as follows:

    – Divisions (the broadest level)

    – Subdivisions

    – Groups

    – Classes (the finest level).

    As an example, and for the purposes on this report, the following is an illustration of the hierarchical structure:

    – Division G Retail Trade

    – Subdivision 42 Other Store-Based Retailing

    – Group 425 Clothing, Footwear and Personal Accessory Retailing

    – Class 4259 Other Personal Accessory Retailing

    Internet retailing is also specifically included in Division G.

    There are notable exceptions to the above when considering shopping behaviour and activities, and these are as follows:

    – Subdivision 39 Motor Vehicle and Motor Vehicle Parts Retailing and Subdivision 40 Fuel Retailing, are typically excluded; and

    – Subdivision 45 Food and Beverage Services, and specifically Group 451 Cafes, Restaurants and Takeaway Food Services - part of Division H Accommodation and Food Services - is typically included.

    Consequently, for the purposes of this report, 'retail' refers to the ANZSIC definition of the 'retail industry', excluding motor vehicle parts and fuel, but including cafes, restaurants and takeaway food. This is consistent with the ANZSIC classes included in the ABS Retail Trade publication, which is the primary source of trend and turnover performance statistics relating to retailing in Australia.

    The term 'turnover' is virtually synonymous with 'sales', and is often used interchangeably, although turnover is a more complete description as it includes wholesale sales and online sales from both store-based and pureplay retailers (i.e. non store-based). For the purpose of this report the difference can be considered to be more technical than meaningful.

  - » The retail spending provided in this needs assessment is categorised into the following product categories:

    – **Food retail** – includes resident retail expenditure on fresh food, groceries, and take-home liquor

    – **Food and beverage** – includes resident retail expenditure at restaurants, cafes, and takeaway food but excludes on-premises liquor consumption

    – **Non-food retail** – includes resident retail expenditure on apparel, homewares, electronics, bulky goods, general, leisure and retail services.

- **Non-retail**, therefore, refers to various store types, services and expenditure categories, not included in the appropriate Australian and New Zealand Standard Industrial Classification (ANZSIC) classifications included within the scope of the latest Retail and Services Census. The non-retail component includes the following tenancy types: Amusements, Appliance Rental, Auto

Accessories, Banks and Building Societies, Cinemas, Equipment Hire, Financial and Property Services, Garden Supplies, Lottery and Gaming, Marine Equipment, Medical and Dental Services, Offices, Post Office, and Travel Agency.

- It should be noted that the definition of **shopfront floorspace** includes additional categories to reflect **retail and some non-retail** uses that can occupy what would be considered retail space. Consequently, the shopfront floorspace figures that are the result of the analysis include retail uses and make an allowance for non-retail uses that can fill shopfront space. Retail space can be suitable for retailers and related non-retail users requiring publicly accessible shopfront space. The *SRL East Structure Plan - Economic Profile Technical Report – Box Hill* estimates the floorspace need for all non-retail uses, including those that might occupy shopfront spaces. The non-retail shopfront estimates in this report are provided to indicate the potential need for shopfront typologies, although only the retail floorspace estimates are fed back into the Economic Profile Technical Report to determine total employment floorspace needs to avoid double counting.
- Floorspace figures in this needs assessment are shown as either:
  - » Gross Leasable Area (GLA) – the floorspace the occupier can rent (sq.m)
  - » Gross Building Area (GBA) – the sum of the gross areas of the floor or floors of a building(s). This includes common spaces and amenities such as malls in a shopping centre.
- **CommBank iQ Retail Spend Insights** was used to calculate the current retail expenditure across the South East Region. Data used in this needs assessment is for the year ending June 2023 and includes inflation and GST. Spending data was captured for persons aged 18 years and over, with AJM JV adjusting the spending data to include residents aged under 18 years.
- **The Urbis Shopping Centre Benchmarks** provide information relating to the scale, performance, and rental income of Australian shopping centres for the year ending June 2023 and historical datasets. The 2023 benchmarks are based on a sample of over 500 Australian shopping centres.
- **Human Movement Data (HMD)** is based on data collected from mobile phone apps that track location and can be used to understand how people engage with and use our cities, neighbourhoods, developments, and places. The HMD collected for this report measured visitation to retail precincts across the South East Region over a three-month period ending December 2023.

1.6 Assumptions and limitations

The following assumptions apply to this needs assessment:

- The analysis focuses on a single potential population and employment outcome and evaluates the retail floorspace requirements necessary to support that specific outcome. The forecast year for retail floorspace demand is 2041, as the emphasis for structure planning is 2041. The numbers presented in this report in tables are rounded to the nearest 10, 100 or 1000, depending on the size of the number. This is for ease of reading and recognising many of the figures are estimates. In some cases, summing the rounded numbers produces a different result from the rounded total. This is not an error.
- This analysis estimates the spending of residents, workers, students and visitors to the Structure Plan Area for the entire South East Region. Many workers and students will also live in the Region or Structure Plan Area. The spending estimated for these groups will, therefore, not be entirely additive to the spending generated by residents (as workers and students are already counted as residents). Those visitors to the Structure Plan Area who do not live in the South East Region form part of 'business from beyond' the South East Region.
- **Retail spending:** The size of the retail spending market in terms of retail sales generated by residents within the Structure Plan Area and broader South East Region. This has been based on CommBank Retail Spending Insights data for the year ending June 2023. Spend per capita is forecast to grow in real terms at the following rates to 2041:
  - » Food retail – 0.3% p.a.
  - » Food and beverage – 1.8% p.a.
  - » Non-food – 2.1%

  This results in a total retail real per capita growth rate of 1.4% p.a. These rates were informed by AJM JV's professional experience and understanding of retail spending based on analysis of past trends in retail floorspace growth from sources such as ABS Retail Trade. State-based forecasts are derived, with some variations made to better reflect the socio-economic profile of the South East Region.
- **HMD analysis:** HMD data is a sample of phone devices and a point-in-time measurement. It is, therefore, used as an indication of where and how often people visit a given retail location during the period of the sample. This may change over time, while it does not indicate the amount spent while at the retail location. It is, therefore, used primarily to understand the relative visitation of the retail destinations across the region.
- **Centre turnover:** Turnover figures for existing retail centres and precincts used in the floorspace demand modelling are best estimates derived from several sources, including:
  - » Centre type average trading levels from the Urbis Shopping Centre Benchmarks adjusted for tenant mix
  - » Adjustments to trading levels based on the quality and scale of tenants and centres, based on AJM JV's professional experience and understanding of the relative performance of retail centres
  - » Property Council of Australia data, various retail publications, and investment reports.
- **Demographic change:** The demographic profile and retail spending per capita estimates are assumed to remain broadly consistent over the forecast period. There will be some demographic change within the SRL East Structure Plan Areas; the profile of the South East Region on which the analysis is based is unlikely to change significantly.

The following limitations apply to this needs assessment and data sources include:

- **The recommended retail floorspace demand numbers should not be considered a target or a cap on space that must be met.** Retail floorspace will respond to market conditions and may vary. The numbers presented are an indication of the likely floorspace needed to inform the preparation of the Structure Plan.
- **CityPlan projections included in the SRL Business and Investment Case**: CityPlan land use projections are based on modelling, which is always an approximation of what can be expected in the real environment. The projections are strategic and should be considered indicative, particularly at the small area level. Since the projections were prepared, some material events have occurred, impacting population and employment growth and to

some extent, typical behaviours of households and businesses. These include COVID-19, lower population growth, a shift in user preference to working from home, and updates to staging of competing and complementary projects. Notwithstanding this, there will usually be differences between forecasts or projected and actual results because events and circumstances frequently do not occur as expected or predicted, and those differences may be material.

- **Census data:** The 2021 Census was conducted at an unusual time, with much of Australia's eastern seaboard subject to COVID-19 restrictions, prompting caution when interpreting certain results, especially regarding data on place of employment. Census data is also subject to random perturbation to protect individuals' confidentiality. These adjustments result in small introduced random errors when analysing more finely classified data. Changes to data management and collection methods across Census periods can also impact the use of a few datasets, especially when used at a small geographic level or over time.
- **Spatial misalignment:** Numerous situations arise where the geographic units of one type intersect with the boundaries of another type in inconsistent ways. For example, the Structure Plan Areas do not perfectly align with SA1s (the principal geography from which Census data is extracted). AJM JV and SRLA have agreed on specific methods for apportioning geographic data. However, apportioning can result in some inaccuracy in the allocation of data for the area sought to approximate.

1.7 Interactions with other technical reports

This *SRL East Structure Plan - Retail Assessment - Box Hill* report informs, or is informed by other reports prepared to guide the development of SRL East Structure Plans:

SRL East Structure Plan - Housing Needs Assessment – Box Hill: This report forecasts long-term housing needs in the Structure Plan Area, including the number, type and size of dwellings. The nature and location of housing development in the Structure Plan area may influence retail needs and opportunities.

SRL East Structure Plan - Economic Profile Technical Report – Box Hill: This report forecasts the long-term economic function of the Structure Plan Area, including employment growth and the amount and type of floorspace needed to support it. The retail floorspace estimated in this report is a direct input into the Economic Profile.

SRL East Structure Plan - Land Use Scenario and Capacity Assessment (LUSCA): This analysis tests the capacity of the Structure Plan Areas to accommodate projected population and employment floorspace at 2041. The retail floorspace demand derived from this report is an input to LUSCA.

SRL East Structure Plan - Community Infrastructure Needs Assessment – Box Hill: This will provide an understanding of the community infrastructure needs associated with the growth and renewal of the Structure Plan Areas to 2041, recommendations for future community infrastructure provision priorities and potential sites to accommodate them. The location and nature of retail facilities can influence the location of community infrastructure.

SRL East Structure Plan - Precinct Parking Plans – Box Hill: Recommends parking management tools to support the development of the Structure Plan Areas and support implementing a schedule for the Parking Overlay. The type and quantum of retail facilities recommended in this report may influence traffic and transport outcomes.

SRL East Structure Plan – Transport Technical Report – Box Hill: Outlines how the transport network, across all modes, will support the Structure Planning process. The type and quantum of retail facilities recommended in this report may influence traffic and transport outcomes.

1.8 Structure Plan Area

1.8.1 STRUCTURE PLAN AREA

The Study Area for this assessment is based on the Box Hill Structure Plan Area.

The Box Hill Structure Plan Area surrounds the SRL station at Box Hill in the City of Whitehorse.

It is generally bordered by Severn Street and McKean Street to the north, Clota Avenue and Laburnum Street to the east, slightly west of Elgar Road to the west and Canterbury Road to the south.

Whitehorse Road / Maroondah Highway and the existing Belgrave / Lilydale Line intersect the centre of the Structure Plan Area in an east-west alignment. The main road corridors include Whitehorse Road, Elgar Road and Station Street.

The Box Hill Structure Plan Area is shown in Figure 1.2.

The Structure Plan Area is divided into a series of neighbourhoods. These neighbourhoods represent areas with either a similar land use mix, or mixed-use areas logically defined by physical or geographic barriers referenced through the structure planning process.

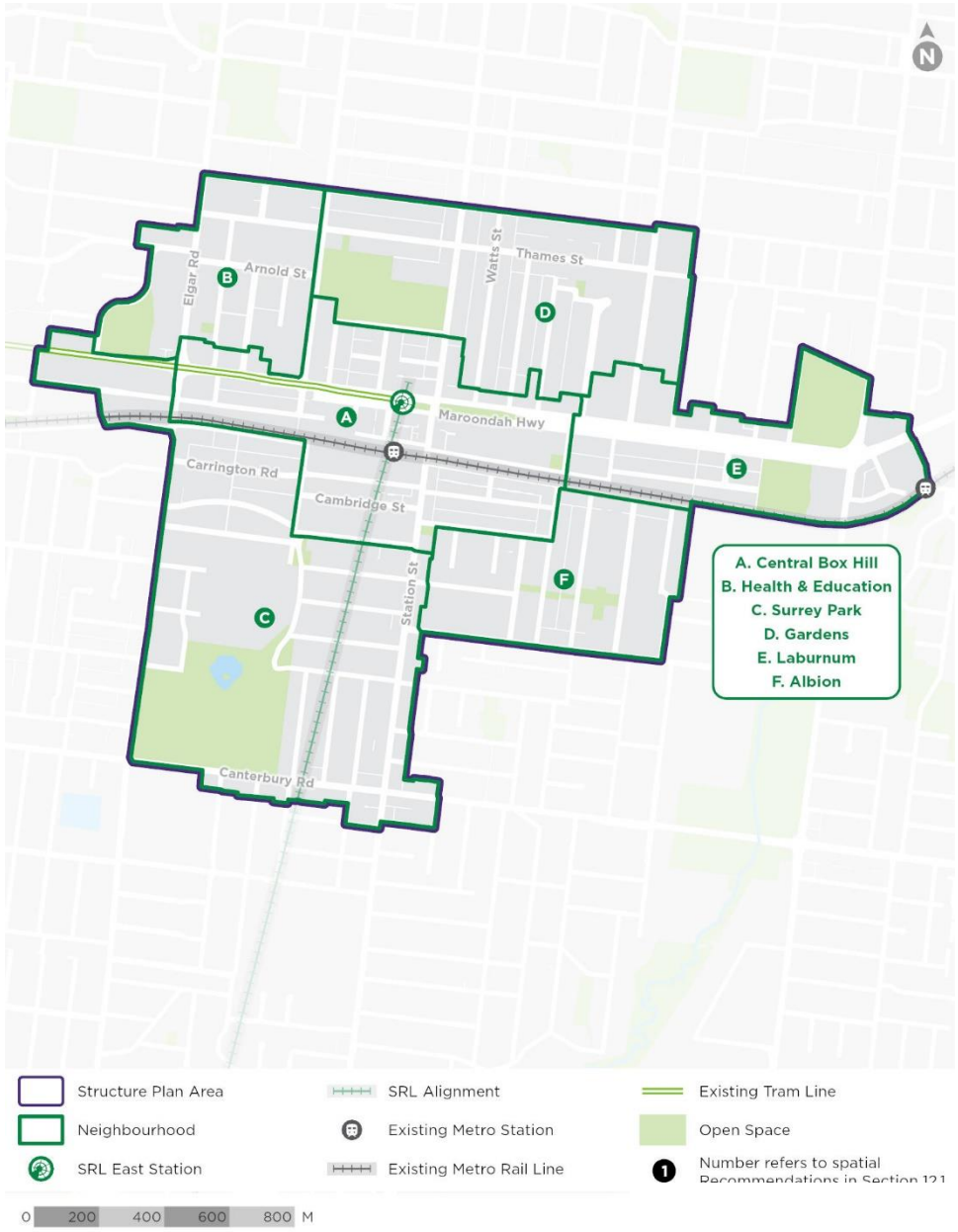


FIGURE 1.2 BOX HILL STRUCTURE PLAN AREA

1.8.2 STRUCTURE PLAN AREA POPULATION AND EMPLOYMENT PROJECTIONS

Table 1.1 shows the current and projected resident and worker population for the Structure Plan Area.

The 2041 figure is derived from projections generated for the SRL Business and Investment Case (BIC). Note population and employment growth in the area is not solely driven by SRL.

Retail facilities within the Structure Plan Area may cater to a wider area beyond the Structure Plan Area itself.

TABLE 1.1 PROJECTED POPULATION AND EMPLOYMENT GROWTH, BOX HILL STRUCTURE PLAN AREA, 2024–2041

	2024	2041	GROWTH 2024-2041
Resident population	15,300	29,100	13,800
Worker population	20,600	38,700	18,100

Source: ABS ERP; Structure Plan Area projections derived from CityPlan (published in SRL BIC)

1.8.3 SOUTH EAST REGION

The methodology for estimating retail floorspace demand in the Structure Plan Area begins with assessing total retail floorspace demand for a wider region.

The wider region for assessing broader corridor retail needs is the South East Region, which comprises the following local government areas: Bayside, Glen Eira, Boroondara, Greater Dandenong, Kingston, Knox, Manningham, Maroondah, Monash, Whitehorse, and Stonnington.

The South East Region is shown in Figure 1.3Figure 1.3.

The South East Region is expected to be the primary source of trade in retail centres in the region, as well as the area where retail development may influence the surrounding retail hierarchy.

The South East Region is further divided into a series of sectors based on the local government areas and the SRL East Structure Plan Areas for analysing the demand generated by residents of each area and how that might be directed to retail facilities in each Structure Plan Area and other activity centres.

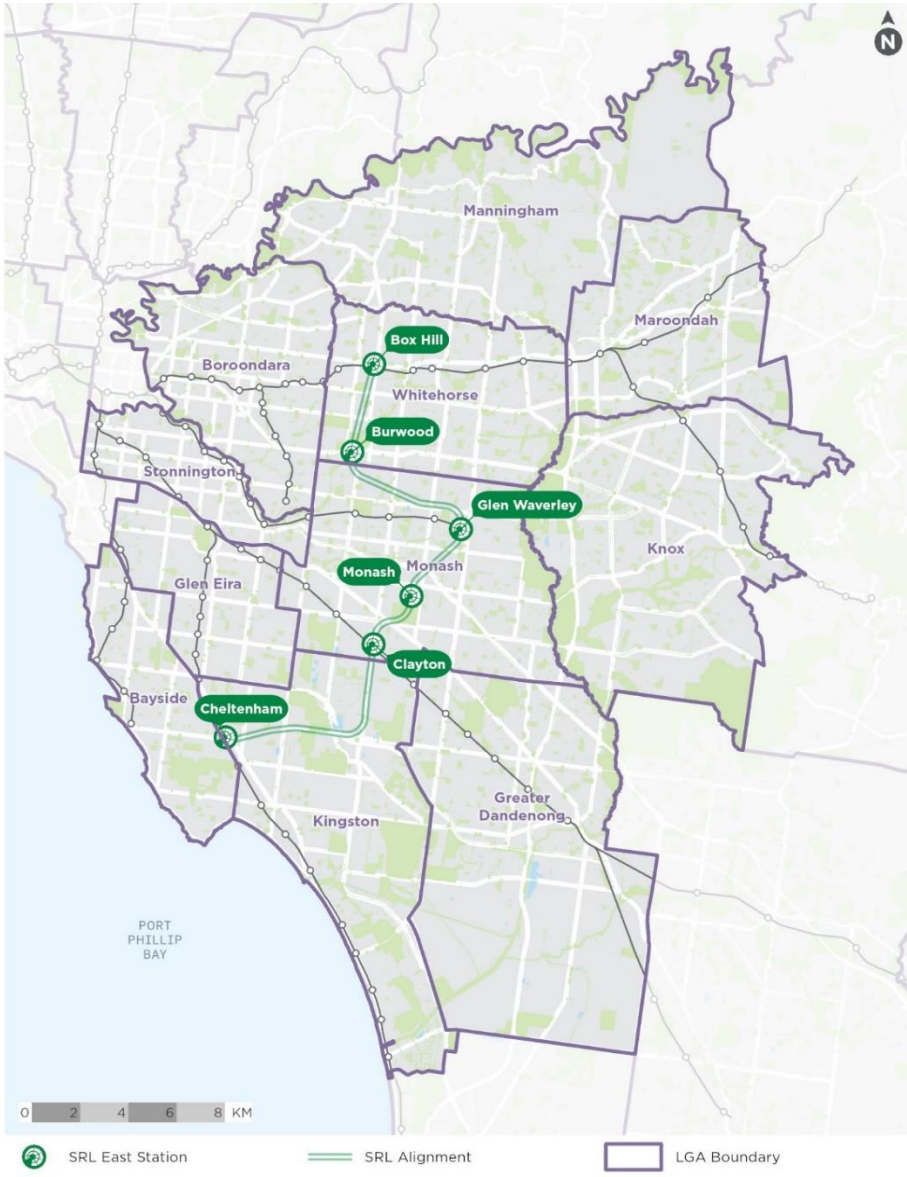


FIGURE 1.3 SOUTH EAST REGION

Part A: Background

Part A includes:

- **Section 2** reviews Victorian and local government strategies and policies relating to activity centres and retail and considers how the Structure Plan Area can contribute to achieving their objectives.
- **Section 3** summarises global and local retail trends that could impact and influence development in the Structure Plan Area. Learnings from successful precincts are provided to establish principles for planning future retail environments in the Structure Plan Area.
- **Section 4** discusses changes in retail floorspace influenced by factors such as e-commerce, consumer behaviours and spatial requirements and their impact on the scale and nature of future retail demand and facilities in the Structure Plan Area.

2. Strategic context

This section summarises Victorian Government and local government policies and strategies relating to retail development in the Box Hill Structure Plan Area.

2.1 Victorian Government policy

2.1.1 PLAN MELBOURNE 2017–2050

Plan Melbourne 2017–2050 is the Victorian Government's long-term planning strategy, guiding the way the city will grow and change to 2050.

It provides an integrated land use, infrastructure and transport planning strategy to support population and jobs growth while building on Melbourne's legacy of distinctiveness, liveability and sustainability.

Plan Melbourne emphasises the crucial role of activity centres in enhancing Melbourne's economic performance.

Plan Melbourne advocates for the development of a well-connected network of activity centres with an expanded public transport system. Government policy seeks to increase the concentration of activities within the network of activity centres, both existing and planned. There is a focus on promoting mixed-use development in these centres, encompassing retail, commercial, and residential spaces.

Plan Melbourne advocates for their continuous growth, diversification, and connection to public transport, aiming to support local economies and contribute to the realisation of 20-minute neighbourhoods (see further discussion below).

The *2019 Addendum to Plan Melbourne* provides an update on Melbourne's projected population, housing and employment growth. The Addendum incorporates Stage 1 of the SRL (SRL East). The Addendum recognises the role of the SRL in connecting Melbourne's major employment, health and innovation precincts and supporting the development of 20-minute neighbourhoods.

2.1.1.1 Activity centres

Activity centres are classified into three main types: Metropolitan Activity Centres, Major Activity Centres and Neighbourhood Activity Centres.

Plan Melbourne provides the following general description of activity centres:

> *Areas that provide a focus for services, employment, housing, transport and social interaction. They range in size and intensity of use from smaller neighbourhood centres to major suburban centres and larger metropolitan centres.*[2]

Box Hill is designated as a Metropolitan Activity Centre (MAC), which is the highest order of activity centre outside Melbourne's central business district (CBD). It is one of nine designated MACs across metropolitan Melbourne.

MACs act as primary hubs for regional catchments. They are focal points for public transport services with a key service delivery role, providing major health, retail, community, government, entertainment and cultural facilities.

The Victorian Government acknowledges the crucial role of MACs in ensuring that residents throughout Greater Melbourne can access a diverse array of services amid the city's ongoing expansion. MACs are significant contributors to job opportunities, various activities, and housing options outside the CBD.

Plan Melbourne also identifies that activity centres should accommodate an increasingly wide mix of land uses:

> *All activity centres have the capacity to continue to grow and diversify the range of activities they offer. Diversification will give communities access to a wide range of goods and services, provide local employment and support local economies and the development of 20-minute neighbourhoods.*[3]

[2] DELWP (2017), Metropolitan Planning Strategy Plan Melbourne 2017-2050. https://www.planning.vic.gov.au/__data/assets/pdf_file/0025/654550/Plan_Melbourne_2017-2050_Strategy_.pdf, p. 138

[3] DELWP (2017), p. 37

2.1.1.2 Health and/or education precincts

Plan Melbourne also identifies state-significant health and/or education precincts to support health and education services that are well served by public transport in a range of locations across Melbourne. These are shown in Figure 2.1.

Plan Melbourne seeks to reinforce the economic functions of these precincts and states that *'they should provide opportunity for ancillary health and education services, retail, commercial and accommodation uses*.[4]

Box Hill is identified as a health and education precinct owing to the presence of Box Hill Hospital, Epworth Eastern and surrounding health uses, and Box Hill Institute.

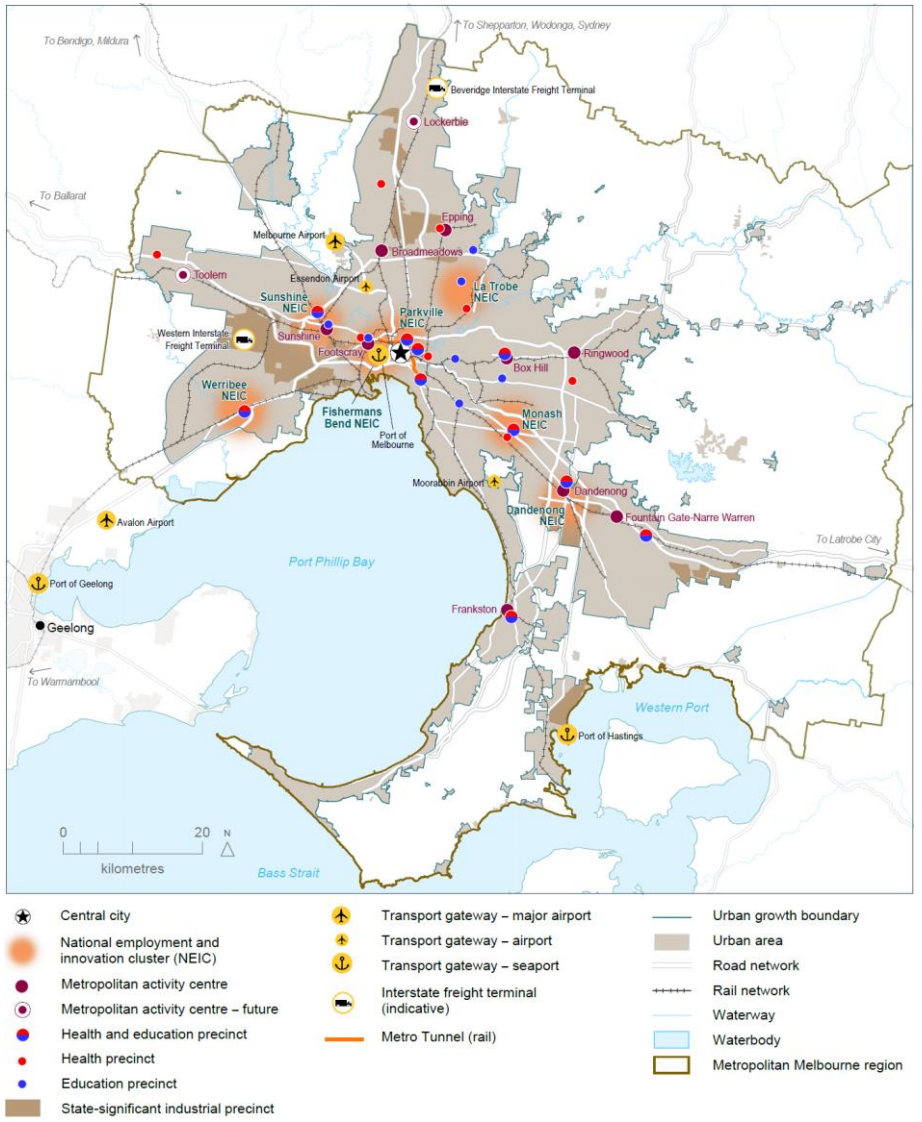


FIGURE 2.1 MELBOURNE JOBS AND INVESTMENT ACTIVITY CENTRES AND PRECINCTS

Source: DELWP, 2017

[4] DELWP (2017), p. 15

2.1.1.3 The 20-minute neighbourhood

To create a healthier and more inclusive city, Plan Melbourne adopts the principle of a 20-minute neighbourhood. The 20-minute neighbourhood is all about 'living locally'—giving people the ability to meet most of their everyday needs within a walkable distance, generally 800 metres.

Neighbourhood Activity Centres are specifically identified as fundamental to this concept:

> *Neighbourhood activity centres are an integral part of the city's vibrant community life and critical to the creation of 20-minute neighbourhoods. These high streets and specialised strips of shops, cafés, small supermarkets, service businesses, community services and public spaces serve the needs of the surrounding community and provide a focus not only for local jobs but also for social interaction and community participation.*[5]

Features of a 20-minute neighbourhood are shown in Figure 2.2.

The 20-minute neighbourhood concept principles can have a strong influence on retail location planning:

- A mix of retail activity is required in highly accessible locations by a variety of modes (not just car)
- People can walk between different types of retail (and other activities) rather than separate car journeys – the 10-minute walk each way is preferred
- The commercial viability of neighbourhood centres must still be considered. While walking times to retail are important, it is critical not to undermine the commercial performance of retail locations by locating them too close together.

FIGURE 2.2 FEATURES OF A 20-MINUTE NEIGHBOURHOOD

Source: DELWP, 2017

[5] DELWP (2017), p. 99

2.1.2 MELBOURNE'S FUTURE PLANNING FRAMEWORK

In 2021, six region-specific Draft Land Use Framework Plans were released to guide the application of Plan Melbourne at a regional level. The metropolitan region relevant to Box Hill is the Eastern Metro region.

2.1.2.1 Draft Eastern Metro Land Use Framework Plan

The Eastern Metro region comprises the municipalities of Knox, Manningham, Maroondah, Monash, Whitehorse and Yarra Ranges.

The Eastern Metro Region has an established network of activity centres, linear corridors based along key transport routes for residential and employment growth, and urban renewal areas providing opportunities to increase the supply of housing.

The framework recognises that Box Hill is a significant regional centre for retail, office, hospitality, civic, health and community uses and will play a significant regional role as the SRL interchange station integrated with the existing tram and bus network.

The following strategic opportunities are identified regarding the Box Hill MAC:

- Support significant growth and investment in retail, public transport, health, justice, education, entertainment, and medium and higher-density residential development
- Support health and public sector jobs and maximise employment growth, accommodating a more intensive and diverse range of activities
- Grow the state-significant health and education precinct and attract allied sectors
- Support higher-density housing beyond the activity centre core
- Maximise integration and transit-oriented development opportunities with the SRL station.
- Leverage the new SRL interchange and improved amenity of the station and provide active transport connections to the broader transport network.

2.2 Local government policy

2.2.1 BOX HILL TRANSIT CITY ACTIVITY CENTRE STRUCTURE PLAN

Land use and development in the Box Hill Metropolitan Activity Centre is guided by the Box Hill Transit City Activity Centre Structure Plan (2007), which establishes the following vision for the activity centre:

> *Box Hill will be sustainable, safe and accessible to all. It will be a distinctive, vibrant, diverse, inclusive, participatory, caring and healthy community where you live, work and enjoy – day and night.*[6]

The Box Hill Transit City Activity Centre Structure Plan states that:

> *Box Hill should accommodate more intensive and diverse activities that increase choices and opportunities, support synergies between different uses, encourage use of sustainable transport, and complement surrounding areas, including:*

- *A broad range of health, education and community services*
- *Clustering of business and institutional activities and provision of required infrastructure for economic development*
- *Employment opportunities in offices and institutions*
- *Retail that maintains and builds on the centre's existing strengths, including restaurants and fresh food*
- *Increased numbers and types of housing opportunities*
- *Lifestyle, entertainment and cultural activities to make the area more attractive to workers, shoppers and residents.*[7]

[6] SGS Economics and Planning, Jones & Whitehead Pty Ltd, Haskell Architects Pty Ltd, Maunsell Australia Pty Ltd, Village Well, Prepared for the City of Whitehorse (2007), Box Hill Transit City Activity Centre - Structure Plan June 2007. https://www.whitehorse.vic.gov.au/sites/whitehorse.vic.gov.au/files/assets/documents/box_hill_structure_plan.pdf, p. 11

[7] SGS Economics and Planning et al, Prepared for the City of Whitehorse (2007), p. 40

The framework focuses on commercial activity and intensifies built form to the core of Box Hill while preserving the specialist operations of the hospital, education, and civic precincts, and directing new development to provide a transition down to the lower scale of the surrounding residential hinterland.

The area addressed by the Box Hill Transit City Activity Centre Structure Plan is divided into a series of 'Activity Precincts'. Box Hill's retail core is situated in the Activity Precinct A, the 'Box Hill Transport and Retail Precinct', which envisages:

> *…retail sustained throughout the area complemented by entertainment, hospitality, commercial and other uses with extended hours of activity creating a central focus for Box Hill.*[8]

Substantial changes in Box Hill's land use, growth and demographics prompted a review of the Structure Plan in 2018 leading to the development of the *Box Hill Metropolitan Activity Centre to 2036 – Draft Structure Plan*. The former DELWP declined to authorise the updated Structure Plan due to the government's announcement of the SRL.

The revised Box Hill MAC Structure Plan aims to *'encourage a diverse range of retail, entertainment, community and cultural services and facilities*.[9]

With respect to retail, it aims to:

- *Protect the anchor role of Box Hill Central as a major regional destination for shopping and services*
- *Support the ongoing vitality of traditional street-based shopping and entertainment*
- *Encourage the night time economy and the provision of entertainment options within the centre.*[10]

2.2.2 WHITEHORSE INVESTMENT & ECONOMIC DEVELOPMENT STRATEGY 2024-2028

The Whitehorse *Investment & Economic Development Strategy 2024–2028 sets* out economic growth priorities and actions for the City of Whitehorse to 2028. The Strategy is being finalised following a community consultation process.

The Strategy recognises the opportunity presented by SRL East:

The SRL provides a significant opportunity for Whitehorse to generate long-term economic growth through the development of structure plans surrounding the new Box Hill and Burwood stations. The SRL project will help to enhance the role of these precincts as a key commercial and transport hub, to benefit businesses and the local economy[11]*.*

More broadly, the economic development themes relevant to the retail activity of the Strategy are:

- Supporting the business community to encourage growth, productivity, and development
- Supporting the employment precincts and activity centres and driving local consumption, supporting business activity, generating local job creation and providing services and amenity to residents
- Driving visitor growth and enhancing the visitor experience, with a particular focus on international students and visiting friends and relatives of migrant communities
- Providing opportunities for residents of all backgrounds – through skills development and training – to join the local workforce
- Maintaining and providing amenity, services, infrastructure, as well as leisure and recreation facilities that promote community well-being, engagement, and connections.[12]

[8] SGS Economics and Planning et al, Prepared for the City of Whitehorse (2007), p. 53

[9] MGS Architects, TQ Planning, Movement & Place Consulting, SGS Economics and Planning, Papaioannou, M., (2020), Box Hill Metropolitan Activity Centre to 2036 - DRAFT Structure Plan, https://whitehorse.infocouncil.biz/Open/2020/05/CO_20200525_MIN_1001_files/CO_20200525_MIN_1001_Attachment_6513_1.PDF, p. 26

[10] MGS Architects et al, (2020), p. 26

[11] City of Whitehorse (2024), Investment & Economic Development Strategy 2024-28. Whitehorse Investment and Economic Development Strategy 2024-2028.pdf, p. 31

[12] City of Whitehorse, (2024), p. 5

2.2.3 WHITEHORSE COUNCIL PLAN 2021-2025

The City of Whitehorse *Council Plan 2021-2025* outlines the Council's role in advancing the Whitehorse 2040 Community Vision. The Plan aims to ensure that the City of Whitehorse continues to be a healthy, prosperous and sustainable community.

The Plan sets out eight strategic directions, each accompanied by specific objectives, designed to guide the Council in working toward the achievement of the Community Vision.

Strategic Direction 2: A thriving local economy with accessible, high-quality education opportunities, is especially relevant to this assessment. A key objective under this direction states: *"The Council will support and advocate for a diverse range of businesses to encourage local investment, education, and employment opportunities."* [13]

A strategic action under this objective is to facilitate the renewal of retail special rate/charge schemes. Special rate/charge schemes for retail/commercial precincts or centres in Whitehorse help fund physical works, business development programs and promotion and marketing material for specific areas.

2.3 Connectivity aspirations

One of the development outcomes of SRL East is facilitating high levels of active transport. As stated in the *Suburban Rail Loop Business and Investment Case (BIC):*

> *SRL will promote active transport by integrating the station design with precincts and neighbourhoods…SRL will investigate opportunities for active transport infrastructure, such as pedestrian crossings and cycle paths to provide a smooth journey between the station and destinations.*[14]

SRL is dedicated to creating inclusive precincts, prioritising safety in the active transport infrastructure and precinct design. Integrating retail, residential, and commercial spaces within mixed-use developments will create a concentration of development and activity, thereby enhancing safety.

While the exact scope of active transport links will be detailed in the Structure Plan, the role of retail in enhancing these links should be considered.

Furthermore, the BIC stresses the design of SRL stations will be user-centric - "*public transport users will be at the forefront of station design"*.[15]

SRL Stations are being designed based on guiding principles that prioritise a safe, welcoming, comfortable, and convenient user experience.

Retail facilities in and around each station will enhance the user experience.

2.4 Implications for Box Hill Structure Plan

SRL East will contribute to achieving the objectives of various Victorian and local government policies and strategies. The above policies and strategies suggest that the structure planning process should consider the following for retail uses:

- Future planning and development should reinforce the significant role of Box Hill as a major hub for retail, taking into account the multi-faceted role of retail in the broader context of key commercial, health, transport, education, and entertainment facilities.
- Consideration should be given to how future mixed-use developments can incorporate retail space, and the contribution of new retail developments to the land mix and amenity for key workers and students in the health and education precinct should be assessed.
- There should be consideration of how other uses, such as commercial and entertainment, can be integrated into existing retail space.
- The existing retail landscape in relation to the 20-minute neighbourhood concept should be considered to determine any gaps that need to be addressed to enhance the neighbourhood's functionality. This may lead to a need for a small retail offering on the outskirts of the Structure Plan Area to cater to residents beyond the core.
- Box Hill's existing strengths in retail should be maintained and built on, particularly in restaurants and fresh food, and the pivotal role of Box Hill Central in the overall retail landscape should be safeguarded.
- The current provision of night-time retail and entertainment should be evaluated, considering ways to encourage and enhance it.

[13] City of Whitehorse (online), Whitehorse Council Plan 2021-2025 Council Plan | Whitehorse City Council accessed July 2024.

[14] Suburban Rail Loop Authority (2021).

[15] Suburban Rail Loop Authority (2021).

3. Retail trends and drivers

This section considers the impacts of global and local trends on retail markets, with learnings from successful precincts and relevant case studies. Key principles for the planning of successful future retail environments in the Structure Plan Area are identified. These trends and drivers are based on AJM JV's extensive experience and work on projects, both in Australia and globally, in assessing the influence on retail spending growth and floorspace.

3.1 Retail megatrends

Trends that will shape the retail sector in the South East Region and the Box Hill Structure Plan Area are summarised in Figure 3.1. It is important to understand these 'megatrends' and their implications for how retail in the Structure Plan Area should be planned, shaped and delivered.

These trends will ultimately inform the inputs into forecasts of the amount of supportable retail floorspace in the South East Region and Box Hill Structure Plan Area, detailed later in this needs assessment. The trends are also important for determining the optimal retail typology to best deliver this floorspace in the Structure Plan Area. Each trend is examined in more detail in Appendix B.

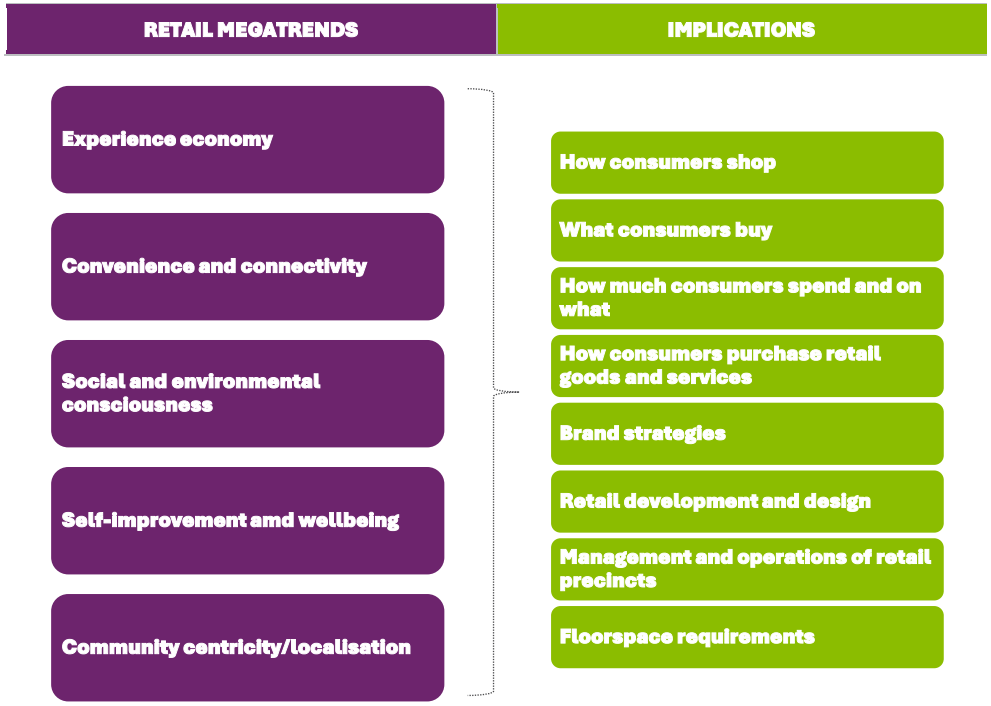


FIGURE 3.1 RETAIL MEGATRENDS AND IMPLICATIONS

Source: Urbis proprietary knowledge

3.2 Retail success drivers

Figure 3.2 lists the main drivers of successful retail places and precincts in Australian and overseas precincts.

These have been applied to this retail needs assessment when identifying how best to develop the retail sector in the Box Hill Structure Plan Area.

A detailed overview of the structure planning implications of each success driver in the context of the Box Hill Structure Plan is provided in Appendix C.

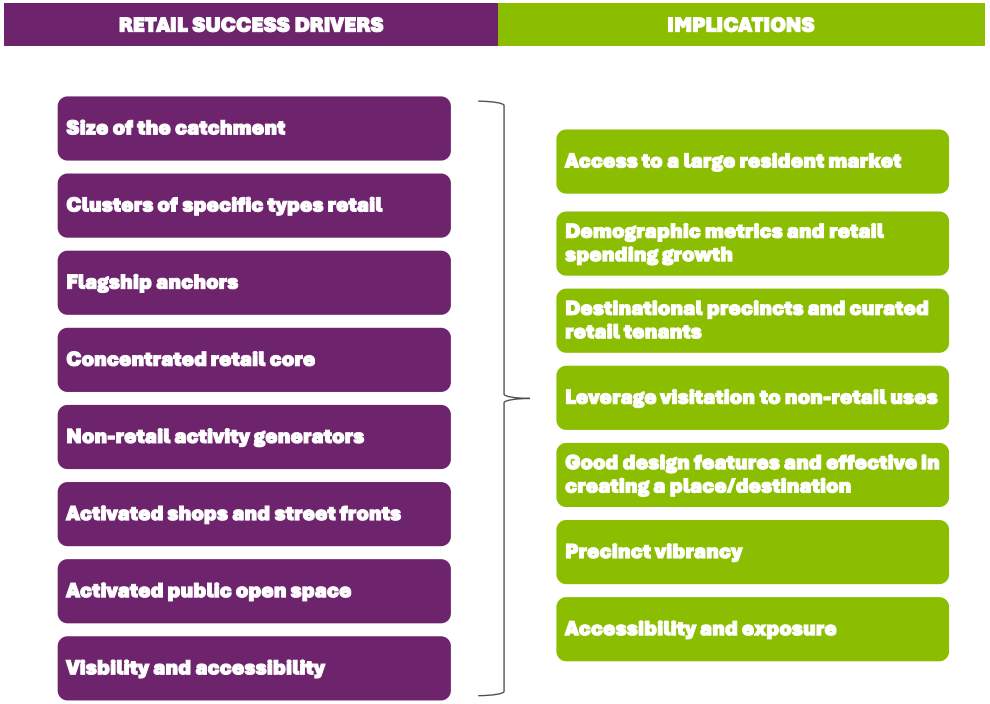


FIGURE 3.2 RETAIL SUCCESS DRIVERS

Source: Urbis proprietary knowledge

3.3 Implications for Box Hill Structure Plan

Retail trends and drivers that should be considered when planning for retail development in the Box Hill Structure Plan Area include:

- **Accessibility** to a large residential population and a critical mass of workers and students is critical in determining the scale and success of retail facilities. While Box Hill's accessibility is strong and will improve further, this might not necessarily translate to a need for more space over and above what residents support. The Box Hill Structure Plan Area is surrounded by other higher-order centres (such as Doncaster) that will reduce the need for residents to travel, and so contain the extent of the catchment. Appropriate locations for retail space should be identified in the Structure Plan Area that can attract and support diverse uses to meet the community's needs, with high levels of convenience as a core consideration.
- A **consolidated retail core** is preferred to concentrate and maximise retail exposure and activity. While retail uses may form part of mixed-use developments beyond the core, particularly as a ground-floor interface use, a proliferation of retail in peripheral or secondary locations should be avoided. Box Hill structure planning should promote a concentrated retail core, by:
  - » Not assuming retail floorspace needs will be met by a significant provision of space above ground. Multi-level retail and upper-level retail spaces are less active in suburban locations and, therefore, not strong commercially. However, upper-level space can play a role in supporting complementary commercial activity or destination uses (such as flagship restaurants, cinemas, gyms and medical suites) and may be suited in limited locations where activity is significant.
  - » Limiting the provision of retail space on streets with lower traffic levels (pedestrian or vehicular).
- **Clusters of specific retail types** are curated destinations, creating a clear positioning and point of difference to other precincts. The ability to provide highly curated retail clusters can create spaces that engage customers, allowing for repeat visits and longer dwelling time, reducing spending leakage. Box Hill Central has already implemented this type of retail design, with its fresh food market concept.
- **Changing floorspace requirements** for retail tenants, such as:
  - » Future retail floorspace must have an allowance for increased levels of omni-channel retailing – this refers to engaging customers across various channels including online, in store, and in this instance, providing space for click and collect facilities)
  - » Retail design must reflect shopper preferences for a mix of active and passive spaces, while reducing environmental impacts (including excellent public realm, more efficient water and energy use, and recycled materials).
- Retailers often benefit from being **co-located with non-retail activity generators** which are part of a broader precinct. Office space, tourist attractions, education and medical facilities, residential uses and so on increase visitation to an area and help spread vibrancy to retail spaces. For the Box Hill Structure Plan Area, it is important to leverage the transit-oriented development that can support higher levels of density and commercial environments whereby co-located retail facilities can leverage visitation to these non-retail uses. The complementary activity may also create opportunity for some retail space to service non-core areas (such as the health precinct).
- The **inclusion of entertainment uses** can also act as an anchor in place of traditional retail anchor tenants such as department stores or discount department stores, who are reviewing their network strategies nationally. Entertainment uses have the potential to provide unique experiences and reduce spending leakage.
- Box Hill structure planning should consider encouraging the development of **public realm amenity** where active public plazas and meeting places create the ability for centres to have better engagement with the surrounding area and support external-facing retail. These spaces often become vibrant community areas and encourage longer dwell times and repeat visits.

4. Influences on retail floorspace provision

Retail is a highly dynamic sector where the role, usage patterns and consumer behaviours continue to evolve and change. This section provides an understanding of how retail floorspace provision has changed and is influenced by factors such as e-commerce, consumer behaviours and spatial requirements, and the implications for the scale and nature of retail facilities in the South East Region and Box Hill Structure Plan Area.

4.1 Retail floorspace metrics

A commonly used measure of retail supply density is retail floorspace per capita, as shown in Figure 4.1. Total retail floorspace is, therefore, a function of the per capita provision and size of the population.

FIGURE 4.1 RETAIL FLOORSPACE PROVISION

Figure 4.2 shows retail floorspace per capita in Australia and other countries. Australia currently has a retail floorspace per capita provision of around 2.2 sq.m per resident, which is much less than the United States of America, but higher than the United Kingdom, Hong Kong and Singapore.

More detail on what has influenced each region in the above chart is provided in **Appendix D.**

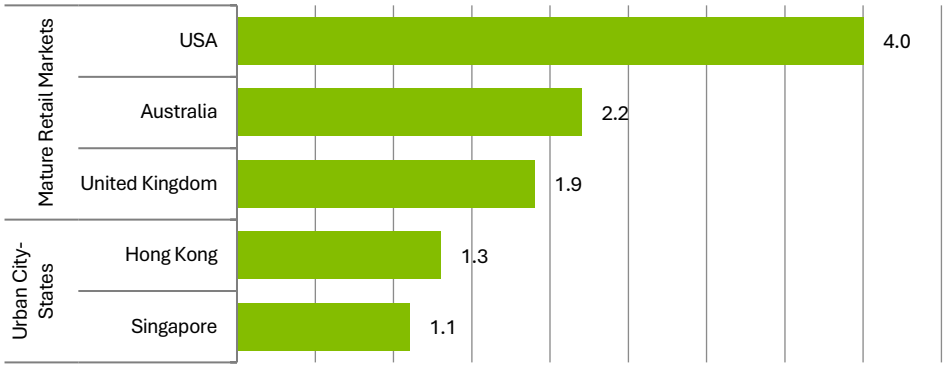


FIGURE 4.2 RETAIL FLOORSPACE PER CAPITA (SQ.M PER PERSON)

Source: Government Statistic Agencies; Urbis

Similar to the rest of Australia, the Box Hill Structure Plan Area's retail supply, mix and asset typology are influenced more broadly by:

- Planning controls that discourage 'out-of-centre' development and historical growth patterns
- Drivers and level of retail spend in a specific location (i.e. residents, tourism, students, workers)
- Land availability and values
- Population density
- Transport connectivity
- Household and dwelling characteristics
- In recent times, propensity to spend online.

4.2 Retail productivity growth

Each country shown in Figure 4.2 above, has a range of different factors that have led to the retail floorspace per capita result (outlined in detail in Appendix D). However, the relative retail provision per capita corresponds with differing levels of retail productivity (turnover per sq.m), as illustrated in Figure 4.3.

Generally, the higher the provision of space per capita, the lower the retail productivity. Internationally and locally, where cities and even centres have a large retail provision relative to the population they serve (i.e. high floorspace per capita), there is often a retail failure leading to the concept of 'dead' mall space.

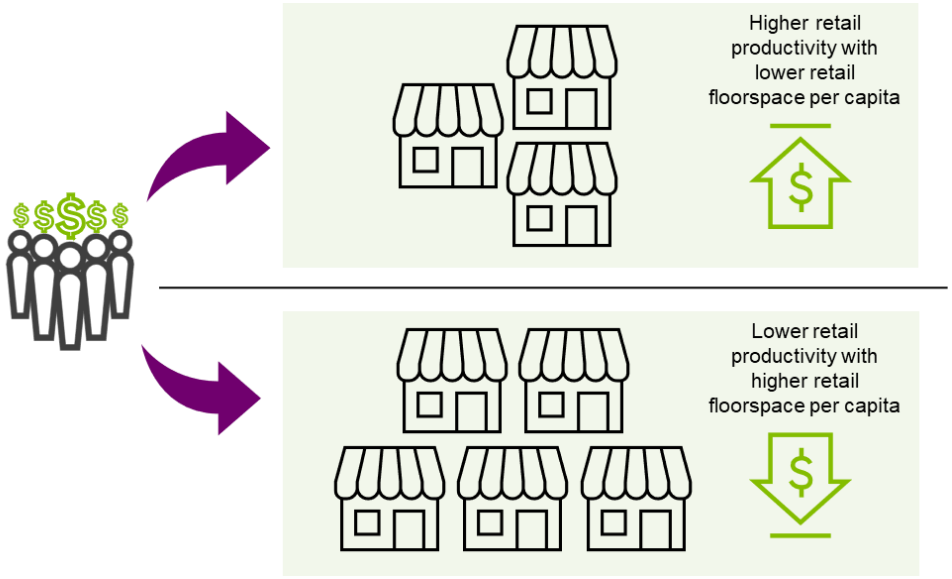


FIGURE 4.3 RETAIL PER CAPITA PROVISION INFLUENCE ON PRODUCTIVITY

A growing population naturally generates additional retail demand or spending. In greenfield locations, where typically there are limited existing facilities, a large share of that new demand is directed to the development of new centres.

For the Box Hill Structure Plan Area, which is located in an established suburban environment with an established centre network and constrained land availability, the increased demand generated by a growing population can partly be directed to new floorspace, but also to enhancing the performance of existing retail locations, where significant expansion is often not possible.

This is partly a function of the planning system supporting the consolidation of existing centre networks, rather than allowing out-of-centre or new centre growth. This avoids duplication of facilities and is generally thought to contribute to a healthy retail market, as long as retail development is not constrained to the detriment of the convenience and choice of the community.

With a share of increased retail spending directed to retailers in existing centres, there is a corresponding increase in productivity (e.g. ATL per sq.m). As demand increases, with the supply of new space not increasing at the same rate, productivity of existing retailers and centres grows. This is different to a greenfield area where retail spending growth is largely met by new space.

The importance of a higher productivity rate for structure planning in suburban areas is that:

- Growing productivity contributes to a healthy retail environment that encourages sustainable development. Rather than increasing space in line with spending growth, which would be implied by a constant productivity rate, the increasing productivity of the space allows for an appropriate level of natural rental growth without stretching retailers.
- Higher productivity encourages investment and regeneration of retail space for the benefit of consumers. In supporting a new retail offer, it is important to consider the retail role of new centres so as to not undermine the role of existing centres. Continuing to build on existing centres will allow for those centres to consolidate their role in the retail hierarchy without undermining other centres.

4.3 Other influences on floorspace growth

4.3.1 RATIONALISATION OF STORE NETWORKS

Department stores, discount department stores, and fashion are, to an extent, struggling in more mature markets, such as the USA, the UK and Australia. They are losing market share and increasingly finding it difficult to remain relevant. There is a continued likelihood of store rationalisation in some store categories in response to the tougher market conditions, with fewer larger/mega stores in prime locations instead.

Figure 4.4 shows the department store retail turnover share of total retail turnover in Australia from FY1993 to FY2023. It highlights the declining share of department store turnover (including discount department store turnover), more than halving from 11% of Australia's retail turnover in FY1993 to just 5% in FY2023.

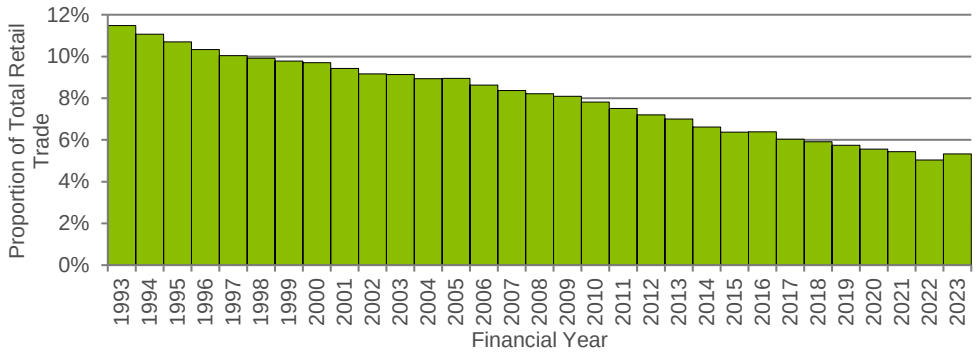


FIGURE 4.4 DEPARTMENT STORE RETAIL TURNOVER SHARE OF TOTAL RETAIL TURNOVER, AUSTRALIA FY1993–2023

Source: ABS Retail Trade

The market share decline is reflected by the reconfiguration of the major retailer portfolios. A review of retailer portfolios for department stores (David Jones and Myer) and discount department stores (including Kmart, Target and Big W) highlights a combined reduction from FY2014 and FY2023 of 55 stores across Australia. Most notably, Target has also seen a significant decline, decreasing from around 300 stores to 124 stores, with permanent store closures and rebranding to Kmart or 'KHub' stores.

Department stores are becoming a smaller share of total floorspace in malls, providing opportunities for increased provision of mini-majors and specialties paying higher rent. This is evident in regional shopping centres, as shown in Figure 4.5, where a department store floorspace share has reduced from 30% of retail floorspace in 2006 to 12% in 2023, based on the Urbis Shopping Centre Benchmarks. Much of this decline has been picked up by mini-major tenants (that is, those over 400 sq.m that are not classed as department stores, discount department stores, or supermarkets).

FIGURE 4.5 REGIONAL SHOPPING CENTRES DEPARTMENT STORE FLOORSPACE SHARE

Source: Urbis Shopping Centre Benchmarks

The rationalisation of department stores and discount department stores across Australia has impacted the ability of centres to grow substantially. Australia has a limited pool of major retailers. When a department store or discount department store closes, it is challenging for centre managers to fill that space quickly with other retailers.

These trends are already evident, even in the key centres in the Structure Plan Areas surrounding the SRL stations. The Glen Shopping Centre recently redeveloped but downsized the major tenants and did not increase net space materially. The Box Hill Central redevelopment proposes consolidation of the retail offer with limited space increase (noting that all of Target, Kmart, and Big W in the past operated a store in Box Hill that has subsequently closed). Southland's department stores have reduced their size.

The Box Hill Structure Plan will need to consider how the limited range of major tenants will impact the ability to increase the size of existing centres and fill new retail space. Future retail floorspace growth is expected to increasingly focus on other anchor tenants through convenience retail (e.g. supermarkets), mini-majors, as well as entertainment and non-retail anchors (e.g. mixed-use developments).

4.3.2 ONLINE DIVERSION

Figure 4.6 shows the total Australian retail market was estimated at $441 billion in turnover in June 2023. Using ABS Retail Trade and NAB Online Retail Sales Index (NORSI) data, AJM JV estimates that approximately 12% of retail turnover is from online sales.

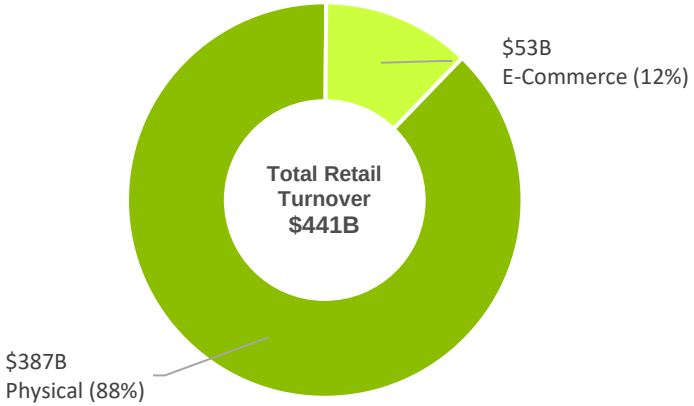


FIGURE 4.6 AUSTRALIAN MARKET SIZE, FY2023

Source: ABS Retail Trade; NORSI; AJM JV

E-commerce is impacting retail markets worldwide, but the impacts vary for a variety of reasons. The impact of e-commerce has varied from markets with high penetration (the UK, USA) to markets with far lower penetration (Singapore, Australia). Australia's e-commerce market is influenced by:

- Lower economies of scale based on the high cost of last-mile fulfilment given the lack of population density
- A strong physical store presence and shopping centre hierarchy, which has made the development of a local e-commerce shopping culture more challenging – for instance, some 88% of the population is within a 7-minute drive of a supermarket
- Slower uptake of e-commerce among Australian retailers has impeded the development of omnichannel retail. Higher prices for retail goods on an international scale and a narrower range of brands and products underpins continued growth in demand for e-commerce.

Figure 4.7 shows the proportion of retail turnover from e-commerce in Australia and other countries. Figure 4.8 shows the estimated proportion of retail turnover from physical/bricks-and-mortar stores and three types of e-commerce in Australia and other countries.

E-commerce comprises 12% of retail sales in Australia, but given that many products are shipped from stores, only 8% of Australia's retail spend does not require a physical store. This highlights that physical retail still plays a critical role in the retail landscape, ensuring fulfilment, brand recognition and ease of returns even when purchases are made online.

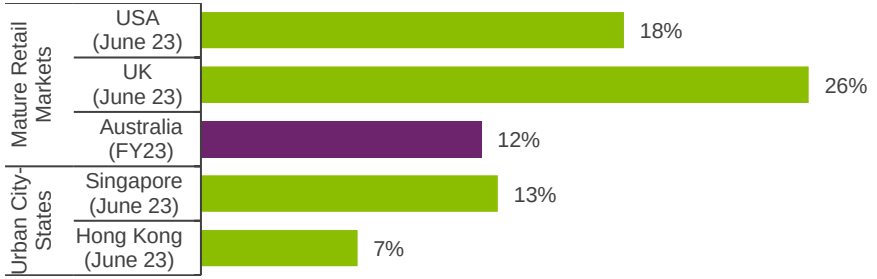


FIGURE 4.7 ESTIMATED PROPORTION OF RETAIL TURNOVER THROUGH E-COMMERCE

Source: Government Statistic Agencies; ABS Retail Trade; NORSI; Urbis

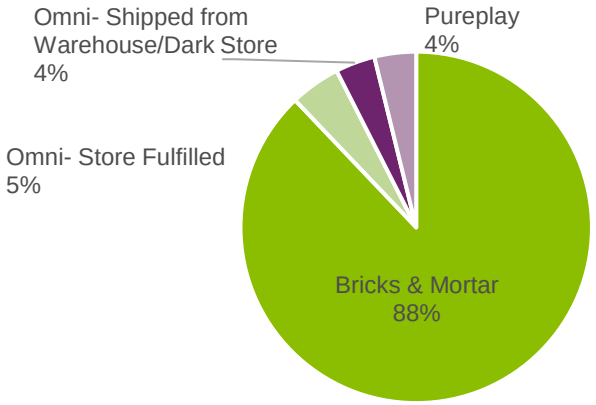


FIGURE 4.8 CURRENT DISTRIBUTION OF RETAIL SPEND BY CHANNEL, AUSTRALIA

Source: ABS Retail Trade; NORSI; Urbis

The merchant categories where e-commerce achieves its highest shares also represent a high proportion of the types of tenants in regional and sub-regional shopping centres, namely apparel, accessories and other non-food retailers. Aggregators / other non-food is a catch-all category that includes the likes of Amazon, eBay and other marketplaces, as well as retailers of sports and leisure goods, homewares, consumer electronics, beauty and cosmetics.

The following types of retailers typically have a lower proportion of sales diverted to online channels:

- Discount department stores
- Food, grocery and liquor retailers noting that e-commerce has a larger share of liquor retailing than in supermarkets
- Cafes/Restaurants.

As shown in Figure 4.9, non-food retail accounts for 60% of e-commerce purchases.

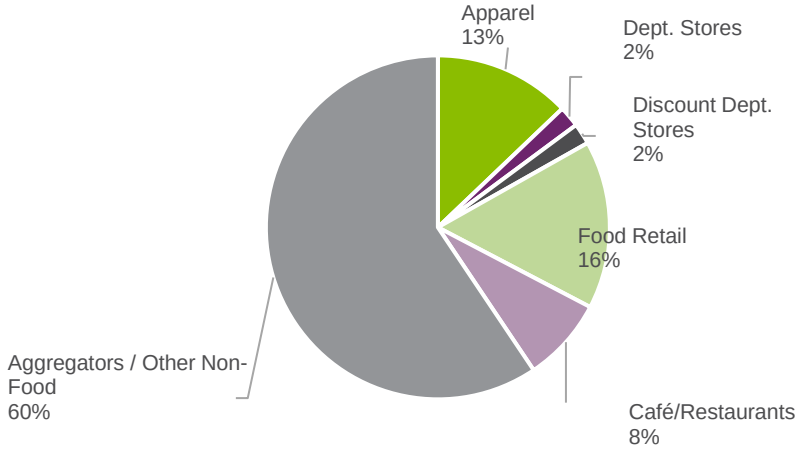


FIGURE 4.9 E-COMMERCE BY MERCHANT TYPE, 2023

Source: Urbis

In Australia, an increasing number of retailers are opting for or considering supplementing physical stores through warehouse-to-customer distribution, including distribution centres and micro-fulfillment centres. For example, Myer has recently completed a 40,000 sq.m National Distribution Centre to increase online fulfilment operations. We would expect this to become more evident in reducing retail floorspace requirements in the coming years as department stores and major retailers re-assess their store networks and omni-channel model.

The retail landscape will have to adapt to increasing levels of online retailing, where retaining physical floorspace can assist in the last mile delivery through better integration of omnichannel logistics.

Figure 4.10 shows the historic and forecast e-commerce share of retail sales in Australia from 2012 to 2041. E-commerce sales as a share of total retail sales are forecast to increase from 12% in 2023 to 21% in 2041. This is between rates observed currently in the UK and the USA. A share of e-commerce sales will still be fulfilled by a physical store. The share of spending diverted from physical stores is, therefore, estimated at 13%.

The rate of growth in e-commerce will be steady but moderate over time. While the impact on bricks-and-mortar retailing will not be fatal, as total market growth will

still allow increasing sales for physical locations, it will slow the rate of retail floorspace increase.

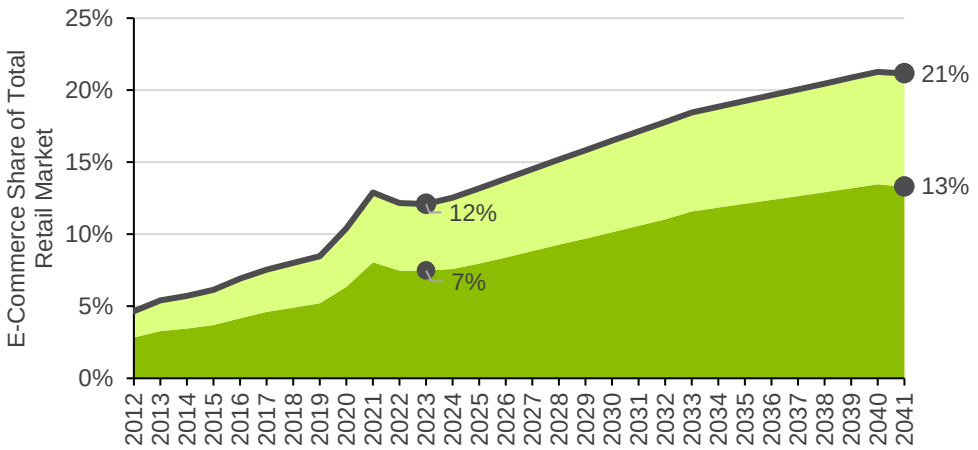


FIGURE 4.10 HISTORIC AND FORECAST E-COMMERCE SHARE OF RETAIL SALES, AUSTRALIA – TO 2041

Source: Urbis

Table 4.1 shows the retail spending forecast to be diverted from physical stores in the years 2041 is estimated to more than double to 13%.

TABLE 4.1 RETAIL SPENDING DIVERTED FROM PHYSICAL STORES 2023–2041

	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD	TOTAL RETAIL
2023	1%	1%	17%	7%
2041	3%	2%	28%	13%

Source: Urbis

4.3.3 SHIFTING CONSUMPTION PATTERNS

Consumer behaviours are expected to have varied impacts on different retailer types, which are summarised in Table 4.2. Multiple factors will determine the net impact on retail, including how retailers and developers respond to a changing consumer landscape.

Across many retail tenant types, it is considered that opportunities outweigh the risks. There is strong potential throughout the retail industry to meet changing consumer trends through the ability to provide strong connectivity, deliver convenience and experiences and become central hubs for community services (i.e. health and education).

4.3.3.1 Food and entertainment retail

While there are nuances based on local conditions, including the size, affluence, and range of the accessible market, the strength of local retailers, and the attractiveness of the operating environment, the overall forecast for food, entertainment categories, and luxury retail are positive.

Supermarkets will remain central to food and grocery purchases, with this segment of the market generally the least impacted by e-commerce. An extension of this will be the ongoing demand for fresh food retailers. In many markets, fresh food retailers continue to experience growth as shoppers increasingly seek a better customer experience, niche products and products that focus on health and wellness.

4.3.3.2 Non-food categories

The forecast for non-food categories is more mixed, as shown in Table 4.2. While a collapse in discretionary retail spending is not predicted, a realignment into sub-categories that appeal to local consumer trends may occur:

- Discount department stores are a convenient, affordable and customer-focused offer, and are expected to continue to see some growth, although the performance among operators will be mixed. However, larger department stores are expected to struggle in the face of changing consumer trends and the impacts of online retail.
- Fashion will continue to evolve. The era of fast fashion, with its accompanying environmental impacts, will refocus towards more sustainable models. Trends

towards health and wellness will drive growth in the athleisure category; fast fashion brands have already started to increase floorspace allocated to sports-related products. Demand for business attire will likely be negatively impacted by increased work from home trends.

- Continued growth in the upper middle class across many markets will present many opportunities for growth in the luxury segment. However, like regular retail, the offer will evolve from brand and product-focused to brand and experience-focused.
- Entertainment uses will also continue to evolve and grow as global trends drive higher demand for experiences over products. However, entertainment tenancies will likely see a higher reliance on tech to create an experience, limiting the space these tenants need to take. Places often have a role that combines leisure and entertainment, which includes food and beverage with entertainment activities.

TABLE 4.2 AUSTRALIAN RETAIL CATEGORY CONSUMER OUTLOOK

RETAIL CATEGORY	OUTLOOK
Supermarkets	**Positive outlook** – leading supermarkets are able to combine the necessity of food purchases with convenience and experience.
Fresh food	**Positive outlook** – a focus on local products, as well as health and wellness, is a positive driver for spending at fresh food specialty retailers.
Food and beverage	**Positive outlook** – dining out is capturing an increasing share of consumer spending and aligns well with consumer trends that value experiences over goods. Despite the rise of dark kitchens, this category is insulated against growing e-commerce penetration.
Entertainment	**Positive outlook** – aligned with consumer desires for experiences over goods. Strong growth in concepts driven by technology.
Luxury	**Positive outlook** – growth in the upper middle class and consumers globally supporting increased spending.
Large format retail / bulky goods	**Positive outlook –** increasing population growth and, therefore, dwelling formation is likely to drive growth for household goods. Many products are insulated against a growing e-commerce penetration, with consumers preferring to shop in-store for electrical, furniture and white goods.
Discount department stores	**Neutral outlook** – there is a role based on value and breadth of offer for discount department stores, but many of their products are easily replaced via e-commerce.
Other non-food	**Neutral outlook** – very tenant-specific, but strong alignment between health and wellness and experience with leisure and general goods. Desire for connectivity drives growth in electronics
Apparel	**Mixed outlook** – the increase in working from home versus increasing focus on health and wellness supports growth in Athleisure. Concerns about waste and the desire to consume less is impacting fast fashion.
Department Stores	**Negative outlook** – due to changing consumer trends, inefficient use of space, and high levels of e-commerce competition.

Source: Urbis

4.3.4 TRADING HOURS

Retailers and retail centres are responding to changing consumer demands by increasing the times they are open. Weekend trade is now a long-established feature of the Victorian retail landscape. The next area for trading hours growth is later closing times, providing consumers with more flexibility to shop after work.

While extending hours to some extent will spread the same level of retail spending activity out over a longer time, it will increase the sales a given retailer can achieve in a day or week for the same amount of floorspace.

That is, some of the future growth in retail spending will be directed to the same stores, just over a longer timeframe. This will increase productivity per sq.m of retail space.

4.4 Implications for Box Hill Structure Plan

The following retail floorspace implications should be considered for the Box Hill Structure Plan:

- Store closures and contracted networks will constrain new centre development and retail floorspace growth. There is expected to be a limited requirement to provide retail floorspace for non-food anchor tenants, with more of a focus on convenience retail.
- Box Hill provides an excellent food and beverage offer with its strong Asian influence. This should be leveraged and expanded. Food and beverage retailing is less impacted by the effects of online retailing (while delivery services are growing, they are fulfilled from the physical stores) and will respond to the anticipated growth in the local population, workers, students and other visitors.
- While physical retail remains important and will continue to grow, diversion to online will divert some retail sales, meaning that physical space will grow at a slower rate than the market overall. Future retail floorspace in the Box Hill Structure Plan Area should consider integrating omni-channel logistics.
- Alternative ‘non-retail’ uses will, in part, offset the reduced role of major retailers, often with an entertainment use acting as a non-retail anchor for a centre. It is important to provide a well-rounded experience by delivering an integrated food and beverage and entertainment offer. Box Hill represents an ideal entertainment location supported as part of the broad, Asian-focused dining destination.

Part B: Current state and potential

Part B includes:

- **Section 5** outlines existing and forecast market segments (potential shoppers) that will use retail facilities in the Structure Plan Area and predicts their spending capacity.
- **Section 6** assesses the existing retail centre facilities and hierarchy in the Structure Plan Area and surrounding area, as well as proposed retail developments.

5. Market segments

This section provides an overview of the current and future resident population for the Box Hill Structure Plan Area, as well as an overview of its resident demographic profile compared to the South East Region and Greater Melbourne benchmark, and current and future retail spending.

An overview of the worker, student and visitor market segments of the Box Hill Structure Plan Area is also provided, including their current and future population and retail spending.

5.1 Resident population

5.1.1 CURRENT AND FUTURE POPULATION

Table 5.1 shows the current and forecast resident population in the Box Hill Structure Plan Area from 2024 to 2041.

In June 2024, the resident population was estimated at 15,300 residents. This is expected to almost double by 2041 to 29,100. This equates to 13,800 more residents, representing a forecast growth rate of 3.9% per annum or around 800 residents per annum. In comparison, the South East Region is set to grow by 1% per annum to 2041 to reach just under 2 million people (based on unpublished Victorian Government projections).

TABLE 5.1 CURRENT AND FUTURE RESIDENT POPULATION, BOX HILL STRUCTURE PLAN

	RESIDENT POPULATION (NO.)		CHANGE (NO.)
	2024	2041	2024 – 2041
Box Hill Structure Plan	15,300	29,100	13,800
South East Region	1,683,600	1,991,900	308,300

Note: A detailed overview of population across the South East Region is provided in Appendix E. Source: Structure Plan Area projections derived from CityPlan (published in SRL BIC), Unpublished Victorian Government projections (South East Region); ABS ERP 2023; AJM JV

5.1.2 DEMOGRAPHICS

Table 5.2 on the next page shows the demographic profile of existing residents in the Box Hill Structure Plan Area compared to the South East Region and Greater Melbourne. Figure 5.1 shows the demographic differences between the Structure Plan Area and Greater Melbourne.

The socio-economic profile highlights a lower level of affluence compared to the South East Region and Greater Melbourne, with per capita incomes and household incomes lower on average. This is influenced by the younger population, including students.

Residents in the Box Hill Structure Plan Area are mostly in the 15 to 24 years and 25 to 39 years age groups, which combined account for 55% of the population, compared to 34% and 36% for South East Region and Greater Melbourne, respectively. There is a low proportion of children aged 0 to 14 years (9% of the total population) in the Box Hill Structure Plan Area, which is also reflected in the household type, with the Structure Plan having a higher concentration of lone person households (32%) and group households (10%).

The Box Hill Structure Plan Area is characterised by a high proportion of renters and people born overseas, which is partly due to the high-density housing in the area.

TABLE 5.2 DEMOGRAPHIC PROFILE 2021

	BOX HILL STRUCTURE PLAN	SOUTH EAST REGION	GREATER MELBOURNE
Income			
Per capita Income	$43,607	$48,471	$46,017
Average household income	$83,611	$127,711	$119,232
Age profile			
% 0-14 years	9%	16%	18%
% 15-24 years	18%	13%	12%
% 25-39 years	36%	21%	24%
% 40-54 years	16%	20%	20%
% 55-65 years	8%	12%	11%
% 65+ years	13%	18%	15%
Household type			
Couple family no children	25%	24%	23%
Couple family with children	14%	33%	32%
One parent family	8%	9%	10%
Other family households	2%	2%	2%
Lone person household	32%	25%	24%
Group household	10%	4%	4%
Other	8%	3%	4%
Dwellings*			
Low-density	15%	61%	66%
Medium-density	30%	27%	22%
High-density	56%	11%	13%
Owned outright	18%	36%	30%
Owned with a mortgage	17%	34%	38%
Rented	63%	29%	30%
Other metrics			
Average household size	1.8	2.4	2.4
% Overseas born	69%	39%	37%
% White collar workers	76%	79%	74%
% Blue collar workers	24%	21%	26%
% Undertaking tertiary education	18%	9%	8%

**Excludes non-private dwellings and other private dwellings. Source: ABS Census of Population and Housing 2021; AJM JV*

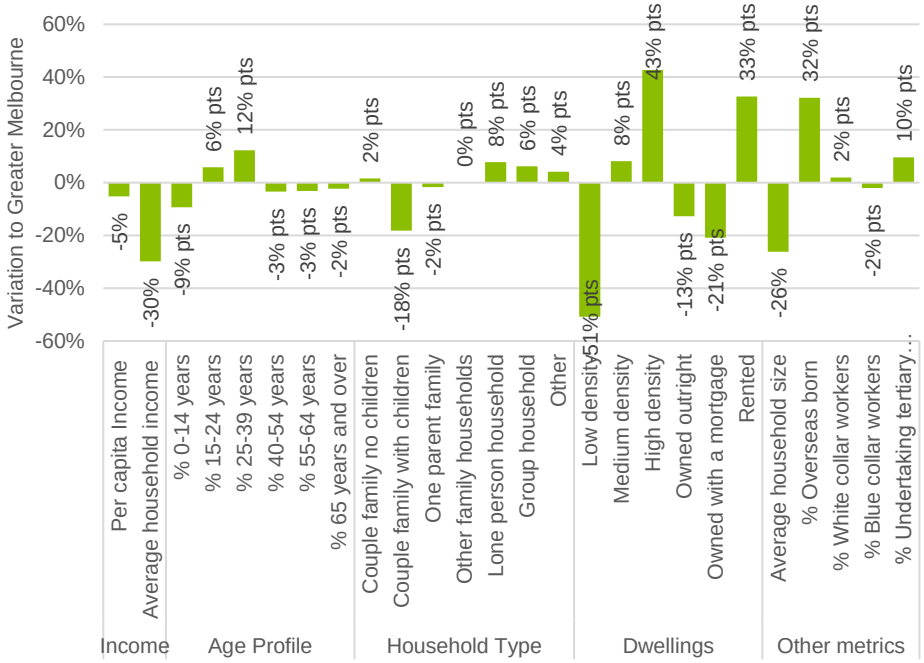


FIGURE 5.1 BOX HILL STRUCTURE PLAN DEMOGRAPHIC VARIATION TO GREATER MELBOURNE

Source: ABS Census 2021

5.1.3 RETAIL SPENDING - SOUTH EAST REGION

Figure 5.2 shows the spending per capita in the South East Region compared to Greater Melbourne in 2023. This was estimated using CommBank iQ 2023 data developed by the Commonwealth Bank of Australia in partnership with Quantium.

Residents of the South East Region spent an estimated $16,770 per capita in 2023 on retail goods and services:

- South East Region residents spend 5% more per capita than residents of Greater Melbourne as a whole
- Spending on food retail is 2% above average
- A higher disposable income for the South East Region supports an above-average spend per capita on food and beverage and discretionary non-food items such as apparel, homewares, electronic items and leisure retailing.

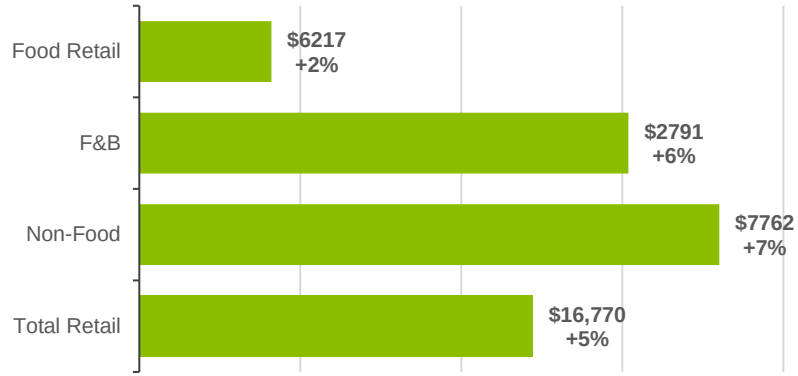


FIGURE 5.2 RETAIL SPENDING PER CAPITA, SOUTH EAST REGION VS GREATER MELBOURNE, $2024

Note: A detailed overview of spending across the South East Region is provided in Appendix E.
Source: CommBank iQ 2023; ABS ERP 2023; Structure Plan Area projections derived from CityPlan (published in SRL BIC); Unpublished Victorian Government projections (South East Region); AJM JV

Table 5.3 shows forecast retail spending for the South East Region from 2024 to 2041. This was calculated by combining population projections, per capita spending, real growth in per capita spending (1.3% per annum total), with differing rates by product category, and the current and future size of the resident retail spending market available to existing and future retailers in the South East Region.

The retail spending of residents in the South East Region is currently estimated at around $28 billion ($2024) and is forecast to grow to around $42 billion by 2041 (including GST and excluding inflation). This represents an average annual growth of 2.4%, driven by the real per capita price growth of 1.4% per annum to 2041, with population growth of 1% per annum. Section 1.5 outlines the real retail spend per capita growth assumptions for each retail category.

TABLE 5.3 SOUTH EAST REGION FORECAST RETAIL SPENDING ($2024, EXCL. RETAIL PRICE INFLATION)

	FORECAST EXPENDITURE ($BILLION)[1]			
	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD	TOTAL RETAIL
2024	$10.4	$4.7	$13.0	$28.1
2041	$12.9	$7.4	$21.8	$42.1
2024-2041	**$2.5**	**$2.8**	**$8.8**	**$14.0**

1.Data provided for the year ending June, including GST and excluding inflation. Total retail spend to all sources including physical and online retail.
Note: A detailed overview of spending across the South East Region is provided in Appendix E.
Source: CommBank iQ 2023; ABS ERP 2023; Structure Plan Area projections derived from CityPlan (published in SRL BIC); Unpublished Victorian Government projections (South East Region); AJM JV

5.1.4 RETAIL SPENDING – STRUCTURE PLAN AREA

Figure 5.3 shows retail spending per capita in the Box Hill Structure Plan Area compared to Greater Melbourne. Residents in the Structure Plan Area were estimated to have spent just over $14,900 per capita on retail goods and services in 2024:

- Spending on food retail is 16% below average, while spending on food and beverage is 10% above average. These variances reflect the high share of residents aged 15 to 39 years, overseas-born residents and high-density dwelling residents more likely to prefer dining out to eating at home. The availability of an excellent food and beverage offer in Box Hill also influences this.
- Residents in the Box Hill Structure Plan Area spend 7% less per capita than residents of Greater Melbourne as a whole, reflecting the lower levels of affluence in the area.

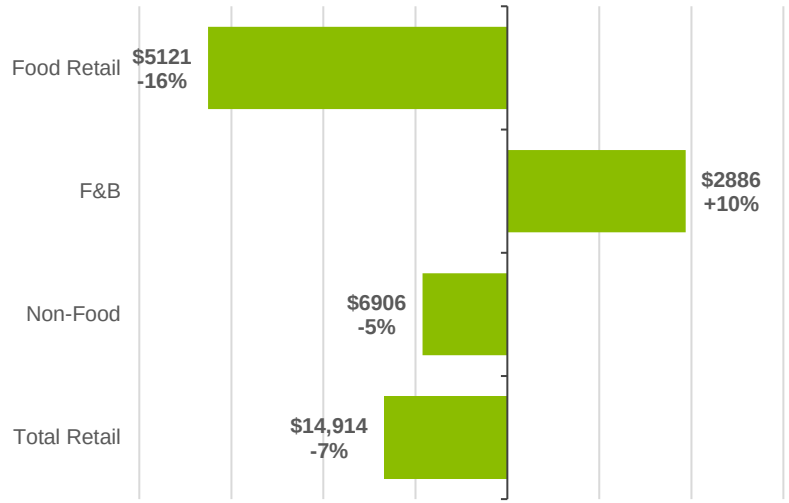


FIGURE 5.3 RETAIL SPENDING PER CAPITA IN THE BOX HILL STRUCTURE PLAN AREA VS GREATER MELBOURNE, $2024

Note: A detailed overview of spending across the South East Region is provided in Appendix E.
Source: CommBank iQ 2023; ABS ERP 2023; AJM JV

Table 5.4 shows the retail spending of residents in the Box Hill Structure Plan Area is currently estimated at $223 million ($2024) and is forecast to grow to $548 million by 2041 (including GST and excluding inflation). This represents an average annual growth of 5.4%, driven by the population growth of 3.9% per annum to 2041, and real per capita growth of 1.5% per annum. Section 1.5 outlines the real retail spend per capita growth assumptions for each retail category.

TABLE 5.4 FORECAST RETAIL SPENDING ($2024, EXCL. RETAIL PRICE INFLATION), BOX HILL STRUCTURE PLAN AREA

	FORECAST EXPENDITURE ($MILLION)[1]			
	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD	TOTAL RETAIL
2024	$76.5	$43.1	$103.2	$222.7
2041	$154.6	$111.3	$282.4	$548.2
2024-2041	**$78.1**	**$68.2**	**$179.2**	**$325.5**

1.Data provided for the year ending June, including GST and excluding inflation. Total retail spend to all sources including physical and online retail.
Source: CommBank iQ 2023; ABS ERP 2023; Structure Plan Area projections derived from CityPlan (published in SRL BIC); Unpublished Victorian Government projections (South East Region); AJM JV

5.2 Workers, students and other visitors

This section provides an overview of the market size and spending for students (higher education and/or VET students), workers and visitors (domestic and international overnight visitors) in the Structure Plan Area.

This will identify the number of each user group forecast for the Box Hill Structure Plan Area and an estimate of their potential spending on a per visit/annual basis.

The visitor retail spend was calculated by multiplying the market size by the average spend per day/visit, and by the frequency of visits each year, as shown in Figure 5.4

FIGURE 5.4 VISITOR RETAIL SPEND METHODOLOGY

Many workers and students will also live in the region or Structure Plan Area. The spending estimated here will, therefore, not be entirely additive to the spending generated by residents.

The analysis here will provide context but is not seen as an expenditure input into the floorspace demand forecasting methodology. These non-resident groups are considered through the market capacity analysis to follow as visitation is recorded through the HMD, either as being residents of other parts of the South East Region who work or study in the Structure Plan Area or if they do not live in the South East Region, forming part of 'business from beyond' the South East Region.

5.2.1 WORKER MARKET

Table 5.5 shows the worker population in the Structure Plan Area is expected to almost double from the current 20,600 workers to 38,700 in 2041.

The increase in the worker population equates to an additional 18,100 workers from 2024 to 2041, representing an average annual increase of around 1060 workers at an average annual growth rate of 3.8% per annum.

TABLE 5.5 CURRENT AND FUTURE WORKER POPULATION, BOX HILL STRUCTURE PLAN AREA

	WORKER POPULATION (NO.)		CHANGE (NO.)
	2024	2041	2024 – 2041
Box Hill Structure Plan Area	20,600	38,700	18,100

Source: ABS Census 2021; Structure Plan Area projections derived from CityPlan (published in SRL BIC)

To calculate the average annual retail spend of the worker population in the Box Hill Structure Plan Area, the average daily retail spending figures for each product category shown in Table 5.6 were applied to the average number of working days in a year per worker. The daily spending estimates are drawn from past work and surveys of worker spending habits. t includes all spending over the course of a year, either while at work (such as lunch breaks), or on the way to or from work. It also assumes an adequate level of access to retail facilities.

An average number of 156 working days per worker was estimated, which considers the number of working days in a year (weekdays excluding four weeks of annual leave and public holidays), the worker status (full time/part time) and an allowance for working from home (assumes 20% of working days spent working at home). The worker status of the South East Region for the Box Hill Structure Plan Area was adopted, which was 62% full time and 38% part time workers, according to the ABS Census 2021.

TABLE 5.6 AVERAGE DAILY RETAIL SPEND PER WORKER ($2024, EXCL. RETAIL PRICE INFLATION), BOX HILL STRUCTURE PLAN AREA

	AVERAGE DAILY SPEND PER WORKER[1]			
	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD	TOTAL RETAIL
2024	$6.10	$14.75	$8.42	$29.27
2041	$6.42	$19.82	$12.00	$38.24

1. Data provided for the year ending June, including GST and excluding inflation.
Source: Urbis Office Worker Surveys; ABS

Table 5.7 shows current and forecast worker retail spending in the Structure Plan Area. When applying the average daily spend per worker to the average days worked per year, the retail spending of workers in the Structure Plan Area is

currently estimated at $94.1 million ($2024). This is forecast to grow to $230.9 million by 2041 (including GST and excluding inflation). This represents an average annual growth of 5.4%.

TABLE 5.7 FORECAST WORKER RETAIL SPENDING ($2024, EXCL. RETAIL PRICE INFLATION), BOX HILL STRUCTURE PLAN AREA

	WORKER FORECAST EXPENDITURE ($MILLION)[1]			
	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD	TOTAL RETAIL
2024	$19.6	$47.4	$27.1	$94.1
2041	$38.8	$119.7	$72.4	$230.9
2024-2041	**$19.1**	**$72.3**	**$45.4**	**$136.8**

Source: ABS Census 2021; Structure Plan Area projections derived from CityPlan (published in SRL BIC); Urbis Office Worker Surveys

Although, noting many of the future workers will live in the Structure Plan Area and so worker spending is not entirely separate from resident spending, by way of comparison, the annual spend by workers while at or on their way to/from work (which will largely be directed to retailers close to their place of work) is estimated to be around 42% of the total annual spending capacity of Structure Plan Area residents in 2041.

5.2.2 STUDENT MARKET

Table 5.8 shows the current and forecast student population in the Structure Plan Area. These are based on the on-campus students enrolled at Box Hill Institute, which had around 3200 students enrolled in 2024.

This student population is forecast to grow to around 4200 students by 2041, reflecting an increase of 1000 students when applying the resident population growth forecast for the 18- to 64-year-old cohort across Victoria.

TABLE 5.8 CURRENT AND FUTURE STUDENT POPULATION, BOX HILL STRUCTURE PLAN AREA

	STUDENT POPULATION (NO.)		CHANGE (NO.)
	2024	2041	2024 - 2041
Box Hill Structure Plan	3200	4200	1000

Source: Box Hill Institute Annual Reports; Department of Education; CityPlan; Unpublished Victorian Government projections; AJM JV

To estimate the average annual retail spend of the student population in the Structure Plan Area, the average daily retail spending figures for each product category (derived from the Urbis University Student Food and Beverage Surveys) shown in Table 5.9 were applied to the average number of days spent on campus per year.

TABLE 5.9 AVERAGE DAILY RETAIL SPEND PER STUDENT ($2024, EXCL. RETAIL PRICE INFLATION), BOX HILL STRUCTURE PLAN AREA

	AVERAGE DAILY SPEND PER STUDENT[1]			
	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD	TOTAL RETAIL
2024	$3.05	$9.74	$4.21	$17.00
2041	$3.21	$13.09	$6.00	$22.30

1. Data provided for the year ending June, including GST and excluding inflation.
Source: Urbis University Student food and beverage Surveys; AJM JV

As Box Hill Institute provides TAFE courses, the average number of days spent on campus was based on academic calendars of TAFE institutions to be 51 days per year (34 weeks on campus multiplied by an average of 1.5 days per week on campus). TAFE institutions have lower contact hours than universities.

Once the average daily spend per student is applied to the average number of days on campus per year, Table 5.10 shows the retail spending of students in the Box Hill Structure Plan Area is estimated at $2.8 million in 2024 and is forecast to grow to $4.8 million by 2041 (including GST and excluding inflation). This represents an average annual growth of 3.2%.

The spending capacity of students studying at Box Hill Institute is modest compared to workers and residents.

TABLE 5.10 FORECAST STUDENT RETAIL SPENDING ($2024, EXCL. RETAIL PRICE INFLATION), BOX HILL STRUCTURE PLAN AREA

	STUDENT FORECAST EXPENDITURE ($MILLION)[1]			
	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD	TOTAL RETAIL
2024	$0.5	$1.6	$0.7	$2.8
2041	$0.7	$2.8	$1.3	$4.8
2024-2041	**$0.2**	**$1.2**	**$0.6**	**$2.0**

1. Data provided for the year ending June, including GST and excluding inflation.
Source: Box Hill Institute Annual Reports; Department of Education; Unpublished Victorian Government projections; Urbis University Student food and beverage Surveys; AJM JV

5.2.3 VISITOR MARKET

The size of the visitor market for the Box Hill Structure Plan Area was estimated using Tourism Research Australia (TRA) data which is available at the SA2 level. The SA2s of best fit were aligned with the Box Hill Structure Plan Area. These SA2s include:

- Box Hill
- Box Hill North
- Surrey Hills (east) – Mont Albert.

Visitor nights were only counted for visitors who were visiting for the purpose of holiday, business or visiting friends and relatives. These visitors will have unique spending habits of a visitor to a new area. It specifically excludes those visitors for the purpose of employment, education and medical reasons, as these visitors will be included within worker, student or other categories.

Table 5.11 shows the current and forecast visitor nights in the Box Hill Structure Plan Area.

The 2024 visitor market in the Box Hill Structure Plan Area is estimated at 219,700 domestic visitor nights and 199,800 international visitor nights. International visitor nights were much higher pre-COVID-19 (2017-2019) in the Box Hill Structure Plan Area. These visitor night figures include all visitors, regardless of where they are staying, including those who stay with families and friends.

Projecting visitor nights out to 2041 was achieved using three separate forecast methods by purpose of visit:

- Holiday visitor nights were forecast in line with the expected growth of accommodation floorspace, with reference to the *SRL East Structure Plan - Economic Profile Technical Report – Box Hill*
- Business visitor nights were forecast in line with the expected growth in workers, as per the Business and Investment Case
- Visiting friends and family visitor nights were forecast in line with the expected growth in workers, as per the Business and Investment Case.

According to the TRA forecast and market adjustments, the domestic and international visitor nights are forecast to grow to around 417,000 and 372,100, respectively, by 2041.

The high prevalence of international visitors is likely a result of the high share of overseas-born residents in the Structure Plan Area who attract visitors from overseas visiting family and friends. The average length of an international visitor's stay is also often longer than a domestic visitor, particularly those able to stay with families and friends.

Pre-COVID-19 levels of international visitor nights in the Box Hill Structure Plan Area were considered when forecasting international visitor nights. The forecasts anticipate that international visitor nights will return to a similar level to those experienced before COVID-19 by 2041. Given the Box Hill Structure Plan Area is expected to experience strong residential population growth, a key driver of international visitors visiting family and friends, the forecast of 372,100 international visitor nights by 2041 is potentially a conservative forecast.

TABLE 5.11 CURRENT AND FUTURE VISITOR NIGHTS, BOX HILL STRUCTURE PLAN AREA

	VISITOR NIGHTS		
	DOMESTIC	INTERNATIONAL	TOTAL
2024	219,700	199,800	419,500
2041	417,000	372,100	789,100
2024-2041	**197,300**	**172,300**	**369,600**

Source: TRA; AJM JV

The average annual retail spend of the visitor population in the Box Hill Structure Plan Area was calculated by applying the average daily retail spending figures by visitor type (domestic or international) and product category, to the annual domestic and international visitor night figures. These average retail spending figures shown in Table 5.12 were based on figures from TRA.

TABLE 5.12 AVERAGE DAILY RETAIL SPEND PER VISITOR ($2024, EXCL. RETAIL PRICE INFLATION), BOX HILL STRUCTURE PLAN AREA

	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD	TOTAL RETAIL
Domestic				
2024	$7.09	$21.68	$23.25	$52.02
2041	$7.44	$28.53	$32.46	$68.42
International				
2024	$9.22	$28.18	$30.23	$67.63
2041	$9.67	$37.08	$42.19	$88.95

1. Data provided for the year ending June, including GST and excluding inflation.
Source: TRA; AJM JV

Once the average daily spend per visitor is applied to the visitor night figures, the retail spending of visitors in the Box Hill Structure Plan Area is estimated at $24.9 million in 2024) and is forecast to grow to $61.6 million by 2041 (including GST and excluding inflation). This represents an average annual growth of 5.5%.

TABLE 5.13 FORECAST VISITOR RETAIL SPENDING ($2024, EXCL. RETAIL PRICE INFLATION), BOX HILL STRUCTURE PLAN

	VISITOR FORECAST EXPENDITURE ($MILLION)[1]			
	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD	TOTAL RETAIL
2024	$3.4	$10.4	$11.1	$24.9
2041	$6.7	$25.7	$29.2	$61.6
2024-2041	**$3.3**	**$15.3**	**$18.1**	**$36.7**

1. Data provided for the year ending June, including GST and excluding inflation.
Source: TRA; AJM JV

5.3 Implications for Box Hill Structure Plan

The following retail floorspace implications should also be considered for the Box Hill Structure Plan:

- The Box Hill Structure Plan Area residential, retail spending will grow at a faster rate again (5.4% annually), given the substantial resident population increase of around 14,000 residents from 2024 to 2041. This strong population growth will generate demand for additional retail floorspace.
- The Structure Plan Area will support a share of the new floorspace need generated across the South East Region, although noting numerous locations will also support retail expansion.
- The demand generated in the Structure Plan Area will partly be directed to existing Box Hill retailers, with increased productivity of existing retail space.
- The demographics of the local residents support spending weighted towards food and beverage and convenience retail offerings.
- The strong growth of workers and other precinct visitors (non-residents) will support further retail trade in Box Hill, including food and beverage (sit-down dining and 'grab and go'), other convenience services (such as pharmacy, hairdressers) and some non-food retail. Some of this additional demand will support higher productivity of retailers sustained by the resident market, with some supporting more space.
- These retail facilities should be clustered around core activity areas such as near the SRL station at Box Hill and the existing Box Hill Station, where they can also be accessed by residents and potentially also supported where workers are located beyond that area (such as the health and education precinct).
- The Structure Plan should provide capacity for retail floorspace growth in the relevant categories and in the right locations, as identified in later sections of this needs assessment.

6. Retail hierarchy

This section outlines the existing and future supply of retail space across the South East Region as well as supply within and near the Box Hill Structure Plan Area.

6.1 Existing retail landscape

This section reviews the current scale and role of centres and other retail precincts in the South East Region.

6.1.1 SOUTH EAST REGION

Existing retail centres in the South East Region are shown in Figure 6.1. Activity centres containing regional and sub-regional centres are described in Appendix F.

The retail network across the South East Region has a typical hierarchy of retail centres ranging from substantial regional centres based around large, enclosed centres (e.g. Doncaster, Ringwood, Knox, Chadstone, or Southland in Cheltenham), to smaller sub-regional shopping centres (e.g. Forest Hill Chase, Brandon Park, Parkmore) and smaller neighbourhood centres typically anchored by supermarkets. Large retail strips are also influential in the more inner areas to the west of the Region such as Camberwell Junction or Chapel Street.

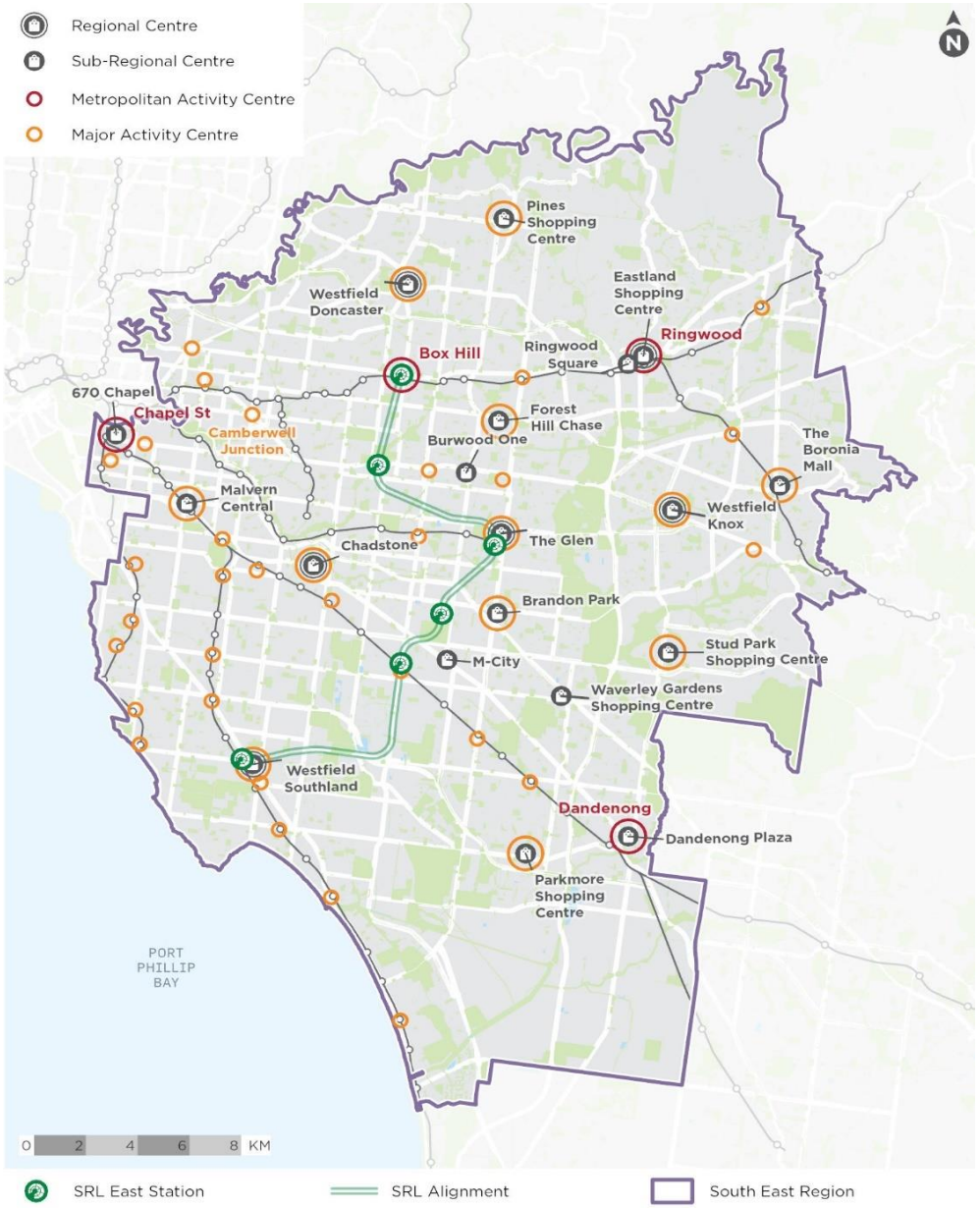


FIGURE 6.1 SOUTH EAST REGION EXISTING RETAIL CENTRES

6.1.2 BOX HILL RETAIL NETWORK

Table 6.1 summarises the Box Hill retail network. The local network is influenced by retail facilities in the Structure Plan Area as well as surrounding areas.

TABLE 6.1 BOX HILL RETAIL NETWORK

	DESCRIPTION	INFLUENCE ON STRUCTURE PLAN
Box Hill Metropolitan Activity Centre (MAC)	Located in the core of the Structure Plan Area, the MAC is the highest order of activity centres outside Melbourne's Central Business District. The Box Hill MAC includes approximately 180,000 sq.m of commercial floorspace[16] and is anchored by Box Hill Central.	In Structure Plan
Doncaster Hill	Located north of the Box Hill Structure Plan, Doncaster Hill includes 176,800 sq.m of commercial floorspace[17,] with Westfield Doncaster as the anchor with a GLA of 123,000 sq.m of floorspace.[18] Doncaster provides a higher order discretionary and entertainment offer that limits the non-food role of Box Hill	High – captures spending from Structure Plan residents, particularly for non-food
Other regional centres	Although located further afield, Box Hill's retail role has been and will be influenced by a series of large centres in the area, including Ringwood, Knox, Glen Waverley, and Chadstone.	Moderate – influences the nature of the offer
Forest Hill Chase	Located southwest of the Box Hill Structure Plan, it includes 68,800 sq.m of commercial floorspace and is anchored by a sub-regional shopping centre. The current retail offer of Forest Hill Chase (with three supermarkets and a discount department store) draws from a modest area, given it is surrounded by larger centres. It does provide a mid-range discretionary offer that some residents of the Structure Plan Area may access.	Low – limited influence, although provides a mid-range discretionary offer
Mega Mile	A large format retail location stretching along the Maroondah Highway near Blackburn/Nunawading.	Low
Other local centres	A series of local centres with specialty shops and small supermarkets are located in or just outside the Structure Plan Area. This includes Laburnum IGA, which is just beyond the Structure Plan Area and serves a local convenience role for people nearby.	Low

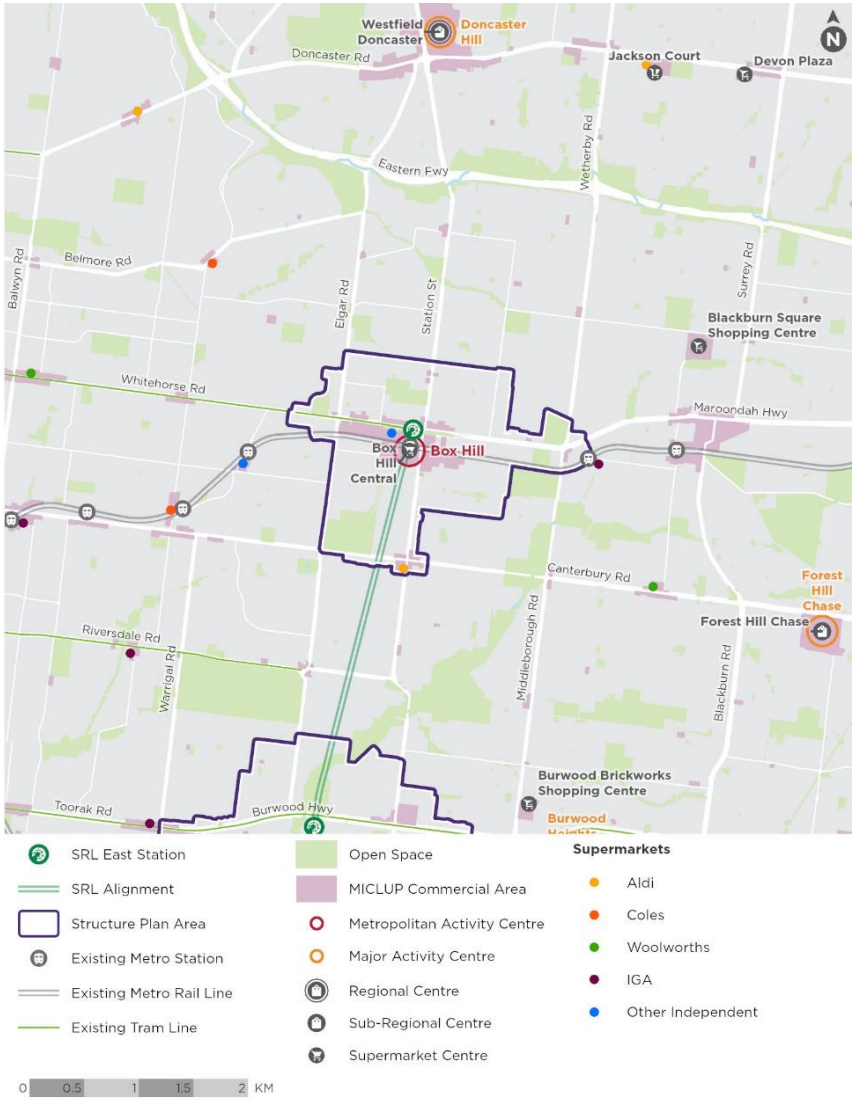


FIGURE 6.2 BOX HILL RETAIL NETWORK

[16] DELWP (2020)

[17] DELWP (2020)

[18] Scentre Group (online), Westfield Doncaster, https://www.scentregroup.com/our-customers/westfield-destinations/westfield-doncaster, accessed May 2024.

6.1.3 BOX HILL STRUCTURE PLAN

The current retail landscape of the Box Hill Structure Plan Area is defined by the designated Box Hill MAC. The key retail facilities that were modelled and ancillary retail clusters in the Structure Plan Area are summarised below in Table 6.2. A detailed list of modelled centres and precincts is provided in Appendix F.

TABLE 6.2 BOX HILL STRUCTURE PLAN – EXISTING RETAIL FLOORSPACE PROVISION (ROUNDED)

	DESCRIPTION AND ROLE
Key retail clusters	
Box Hill Metropolitan Activity Centre (MAC)	The Box Hill MAC's retail role and function is a major service delivery role, including retail, local community hub, commercial, and accommodation uses. It is also a state-significant health and education precinct. The Box Hill MAC is anchored by Box Hill Centre and a sizeable proportion of retail floorspace is provided in the streets surrounding Box Hill Central (generally from Whitehorse Road to Cambridge Street and Nelson Road to just east of Station Street). Box Hill Central is a sub-regional shopping centre with circa 29,000 sq.m of occupied retail GLA and has an extended customer draw with 175,600 people in the total trade area[19]. The centre is currently divided into two separate buildings/precincts - north and south, split by the Main Street mall. Distinguished by its extensive fresh food market and Asian food offer, supported by Box Hill's two full-line supermarkets (Coles and Woolworths), it is situated atop the existing Box Hill Station. This results in a significant flow of daily commuters through the centre. The centre is currently being redeveloped, with the north part of the centre being gradually vacated. Throughout the Box Hill MAC, there is a strong Asian influence on the tenancy mix, particularly in restaurants, grocers and discount stores. Carrington Street and Station Street provide an established dining precinct, while other retail space is provided along the Market Street and Main Street malls (some of which is part of Box Hill Central) and the south side of Whitehorse Road. Other non-retail users occupy shopfront space, including travel agents, real estate agents and financial services.
Box Hill South	There is a small strip of shops at Box Hill South in the southern corner of the Structure Plan Area (corner of Station Street and Canterbury Road), with Aldi as the key tenant. Box Hill South plays a local convenience role for surrounding residents.
Other local centres	A small cluster of older commercial shopfront premises is located at the corner of Middlesborough Road and Whitehorse Road (e.g. carpet, blinds, medical) to the east, as well as on Maroondah Highway near Pendle Street. These local centres offer everyday retail services and non-retail uses for local residents.
Ancillary retail	
Corner Station Street and Thames Street	There is also a small cluster of premises in a C1Z at the intersection of Station Street and Thames Street in the north. There is limited 'retail' occupiers in this cluster. This peripheral location is considered ancillary rather than being part of the key retail clusters.

Source: AJM JV

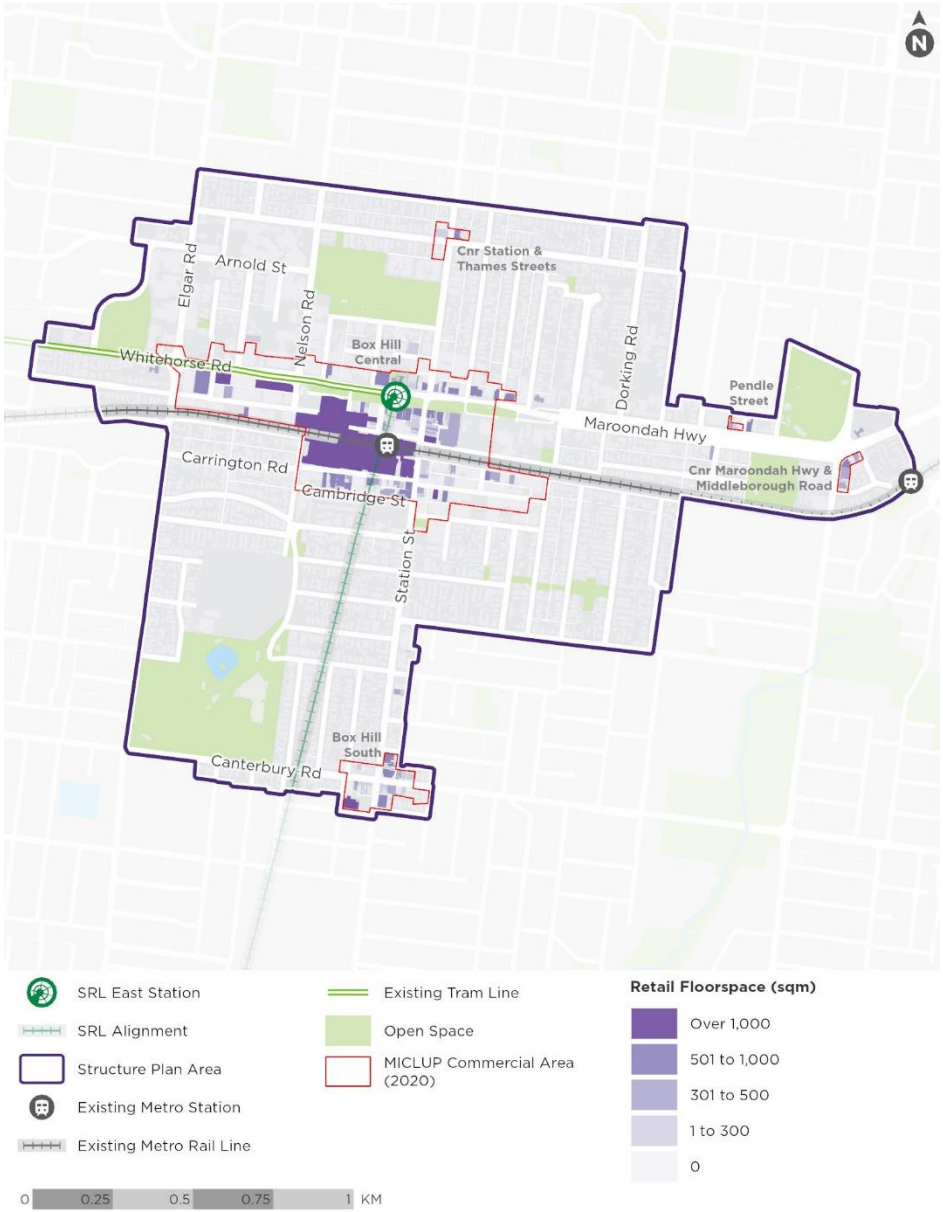
Table 6.3 shows the estimated floorspace, turnover and trading level of the identified key retail centres, as well as any ancillary retail floorspace observed in the floorspace audit.

TABLE 6.3 BOX HILL STRUCTURE PLAN – EXISTING RETAIL FLOORSPACE PROVISION (ROUNDED)

RETAIL FLOORSPACE BY CATEGORY	GLA (SQ.M)	TURNOVER ($M)	ATL ($ PER SQ.M)
Food retail	25,000	249	10,000
Food and beverage	35,600	200	5,900
Non-food	31,900	149	4,700
Total retail (modelled retail centres/precincts)	**92,500**	**598**	**6,500**
Ancillary retail	10,500		
Total retail GLA (sq.m)	**103,000**		
Total retail GBA (sq.m)	110,000		

Source: AJM JV

[19] Vicinity Centres (online), Box Hill Central North, https://www.vicinity.com.au/portfolio/our-properties/box-hill-central-north#/ Accessed May 2024.



Source: AJM JV

FIGURE 6.3 BOX HILL STRUCTURE PLAN – EXISTING RETAIL FLOORSPACE PROVISION (GBA SQ.M)

6.2 Proposed retail floorspace

This section reviews future major retail developments that will need to be factored into the retail floorspace demand modelling for the South East Region and Box Hill Structure Plan Area.

6.2.1 SOUTH EAST REGION

Developments shown in Table 6.4 are proposing to provide at least 10,000 sq.m of retail floorspace within the South East Region. Note that the Sky Square development has been omitted from this table, as it is shown in Section 6.2.2.

TABLE 6.4 MAJOR PROPOSED CENTRE-BASED RETAIL DEVELOPMENTS ACROSS THE SOUTH EAST REGION

RETAIL CENTRE	DESCRIPTION	MAJOR ACTIVITY CENTRE	STAGE
Chadstone	• Chadstone is in the process of developing a revitalised fresh food precinct that will span 26,500 sq.m and include 50 retailers.[20] • This will provide everyday essentials for food retail, as well as specialty retail offerings. • This new precinct, along with a new commercial tower and added car parking, will strengthen Chadstone as the premier retail destination in the South East Region.	Chadstone	Development approval
Jam Factory	• The Jam Factory is proposed to be redeveloped to improve the streetscape entries and massively increase the total footprint of retail and non-retail uses. There will be an additional 21,000 sq.m of retail floorspace, and almost half of which will be non-food. There will also be hotels and residential towers rising above.	n/a	Development approval
Westfield Doncaster	• Westfield Doncaster is proposing 43,000 sq.m of retail floorspace and 18,000 sq.m of commercial office space to be added to the centre. It is anticipated the development will be staged to 2030.	Doncaster Hill	Early planning
East Village	• East Village is a part of the East Village Structure Plan looking to create a town centre in the City of Glen Eira for enhancing local employment and innovation. It is currently a business park, a disused factory and several light industrial and residential parcels, but it is planned to add residential and commercial density alongside 12,000 sq.m of retail floorspace.[21]	Bentleigh East	Rezoning approval
Sandown Racecourse	• On the Sandown Racecourse site there are planned to be around 7500 new homes and supporting retail. New retail floorspace will total around 10,000 sq.m and half of this is to be food retail. This allows for the provision of a supermarket.	n/a	Development application
APH City Park	• APH City Park will be a significant development of around 85,000 sq.m total floorspace, including 35,000 sq.m of commercial employment space and 50,000 sq.m of other uses, including retail, sports, entertainment, dining, childcare, gym, healthcare and wellness spaces and facilities. Retail floorspace is estimated to total up to 10,000 sq.m, which includes a Woolworths supermarket.	Tally Ho	Early planning
Dandenong Plaza	• Future plans to expand the offer at Dandenong Plaza include an increased retail provision of 10,000 sq.m, of which non-food will make up the largest share.	Dandenong	Site acquisition

This level of retail floorspace proposed will influence how future retail floorspace demand driven by resident expenditure in the South East Region is allocated across the Structure Plan Area and the broader South East Region.

[20] Vicinity Centres (2022), "Chadstone unveils details of newest development plans including Fresh Food Precinct 'The Market Pavilion' and 20,000 sqm commercial office tower" https://www.vicinity.com.au/about-us/newsroom/vicinity-news/chadstone-unveils-details-of-newest-development-plans.

[21] I2c, (2024), Croydon Central Stage 1 Commences, https://i2c.com.au/croydon-shopping-centre/, accessed May 2024.

It should be noted that other retail development will proceed in various locations across the South East Region to 2041. This is allowed for through growth in 'other' centres in the analysis in Part C of this needs assessment.

6.2.2 BOX HILL STRUCTURE PLAN AREA

Box Hill Central is proposed to be redeveloped as part of a significant mixed-use development across the site. The retail component will be reconfigured and modernised, although, in net terms, the increase in retail floorspace is moderate. This and other known major proposals for retail development in the Structure Plan Area are summarised in Table 6.5.

TABLE 6.5 MAJOR PROPOSED RETAIL DEVELOPMENTS, BOX HILL STRUCTURE PLAN AREA

BOX HILL CENTRAL 	• The 10-year masterplan for Box Hill Central aims to create 250,000 sq.m of flexible mixed-use development, 5000 sq.m of open spaces, 1700 apartments, 80,000 sq.m of commercial space and 4000 sq.m of additional retail space. • Stage one includes a covered urban plaza and Spanish-steps-styled amphitheatre, a 27-storey office tower, and the 51-storey complex with over 350 apartments. • Development stage: development approval (stage one).
SKY SQUARE **517-521 STATION STREET, BOX HILL** 	• Mixed-use development including approximately 400 apartments across two towers and a three-level retail podium spanning approximately 10,000 sq.m. Just south of the current core retail precinct. • Emphasis on creating a 'New Chinatown' atmosphere with a focus on food and beverage, lifestyle, and entertainment options, as well as a childcare centre. • Development stage: under construction. • Expected completion: late 2025.
TRIO BOX HILL **845-851 WHITEHORSE ROAD, BOX HILL** 	• A mixed-use development that co-locates residential living (apartments and seniors living), hotel accommodation and retail uses. • The development will include 5000 sq.m of retail space, including a 1500 sq.m supermarket, alongside 450 apartments, 30 independent living units, a 100-place childcare centre, 170 hotel rooms, and 3000 sq.m office.[22] • Development stage: Under construction. • Expected completion: mid-2024.

Source: Cordell Connect Construction Database, Vicinity Centres

Future retail floorspace estimates in the Structure Plan Area modelled in subsequent sections allow for the above developments, as well as continued small-scale mixed-use developments, which are estimated to deliver over 12,300 sq.m of retail floorspace in total across several planned projects.[23]

[22] Pomeroy Pacific (online), Trio, Box Hill, https://pomeroypacific.com.au/trio-box-hill/ accessed May 2024

[23] Cordell Connect (online), Construction Database https://www.cordellconnect.com.au/, accessed May 2024

6.3 Implications for Box Hill Structure Plan

The Box Hill Structure Plan Area retail offer is largely consolidated in the Box Hill MAC and is anchored by Box Hill Central. Other retail facilities in the Box Hill Structure Plan Area include small-scale retail and commercial strip precincts at the corner of Middlesborough Road and Whitehorse Road, Maroondah Highway and Station Street and Canterbury Road. Box Hill's current retail offering is characterised by a strong Asian influence, particularly restaurants, grocers and discount stores.

Future retail developments are anticipated to occur in mixed-use developments, such as proposals like Box Hill Central, Sky Square, and Trio.

The following implications for the development of retail space in the Box Hill Structure Plan Area should be considered:

- The Box Hill commercial and retail offer is part of a broader network of centres across the South East Region. In particular, the scale and role of retail facilities now and in the future will be influenced by the series of regional centres surrounding Box Hill (such as Doncaster, Knox, The Glen, and Chadstone), which limits the discretionary, particularly non-food, retail role of Box Hill.
- Future retail floorspace in the Structure Plan Area should lean into the role of Box Hill as an Asian-influenced fresh food and dining and entertainment destination serving local residents, workers and students.
- Retail floorspace in Box Hill should continue to be largely concentrated in existing centres or locations, primarily the core of the activity centre. The presence of small retail nodes across the Structure Plan Area means most residents are likely to have convenient access to some retail facilities within a short walk.
- Estimation of the future retail floorspace needs for the Structure Plan Area should consider existing and proposed development in the South East Region and at least accommodate existing proposed retail floorspace identified in the Structure Plan Area.

Part C: Future retail need

Part C includes:

- **Section 7** outlines the methodology for estimating retail floorspace demand in the Structure Plan Area.
- **Section 8** provides an analysis of the retail floorspace needs across the South East Region.
- **Section 9** forecasts future retail demand in the Structure Plan Area and estimates the quantity and nature of retail space needed, as well as the most appropriate locations and the potential retail jobs created.

7. Retail need methodology

This section provides an overview of the methodology for estimating the total retail floorspace demand in the South East Region, and how that floorspace will likely be distributed across existing and future retail centres and precincts, including the Boz Hill Structure Plan Area.

To determine the appropriate scale and distribution of retail floorspace that could be supported across the South East Region and Structure Plan Area in 2041, AJM JV has applied a market capacity analysis, with a second analysis to test the regional level floorspace estimates derived from this approach.

The market capacity analysis involves:

1) Considering the size of the spending market across the South East Region in 2041 and applying sustainable trading level estimates to determine the supportable retail floorspace demand across the Region
2) Estimating current market shares for the selected major retail centres and precincts
3) Using the constant market share estimates as the initial basis for distributing the regional floorspace demand across retail centres in the region (including retail facilities in the Structure Plan Area)
4) Adjustments are then made to these estimates to reflect potential constraints on the expansion of some centres and precincts before estimates are made specifically for the Structure Plan Area to reflect identified gaps in the offer and constraints on the expansion of some centres, as outlined in the following sections and Appendix G.

A **retail floorspace per capita provision analysis** is used as a high-level check to verify the retail floorspace requirement by residents living in the South East Region (the first point above). This references the Australian industry standard **retail floorspace provision estimate** of 2.2 sq.m per resident to check that the South East Region's total retail floorspace demand is reasonable within the context of normal expectations, noting potential factors influencing retail floorspace per capita provision outlined in Section 4.

A summary of these analyses is provided in Figure 7.1, with a detailed explanation of the methodology provided in **Appendix G.**

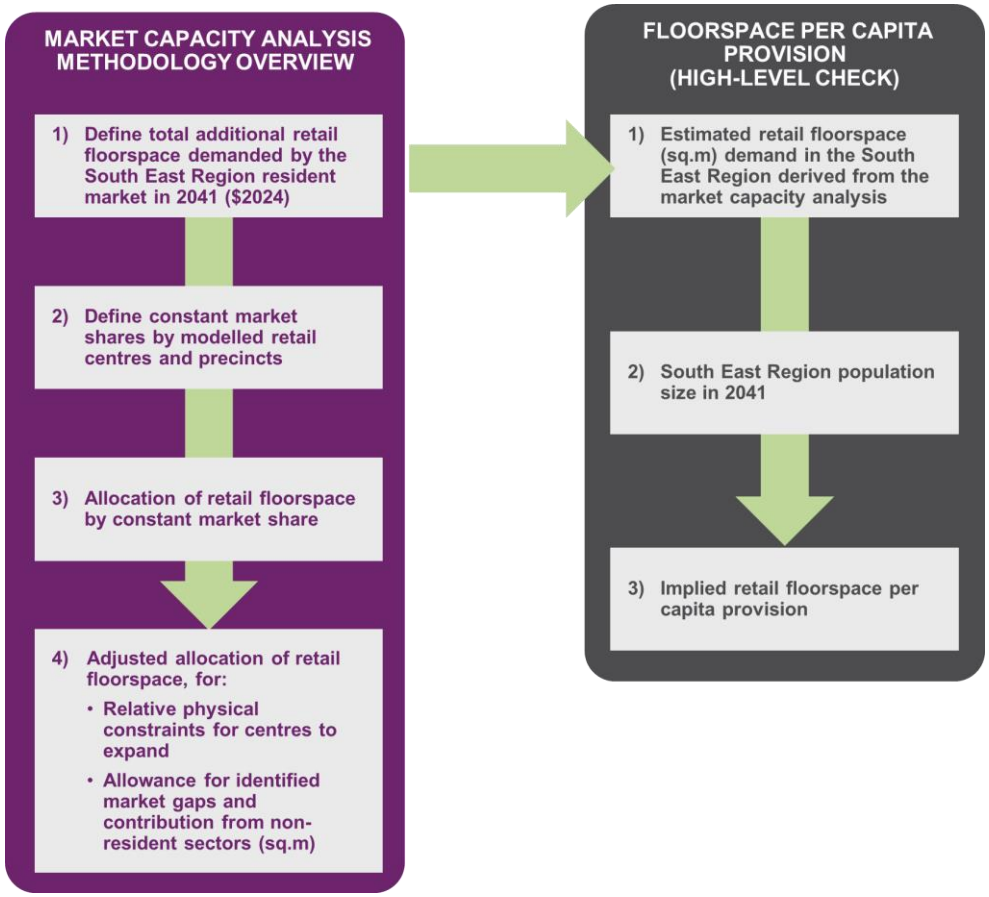


FIGURE 7.1 RETAIL NEED METHODOLOGY OVERVIEW

8. Regional retail floorspace demand

This section forecasts the future resident retail floorspace demand in the South East Region. This is the first step in the retail need methodology outlined in Section 7 and detailed in **Appendix G**.

8.1 Market capacity analysis

Figure 8.1 is an extract of the detailed methodology provided in **Appendix G.** It details the approach used to estimate the additional retail floorspace demand across the South East Region by 2041.

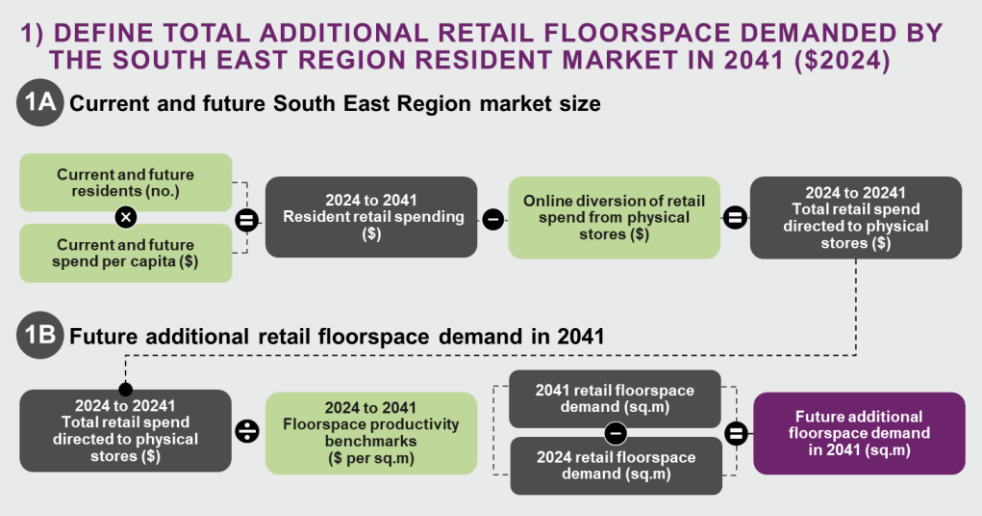


FIGURE 8.1 MARKET CAPACITY ANALYSIS – SOUTH EAST REGION ADDITIONAL FLOORSPACE DEMAND

Step 1 of the market capacity analysis to determine the total additional retail floorspace demanded by the South East Region highlights that between 2024 and 2041, an estimated **604,900 sq.m of additional retail floorspace will be demanded by residents of the region,** as shown in Table 8.1. This includes floorspace in the following retail categories:

- Food retail: 107,600 sq.m
- Food and beverage: 185,500 sq.m
- Non-food: 311,800 sq.m.

The resulting retail floorspace provision (total retail floorspace demand estimate divided by population within the South East Region) is estimated to marginally decrease from 2.04 to 2.02 sq.m per capita. This implies that rather than floorspace increasing directly in line with population, a larger share of retail spending will be directed to retailers in existing centres, correspondingly increasing their productivity. The additional population is implied to generate an additional 1.96 sq.m each.

Higher productivity will also be supported for existing retailers in centres within or just outside the Structure Plan Area, which will encourage investment and regeneration of retail space for the benefit of consumers. An overview of productivity rates used in this analysis is detailed in Appendix G.

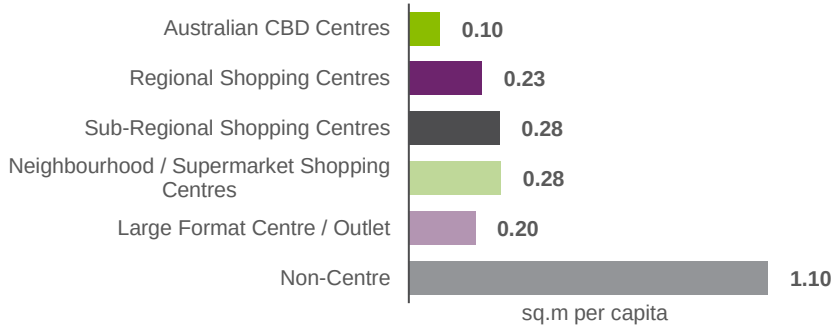
TABLE 8.1 FUTURE RESIDENT FLOORSPACE DEMAND, SOUTH EAST REGION

	RETAIL EXPENDITURE DIRECTED TO PHYSICAL STORES ($B)		AVERAGE FLOORSPACE PRODUCTIVITY ($ PER SQ.M)		FLOORSPACE DEMAND (SQ.M, ROUNDED)		ADDITIONAL FLOORSPACE DEMAND (SQ.M GLA)	PER ANNUM ADDITIONAL FLOORSPACE DEMAND (SQ.M GLA)
	2024	2041	2024	2041	2024	2041	2024-2041	2024-2041
Food retail	$10.3	$12.5	$11,000	$12,000	936,300	1,043,900	107,600	6300
Food and beverage	$4.6	$7.3	$6700	$8300	693,600	879,100	185,500	10,900
Non-food	$10.8	$15.6	$6000	$7400	1,797,800	2,109,600	311,800	18,300
Total retail	**$25.7**	**$35.4**	**$7500**	**$8800**	**3,427,700**	**4,032,600**	**604,900**	**35,600**
Retail floorspace per capita					*2.04*	*2.02*	*1.96*	

Note: Detailed floorspace distribution is provided in Appendix E.
Source: CommBank iQ 2023; ABS ERP 2023; Structure Plan Area projections derived from CityPlan (published in SRL BIC); Unpublished Victorian Government projections (South East Region); AJM JV

8.2 Floorspace per capita provision

As outlined in Section 4.1, Australia's retail floorspace provision is currently estimated to be around 2.2 sq.m per capita for total retail floorspace, with an even split between centre-based retail and high street retail precincts (e.g. non-centre), as outlined in **Appendix D.**



Source: Urbis

FIGURE 8.2 AUSTRALIAN AVERAGE RETAIL FLOORSPACE PER CAPITA (SQ.M PER PERSON)

If the above per capita provision of retail space (2.2 per sq.m) was to be maintained over the forecast period and applied to the South East Region, the total retail floorspace demand would be 4.38 million sq.m retail floorspace (GLA) by 2041, as shown in Table 8.1.

TABLE 8.2 INDICATIVE FLOORSPACE DEMAND, SOUTH EAST REGION, ASSUMING PER CAPITA PROVISION REMAINS AT 2.2 SQ.M

	FLOORSPACE (SQ.M)		GROWTH (SQ.M)
	2024	2041	2024-2041
Australian CBD centres	162,000	191,600	29,600
Regional shopping centres	380,200	449,900	69,700
Sub-regional shopping centres	471,800	558,200	86,400
Neighbourhood/supermarket shopping centres	478,800	566,500	87,700
Large format centre/outlet	345,000	408,200	63,200
Other retail (non-centre)	1,866,000	2,207,800	341,800
Total Retail	**3,703,800**	**4,382,200**	**678,400**

Source: CommBank iQ 2023; ABS ERP 2023; Structure Plan Area projections derived from CityPlan (published in SRL BIC); Unpublished Victorian Government projections (South East Region); AJM JV

It is important to note the floorspace demand shown in Table 8.2 above is not directly comparable to the figures shown in Table 8.1. The figures in Table 8.1 Table 8.1 indicate an estimate of demand for floorspace generated by residents of the Region. The numbers calculated above apply the national average provision to the population and, therefore, in effect, include an allowance for floorspace supported by non-residents. They also assume a constant provision of 2.2 sq.m per person rather than the slight decline implied in the previous sub-section.

The fact that the net change result here is slightly higher than the previous sub-section indicates that the result is appropriate, allowing for the additional floorspace supported by non-residents and the improved productivity implied by a slight decrease in floorspace per capita.

8.3 Implications for Box Hill Structure Plan

Based on the market capacity analysis and check of the retail floorspace provision per capita, the South East Region resident population is estimated to support just over 4 million sq.m of retail floorspace (GLA) by 2041, representing an increase of around 604,900 sq.m from 2024.

The additional floorspace will be distributed across all existing and future centres or retail locations, including those within the Box Hill Structure Plan Area, and influenced by:

- Existing relative market capture of each centre or location – in the first instance, all existing centres are assumed to have the capacity to access a prorated share of the future floorspace requirement
- The capacity of each centre for expansion is then considered and, in some cases, is deemed to be a constraint
- The addition of new retail facilities being developed primarily through mixed-use projects which will capture market share
- Relative proximity to localised areas of elevated population and, therefore, spending growth
- The likely change in the relative contribution of non-residents to the performance of a particular centre.

How these factors are expected to play out and influence the potential retail floorspace need in the Box Hill Structure Plan Area are detailed in the next section.

9. Box Hill floorspace growth and distribution

This section details the retail floorspace growth and distribution for the Box Hill Structure Plan Area, as well as considerations relating to the location of the additional floorspace required. A more detailed explanation of the methodology used to derive the results in this section is provided in **Appendix G.**

9.1 Constant market share approach

To calculate the floorspace allocation to all centres, and specifically for the Box Hill Structure Plan Area, an initial constant market share was applied. Figure 9.1 (an extract of the detailed method shown in **Appendix G**) shows conceptually how the constant market share was derived across the existing retail centres and precincts within the South East Region**.**

9.1.1 CURRENT MARKET SHARE CALCULATION

The current market share of a range of key centres across the South East Region (by region sector and product category) has been estimated using a combination of:

- Estimates of existing turnover derived from a range of sources, having regard to centre composition and, therefore, merchant-type weightings
- Relative share of trade for each centre derived from residents of each sector of the South East Region, using the HMD as a base, including an allowance for trade derived from those who live outside the South East Region
- The estimated turnover for each centre in each South East Region sector and product category divided by the respective estimate of resident retail spending by residents of each sector and category produces the estimate of market share.

The current market shares for each centre by sector and product category are used as a starting point to distribute the retail floorspace requirement between retail centres. The results of this process for the Structure Plan Area are shown in Appendix Table G.3.

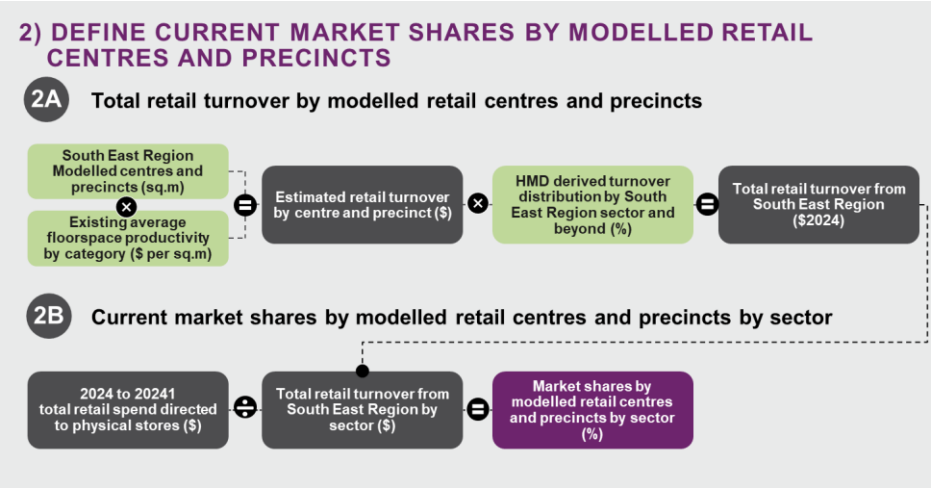


FIGURE 9.1 MARKET CAPACITY ANALYSIS – DEFINE CURRENT MARKET SHARES BY MODELLED RETAIL CENTRES AND PRECINCTS

9.1.2 BOX HILL AND CATCHMENT

The estimate of market share for the retail space within the Structure Plan Area is calculated through this process. This is summarised in Table 9.1with further detail provided in Table G.3.

The distribution of trade (the share of retail trade derived from each sector of the region) provides an indication of the catchment or trade area served by the retail facilities in the Structure Plan Area. For Box Hill, this shows that the highest market share (the estimated percentage of total retail sales from a given market) is logically within the Box Hill Structure Plan Area and the remainder of the City of Whitehorse that surrounds the Structure Plan Area. This is a typical pattern whereby the local areas contribute most heavily to trade in a centre.

TABLE 9.1 BOX HILL STRUCTURE PLAN AREA RETAILERS, DISTRIBUTION OF TRADE AND MARKET SHARE, 2024

	DISTRIBUTION OF TRADE (%)	MARKET SHARE (%)
Box Hill Structure Plan Area	12.3%	36.3%
Balance of Whitehorse LGA	24.8%	6.9%
Manningham LGA	13.4%	4.0%
Boroondara LGA	12.2%	2.3%
Knox LGA	6.1%	1.6%
Other South East Region	21.0%	1.2%
Beyond South East Region	10.3%	NA

Source: CommBank iQ 2023; ABS ERP 2023; Structure Plan Area projections derived from CityPlan (published in SRL BIC); Unpublished Victorian Government projections (South East Region); AJM JV

However, given the nature of retail in the Structure Plan Area, specifically with the inclusion of the sub-regional centre in Box Hill Central as the key retail location and the broad appeal of the food and beverage offer, a significant proportion of visitation to retailers comes from across a wide area of the South East Region and beyond. The detail for the share of trade and market share from specific LGAs is shown in Appendix Table G.3.

The distribution of trade and catchment of retailers in Box Hill is likely to shift somewhat over time. However, given the large existing retail offer and an established sub-regional shopping centre, it is unlikely that the distribution of trade and market share from each LGA/sector will shift greatly. The current market shares are likely a good representation of future market shares. Consequently, the constant market share approach described here as a first step is likely to be a fairly accurate estimate of the need for retail space in the Box Hill Structure Plan. Nonetheless, further adjustments are considered to derive a final estimated need, including noting the opportunity and likelihood of Box Hill Central and the broader Box Hill MAC growing directly in line with market growth, given it already offers a broadly complete offer. This is not to say the centre will not grow, more that it may not grow at the same rate as the increase in the spending market. The further adjustments to floorspace needed in the Structure Plan Area are as described in Section 9.2.

9.1.3 DISTRIBUTION OF ADDITIONAL FLOORSPACE REQUIREMENT BY CURRENT MARKET SHARE

To begin with, AJM JV have assumed that the additional retail floorspace requirement to 2041 is distributed in line with current market shares, as shown in Figure 9.2. This is the 'constant share case' and implies that each centre would capture a share of the additional regional floorspace in line with their current market share, albeit with variations based on composition. For example, if a centre currently has a 10% share of the food retail spending across the region, it is allocated 10% of the additional food retail floorspace increase.

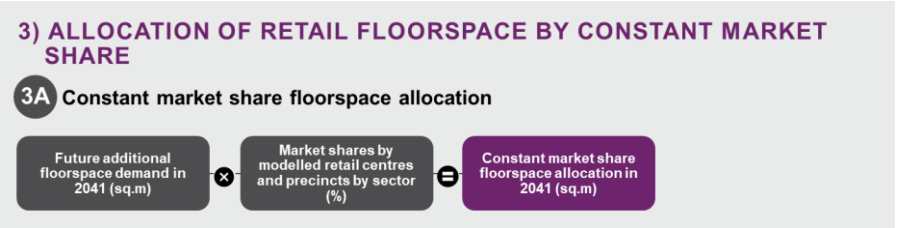


FIGURE 9.2 MARKET CAPACITY ANALYSIS – ALLOCATION OF RETAIL FLOORSPACE BY CONSTANT MARKET SHARE

The resultant additional retail floorspace using the constant market share approach for the Box Hill Structure Plan Area specifically is detailed in Table 9.2. This results in a sizeable increase in retail space in line with the current offer under a constant market share approach. Further detail on this step is outlined in **Appendix G**, with the Structure Plan Area results shown in Table G.4.

TABLE 9.2 CONSTANT MARKET SHARE FLOORSPACE ALLOCATION, BOX HILL STRUCTURE PLAN AREA

	ADDITIONAL FLOORSPACE DEMAND (SQ.M GLA)	
	SOUTH EAST REGION	BOX HILL STRUCTURE PLAN AREA
Food retail	107,600	4200
Food and beverage	185,500	11,100
Non-food	311,800	6400
Total retail	**604,900**	**21,700**

Source: CommBank iQ 2023; ABS ERP 2023; Structure Plan Area projections derived from CityPlan (published in SRL BIC); Unpublished Victorian Government projections (South East Region); AJM JV

It should be noted that while the floorspace estimates in the table above are aggregated, the approach allows for an allocation of demand generated across the broader South East Region, in line with the current market share Box Hill Structure Plan Area's retail facilities attract from each sector of the Region. This appropriately recognises that retail facilities will attract visitation from not just the immediate area (in this case, the Structure Plan Area) but also a wider catchment reflecting the nature of the facilities. This is reflected in the distribution of trade and market shares shown in sub-section 9.1.2 and Appendix G.

In the case of Box Hill, the sub-regional role of Box Hill Central and the strong Asian influence of the broader Metropolitan Activity Centre means that a significant share of retail turnover is derived from residents outside of the Structure Plan Area.

9.2 Adjustments to future floorspace need

The following sub-section outlines the additional floorspace adjustments beyond the initial constant market share approach, as outlined in Figure 9.3 and detailed in **Appendix G.**

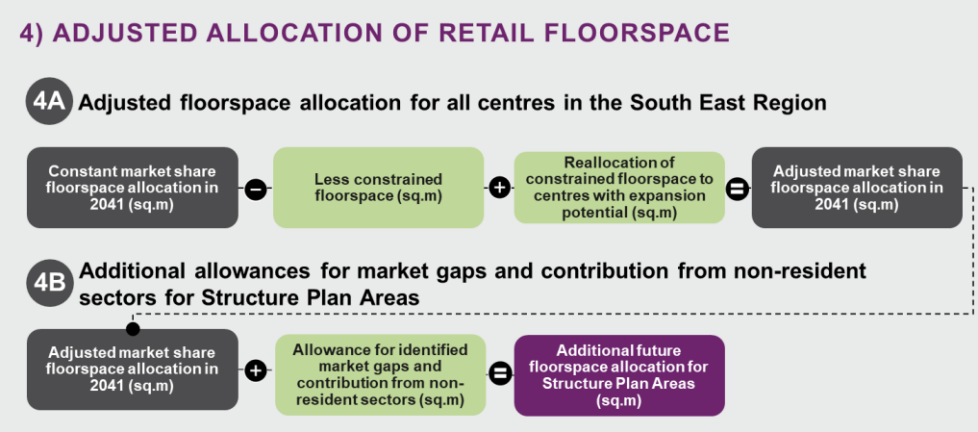


FIGURE 9.3 MARKET CAPACITY ANALYSIS – ADJUSTED ALLOCATION OF RETAIL FLOORSPACE

There are several factors that can influence the future allocation of retail floorspace, resulting in a Structure Plan Area accommodating a higher (or lower) retail provision than indicated by the constant market share approach. These include:

- Relative physical constraints for centres to expand
- Relative contribution from non-resident groups
- Filling an identified gap.

A purely modelled outcome to determining the retail floorspace needs, specifically in the Structure Plan Area has been used. Therefore, while some of the adjustments made to convert constant market share floorspace estimates into a final retail floorspace need are set out in this report, a level of judgement is ultimately required. AJM JV's experience and insight is, therefore, a necessary additional step in forecasting retail floorspace requirements at the local area/centre level.

These judgements take into account:

- The nature of the type of retail floorspace provided. For example, a sub-regional shopping centre and a local retail strip have different qualities and generate differing floorspace needs
- Where the facilities will be located, whether near the station or near industrial land uses, for example
- Understanding of retail development trends and intentions of major developers
- An assessment of the retail gaps or opportunities within the Structure Plan Area through capacity analysis detailed in this section.

The following subsections address these factors and how they have been applied to the Box Hill Structure Plan Area retail needs assessment.

9.2.1 RELATIVE DEVELOPMENT CONSTRAINTS

Some centres or retail locations have opportunities for expansion, while others, for a variety of reasons, are constrained. In an urban redevelopment precinct such as the Box Hill Structure Plan Area, the opportunity to redevelop underutilised sites to accommodate more retail floorspace growth is greater relative to other more constrained existing activity centres.

The adjustment made in this instance involves identifying retail locations that are constrained, estimating the level of constraint, and then for all centres that are constrained, to the extent that the constant market share floorspace is unlikely to be achieved, determining the gap between the estimated floorspace based on opportunity for expansion, and the constant market share estimate for each respective centre.

This total 'constrained' floorspace estimate is then reallocated back to all other centres that can support the constant market share floorspace in line with their relative market share (i.e. excluding the constrained centres).

Under a constant market share allocation, the Box Hill Structure Plan Area was estimated to require approximately 21,700 sq.m of additional retail floorspace (GLA), including demand generated from beyond.

The estimated amount of floorspace that is development constrained across all identified centres, relative to their constant market share estimate, has been estimated at circa 191,950 sq.m. This is then allocated to all other unconstrained centres, including other unidentified centres, on a pro-rata basis.

The capacity of the Structure Plan Area is potentially greater than the constant market share increase. However, the major centre within the Structure Plan Area, Box Hill Central, is considered to only have moderate potential for further expansion relative to its current size. The centre has a master plan approval which includes only an additional 4000 sq.m of retail floorspace, even though the extensive fresh food market and Asian food offer is to be maintained, supported by Box Hill's two full-line supermarkets (Coles and Woolworths). There is little need for more major non-food anchor tenants (e.g. discount discretionary stores), due to its proximity to Westfield Doncaster and the centre's own history of floorspace rationalisation with non-food anchor tenants.

However, the opportunity exists within the surrounding strip retail offering in the broader activity centre, with the potential for redevelopment of retail floorspace through major mixed-use developments.

The share of the 191,950 sq.m of constrained space allocated to the Box Hill Structure Plan Area is 16,900 sq.m of additional retail floorspace, representing a 9% share (excluding the constrained locations).

9.2.2 CONTRIBUTION OF NON-RESIDENT GROUPS

An elevated contribution from other precinct users, such as those who work, study, or visit the Structure Plan Area, will add to the requirement for floorspace.

It must be noted that these groups are already considered through the constant market share calculation. For example, workers or students who live in the region are already considered residents. Those who live outside the region are accounted for in the trade from 'beyond' allowance. For this reason, the total contribution of non-resident groups is not additive to the requirement calculated from residents of the South East Region, except in situations where higher growth in any of these market segments is likely to influence a particular centre to a greater extent than the regional average.

An adjustment is therefore necessary if the relative contribution of these groups is likely to change. For example, if the employment base in the Structure Plan Area will change dramatically over and above the growth in residents, more retail floorspace may be required to meet that demand, such as additional food and beverage outlets.

The contribution of other market segments is best shown as their relative increase in expenditure compared to the resident market. Over the forecast period of 2024 to 2041, the total market growth in the resident sector is estimated at $326 million for the Box Hill Structure Plan Area, representing a 5.4% increase per annum. Across the entire South East Region, the average annual growth is a much lower 2.4%.

The worker and visitor markets are generally forecast to grow on par with resident market growth, with the student market not to be as substantial.

By 2041, more office space is anticipated to be developed around the SRL station around Box Hill, including Box Hill Central. With an influx of office workers, it is important that there is future retail floorspace that caters to this captive market, such as convenience retail and 'grab and go' food and beverage offerings.

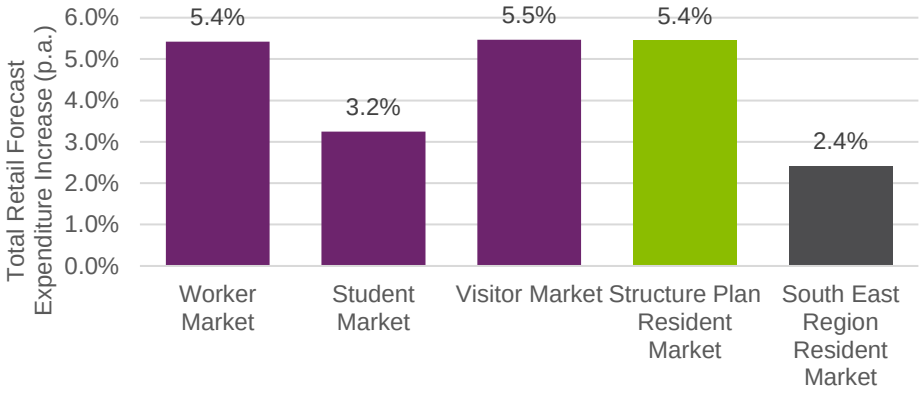


FIGURE 9.4 MARKET SEGMENT TOTAL RETAIL EXPENDITURE GROWTH COMPARISON, 2024–2041

Source: CommBank iQ 2023; ABS ERP 2023; Structure Plan Area projections derived from CityPlan (published in SRL BIC); Unpublished Victorian Government projections (South East Region); Urbis Office Worker Surveys; Box Hill Institute Annual Reports; Department of Education; Urbis University Student food and beverage Surveys; TRA; AJM JV

While the resident market will largely underpin the provision of retail floorspace in the Box Hill Structure Plan Area, other market segments will create some additional demand that will manifest in a combination of increased productivity of existing and future retailers supported by residents and potentially an elevated need for more space.

The type of space supported by workers, students and other visitors will differ from the distribution of demand from residents. For example, the relative spending of these non-resident groups is much more heavily weighted toward food and beverage, and in the case of the visitor market, some non-food categories as well.

9.2.3 IDENTIFIED RETAIL GAPS

Existing gaps in the retail offer that can be addressed in the Structure Plan Area, in addition to market growth, are apparent in some areas, particularly in terms of anchor tenants.

This is most evident when the retail provision in a centre is currently quite modest, and the constant market share approach would only allocate a small share of future floorspace to that centre. However, with growth in the resident population and other user groups in the immediate area, a significantly larger retail offer may be needed, such as a new supermarket and supporting specialty shops. The floorspace allocation to the Structure Plan Area is therefore considered to allow for new facilities, if necessary, where market thresholds are met, and market gaps are apparent.

9.2.3.1 Supermarket capacity

The need for additional supermarket anchors in the Structure Plan Area has therefore also been considered, with an indicative capacity analysis described below.

At a high level, to assess the demand generated by residents for supermarket floorspace, the following standard steps were undertaken:

- The size of the population in the Structure Plan Area in 2024 and in 2041
- The current provision of supermarket floorspace per 100 residents in the Structure Plan Area is 55 sq.m. This is above the metropolitan Melbourne average of 32 sq.m per 100 residents due to the broad drawing power of the Structure Plan Area
- Multiplying the current supermarket floorspace per 100 residents by the 2041 population results in an estimated supermarket floorspace need in 2041, all other things being equal

- Comparing the indicative supermarket floorspace need to the estimated existing provision of supermarket floorspace in the area gives an indication of the extent of any gap in the area in 2041.

Supermarkets typically require around 8,000 to 10,000 people per full-line store. The population of the Box Hill Structure Plan Area is estimated to increase by 13,760 residents to reach 29,100 people in 2041, which, in principle, would typically support another full-line supermarket.

Based on the indicative floorspace provision assessment shown in Table 9.3, the Box Hill Structure Plan Area could support around 7600 sq.m of additional supermarket floorspace by 2041. We have adopted a lower figure of 4200 sq.m, reflecting a midpoint between the Melbourne metropolitan area average and the higher indicative Box Hill figure. This endeavours to account for anticipated changes in the market and the changing nature and density of the Box Hill Structure Plan Area. It can be expected to result in higher supermarket productivity levels in the area.

The analysis above should be seen as a guide and should not be interpreted as a definitive requirement or cap on the provision of additional supermarket space. Indeed, the Box Hill Structure Plan should also note the possibility of new players and/or the breakup of existing supermarket brands to facilitate greater competition.

Consequently, the allowance for food retail space was considered and ensured at least enough floorspace increase is indicated in the Structure Plan Area to support the addition of a full-line supermarket or multiple smaller supermarkets, with additional potential for supporting specialty or mini-major space (see Figure 9.5).

TABLE 9.3 INDICATIVE SUPERMARKET DEMAND (SQ.M, GLA), BOX HILL STRUCTURE PLAN AREA

STRUCTURE PLAN SUPERMARKET PROVISION	2024	2041
Population in Structure Plan Area	15,300	29,100
Floorspace per capita per 100 residents	55	55
Indicative supermarket floorspace need	8500	16,100
Current floorspace	8500	8500
Surplus (+)/deficit (-)	+0	-7600

Source: Structure Plan Area projections derived from CityPlan (published in SRL BIC); AJM JV

9.2.3.2 Food and beverage

The food and beverage (F&B) offer in Box Hill is seen as a strength of the activity centre, in particular the Asian-focussed restaurant provision. The offer is diverse and provides a range of different dining experiences. In this sense, there is not an existing gap in the F&B offer that needs to be filled.

That is not to say the F&B offer should not be expanded. In fact, it is recommended that the strength of the current offer is built upon, enhancing Box Hill's reputation as a dining destination and attracting visitors from a wider area. However, the growth in the category implied by the constant market share growth plus the allocation of constrained space should be sufficient to support continued growth and consolidation of the F&B role of Box Hill. In effect, the significant market share achieved in F&B at Box Hill implies a significant share of the future F&B floorspace growth will be allocated to the centre.

As the mix of uses in the activity centre increases to support more workers and other visitors, F&B will be an important use to cater to these markets. The growth in those market segments generally aligns with the residential sector. However, much of the employment growth is expected to be concentrated in new office development centrally within the activity centre.

Likewise, there may be an opportunity for F&B retailing to service the health and education precinct. This is considered further below.

Overall, some additional allowance for F&B space within Box Hill over and above market growth could be supported.

9.2.3.3 Non-food retail uses

The need for discount department stores or department stores has not been assessed in the same way as supermarkets due to the established store networks, and the challenging retail trends for those tenants limiting new store openings over the forecast period. However, the opportunity for the existing retail offer to expand or play an elevated role with the inclusion of non-food anchor tenants has been considered.

In Box Hill, the need for an elevated non-food discretionary role is thought to be limited due to the presence of several regional and sub-regional centres that play this role. The likes of Doncaster, Ringwood, Knox, Glen Waverley and Chadstone, surround Box Hill. These will continue to moderate Box Hill's non-food discretionary role. This is evidenced by the Box Hill Central master plan, which indicates very little additional non-food use. Department stores and discount department stores are not expected to return to be part of the mix in Box Hill.

Similarly, there are locations outside the Structure Plan Area providing a significant critical mass of large format retail space. There is limited need for further retailing of this nature within Box Hill, except perhaps for a very limited range of stores utilising the frontage to Whitehorse Road within the activity centre boundary.

9.2.3.4 Retail provision in modern health precincts

To determine the amount of retail floorspace that could be supported in the Box Hill health and education precinct, an analysis was conducted examining the relationship between hospital size and the amount of retail floorspace at various hospitals. Table 9.4 shows the total area, number of beds and amount of retail floorspace at different hospitals analysed.

In general, retail floorspace ranges from 0.6%-1.2% of the total hospital area. Generally, the larger the hospital, the higher the foot traffic and the greater the capacity and variety of retail facilities.

Larger hospitals normally include 5-6 cafes or food court-style tenancies, a larger restaurant (canteen-style), convenience store, pharmacy, florist, newsagent and possibly some service offerings (post office, bank).

The Royal Children's Hospital in Melbourne has a larger retail provision, including a large convenience store and a restaurant supported by the on-site hotel. The Royal Children's has a modest number of beds but tends to provide more extensive outpatient clinics and other services, increasing demand over and above what is supported by each bed.

The VCCC has the highest provision of retail floorspace relative to beds and floorspace. This is likely due to its location on Grattan Street near Melbourne University and opposite the Royal Melbourne Hospital. It, therefore, has the potential to serve a broader market beyond the hospital staff and visitors.

While retail floorspace typically constitutes about 1% of total hospital floorspace, the amount of retail floorspace across broader health precincts caters to various nearby facilities.

For example, the redevelopment of the Herston Health Precinct in Brisbane, known as Herston Quarter, includes enhanced retail services and amenities on the site. Upon completion, there will be 4200 sq.m of retail space across the precinct. The redeveloped precinct will see other health, education and biomedical facilities and residential and student accommodation developed around the existing Royal Brisbane and Women's Hospital (986 beds).

Although there is little other retail space close to Herston Quarter, it is an example of a large health precinct supporting retail floorspace. Potentially, a larger Box Hill health precinct, supported by the education use, might support around 2000 to 3000 sq.m of retail space without undermining the role of the core retail areas around the station.

While the strong growth forecast for the worker population in Box Hill, particularly around the health precinct, will support some additional retail space primarily in food and beverage, the space required is relatively minor relative to the size of the Box Hill retail provision Activity Centre.

TABLE 9.4 NUMBER OF BEDS AND AMOUNT OF RETAIL FLOORSPACE AT VARIOUS HOSPITALS

HOSPITAL	HOSPITAL AREA (GFA SQ.M)	NO. OF BEDS	RETAIL FLOORSPACE (GLA, SQ.M)	AREA % (RETAIL FLOORSPACE VS. TOTAL HOSPITAL FLOORSPACE)
Bendigo Hospital, VIC	95,000	410	900	0.9%
Royal Melbourne and Royal Women's hospitals, VIC	214,000	770	1,730	0.8%
Royal Children's Hospital (RCH), VIC	142,800	360	1,500	1.1%
Footscray Hospital, VIC (proposed)	170,000	510	1,500	0.9%
Frankston Hospital, VIC (proposed)	175,000	570	1,300	0.7%
Victorian Comprehensive Cancer Centre (VCCC) (Peter MacCallum), VIC	116,300	170	950	0.8%
Northern Beaches Hospital NSW	115,000	490	1,200	1.0%
Fiona Stanley Hospital, WA	206,700	780	1,150	0.6%
Sunshine Coast University Hospital, QLD	160,000	750	1,000	0.6%

Source: AJM JV

9.2.4 MARKET SHARE ADJUSTMENT SUMMARY

The results of the analysis of future retail floorspace requirements in the Box Hill Structure Plan Area are summarised in Figure 9.5. This indicates a need to plan for an increase in retail floorspace in the Box Hill Structure Plan Area in the order of 44,600 sq.m over and above the current provision.

Broadly, the Box Hill Structure Plan Area's retail offer will be able to grow in line with the existing sizeable market share (reflected in the large increase under the constant market share allocation). Some additional space could be allowed for beyond that to reflect the opportunity for the development of new space that some locations don't have and the increasing growth of local worker numbers within the area around the station and to service the health and education precinct.

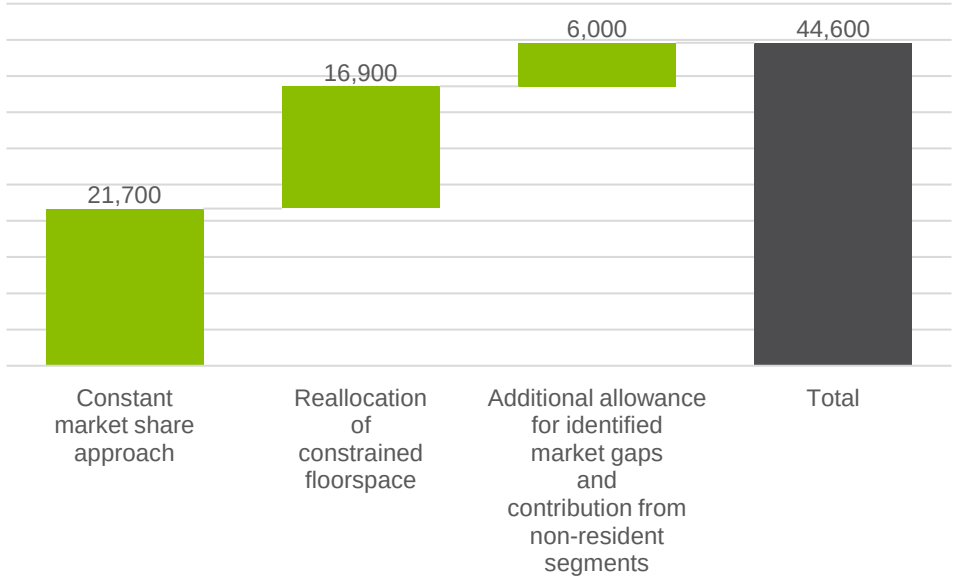


FIGURE 9.5 ADDITIONAL RETAIL FLOORSPACE - MARKET SHARE AND FLOORSPACE ADJUSTMENT SUMMARY (GLA, SQ.M), BOX HILL STRUCTURE PLAN AREA

Source: CommBank iQ 2023; ABS ERP 2023; Structure Plan Area projections derived from CityPlan (published in SRL BIC); AJM JV

The additional allowance of 6000 sq.m to respond to market gaps and contributions from non-resident segments reflects the author's professional

judgement relating to the size of retail offer that is needed in the Structure Plan Area. The estimate takes into account the critical mass of floorspace necessary to support one to two mid-sized supermarkets, and the additional space that is sustained by non-resident groups particularly in F&B retailing. A level of judgement is ultimately required based on expertise, hence the numbers presented are an estimate of floorspace need and are ultimately below presented as a forecast range.

9.3 Potential impact on retail hierarchy

The above floorspace allocation to the Box Hill Structure Plan Area, resulting in a market share increase for the collective retailers in the area, will, by definition, reduce the market share of the existing centres in the surrounding retail hierarchy.

However, the level of impact is not expected to impact the sustainability of any surrounding centre or retail precinct nor change the role of any centre in the hierarchy.

The indicated growth in retail space in the Box Hill Structure Plan Area is intended to primarily service new growth that is proposed to occur (residents, workers, students and other visitors). While the centre will continue to draw custom from a wider area, expanding Box Hill's retail offer will not detract materially from the other retail locations in surrounding areas.

Firstly, it should be recognised that Box Hill is a Metropolitan Activity Centre. As the highest order centre in the network, it is expected that Box Hill will continue to grow to provide the widest range of activities. This includes retail and associated entertainment uses.

Although it is a Metropolitan Activity Centre, Box Hill does not offer the highest order of retail facilities in its region. It is surrounded by regional retail centres such as Doncaster, Ringwood or Knox. This distinction will remain based on the indicated retail floorspace increase and product category mix. It is expected Box Hill will continue to build on its fresh food and Asian dining offer, with the increase in discretionary non-food categories such as apparel remaining modest. The surrounding regional centres will, therefore, maintain their position, with limited impact from expansion in Box Hill.

Similarly, smaller centres in the surrounding area, typically anchored by a supermarket, will continue to provide their convenience retail role to residents nearby. The catchment population of most centres will grow over the next 15-20 years with population growth to occur generally across the region. Therefore, all retailers have the opportunity to benefit from market growth and strengthen their performance. It is not expected that the role of any centre in the retail hierarchy will be detrimentally impacted by incremental growth in Box Hill.

Market shares for other centres may still increase or decrease for a range of reasons such as redevelopment or improved offer in those centres, relative improvements in other centres or having access to (or not) localised market growth (e.g. local centres situated away from high-density growth areas within a sector).

It should be noted that even if market shares of other centres were materially reduced, declining market share does not necessarily mean declining performance. The productivity of all retailers serving the area is modelled to increase through growth in the market. With all retailers having access to greater spending from residents and other shoppers, market shares can decline to some degree, but retailer trading levels can increase beyond current levels, even excluding the effects of inflation.

An example of how centres would still capture increased retail spending even if their market share declines is shown in Figure 9.6. In the scenario presented, even though the established centre (Centre 1) sees its market share of the Structure Plan Area spend decrease from 40% to 30% as a new centre is introduced, given that the size of the spending market in the sector has more than doubled, the turnover of Centre 1 still increases ($80 million to $135 million). This is further detailed in **Appendix G**.

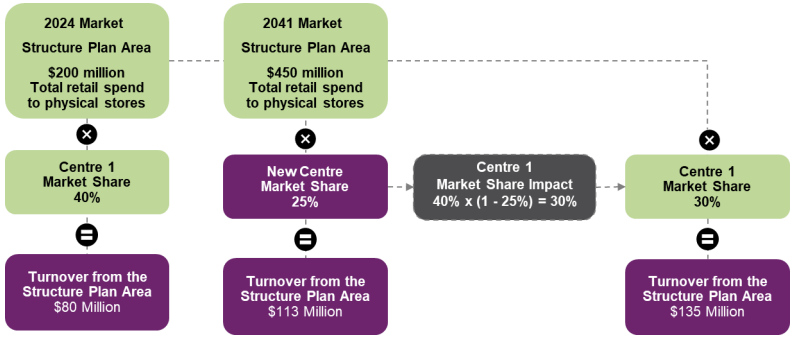


FIGURE 9.6 MARKET SHARE APPROACH EXAMPLE

Note: Numbers shown in the diagram are for the purposes of illustration only

9.4 Total floorspace demand

By 2041 the Box Hill Structure Plan Area could support around 147,700 sq.m of total retail floorspace GLA.

Based on the South East Region demand modelling in Section 8, market share and other adjustments discussed in this section, the Box Hill Structure Plan Area is anticipated to require around 44,600 sq.m of additional retail floorspace by 2041, as shown in Table 9.5. This equates to 7% of the future floorspace demand across the entire South East Region.

Food retail will likely capture a higher share of the South East Region's food and beverage floorspace growth than total retail, equating to 11% of future food and beverage floorspace. This reflects the opportunity to build on the currently strong food and beverage offer, as well as cater to an expanding market nearby, including residents, workers, and other visitors to Box Hill.

TABLE 9.5 TOTAL RETAIL FLOORSPACE DEMAND IN 2041 (SQ.M, GLA), BOX HILL STRUCTURE PLAN AREA

	2024	2041	2024-2041	
	EXISTING RETAIL FLOORSPACE	FUTURE RETAIL FLOORSPACE	ADDITIONAL RETAIL FLOORSPACE	% SOUTH EAST REGION
Food retail	26,600	38,300	11,700	11%
Food and beverage	43,000	55,700	12,700	7%
Non-food	33,500	53,700	20,200	6%
Total retail (GLA)	**103,100**	**147,700**	**44,600**	**7%**
Total retail (GBA)	**110,000**	**157,700**	**47,700**	**-**
Non-retail shopfront (GLA)			7900	

Source: CommBank iQ 2023; ABS ERP 2023; Structure Plan Area projections derived from CityPlan (published in SRL BIC); Unpublished Victorian Government projections (South East Region); AJM JV

It is estimated that Box Hill Structure Plan Area retail facilities have a current market share of 2% on average from the entire South East Region. The percentages in the table above are shares of floorspace, which are different from the share of spending, but nonetheless, it provides a comparison highlighting the additional share of growth able to be captured in the Structure Plan Area.

Box Hill will likely capture a higher share of the South East Region's floorspace growth than its current market share suggests. There are several reasons for this, including:

- There will be a concentration of residential development activity in the Box Hill Structure Plan Area, which will be primarily directed towards retail facilities in the immediate vicinity rather than centres further removed
- Increasing workers and other users of the precinct will also be concentrated in the core, supporting growth
- Redevelopment and construction of mixed-use development will enable the capacity of the retail offer to expand relative to other centre locations where expansion capacity is more limited.

These future floorspace numbers consider the anticipated future retail supply of around 31,300 sq.m of floorspace across the Trio, Box Hill Central redevelopment, Sky Square and other smaller-scale mixed-use developments. We note that this number would include non-retail uses and should, therefore, be compared to the total additional shopfront GLA of closer to 52,000 sq.m.

Recognising the analysis here is based on estimates, it is appropriate to apply a sensitivity of 10% above and below the modelled outcome in Table 9.5 to provide an indication of the likely range of additional retail space required. On this basis, the Box Hill Structure Plan is estimated to support **a further 40,000 sq.m to 49,000 sq.m of retail floorspace (GLA) to 2041**, equating to up to 8% of the future floorspace demand across the entire South East Region (604,900 sq.m). This would take the retail floorspace requirement in the Box Hill Structure Plan Area to approximately 143,100 sq.m to 152,100 sq.m retail GLA.

The indicative split between product categories of the additional space is:

- 11,000 sq.m to 13,000 sq.m GLA of food retail
- 11,000 sq.m to 14,000 sq.m GLA of food and beverage retail
- 18,000 sq.m to 22,000 sq.m GLA of non-food retail.

Note: these numbers should not be considered to be a target or a cap on retail space that must be met. Retail space delivery will be in response to market conditions and may vary. The numbers presented indicate the likely floorspace needed to inform the Structure Plan development, ensuring sufficient space is provided for. The Box Hill Structure Plan Area is forecast to need an additional 40,000 to 49,000 sq.m of retail based on the forecast demand. Additional floorspace beyond this level may be feasible so long as it does not materially detriment the centre hierarchy. The following sub-section and the recommendations in Section 11 consider the appropriate locations for retail floorspace growth to support the retail hierarchy.

9.5 Locations and nature of retail space

The distribution and nature of the total retail floorspace growth across the Box Hill Structure Plan Area will be influenced by the following considerations, drawing on the considerations for retail success drivers and trends referenced in Section 3.

- **Delivering retail facilities in appropriate locations in the Box Hill Structure Plan Area.**
  - » Future retail facilities should be concentrated in existing activity centres or commercial precincts unless there is a need for more convenient access to retail facilities in part of the Structure Plan Area.
  - » To highlight retail accessibility and locational gaps in the Box Hill Structure Plan Area, the relative access of residents across the Structure Plan Area to retail locations was considered. For this, the commercial floorspace in designated commercial and activity centres was used (as defined by the Melbourne Industrial and Commercial Land Use Plan) with an 800-metre radius around each commercial centre defined for those located within the Structure Plan Area.
  - » The 800-metre radius is used as it is often referenced as an area that is walkable (10 minutes one way, consistent with 20-minute neighbourhoods) and so provides convenient access to retail outlets for residents in those areas. For example, the Victorian Planning Authority's Precinct Structure Planning Guidelines 2.0 refers to 80 to 90% of residents living within 800 metres of an activity centre. Figure 9.7 shows there are no retail gaps in the Box Hill Structure Plan, with all areas within a walkable 800 metres of a commercial/retail location.
  - » As such, most floorspace growth should continue to be focused around the Box Hill retail core, with future retail space generally building on the existing centre offer.
- The retail needs across each product category will generally be in **fine-grain retail formats** close to the core either in managed centres or street-based. Some space will be sustained in locations radiating out from the core, although peripheral sites or upper levels should be limited. Developments in peripheral locations will only support destinational operators/tenants such as large format restaurants, bars, or non-retail uses such as gyms. An example in Box Hill of a new mixed-used development where multi-level retail has faced challenges is Sky One Plaza, summarised in Table 9.6.

TABLE 9.6 RECENT RETAIL DEVELOPMENT – SKY ONE PLAZA

- Sky One is the tallest residential tower outside Melbourne CBD and comprises 438 apartments alongside 3400 sq.m of retail space over three levels. The retail mix is geared towards food and beverage and lifestyle/wellness.
- The interior spaces above ground level, while developed to provide retail space, are not well-exposed and generate low shopper visitation as a result. This highlights the challenges of expanding retail space over multiple levels, which is not a feature of the Australian retail landscape.
- Development stage: Complete (2020).

Source: Urbis; Cordell Connect Construction Database

FIGURE 9.7 IDENTIFICATION OF RETAIL GAPS IN BOX HILL STRUCTURE PLAN AREA

- Not all sites are suited to supporting successful retail space. **Areas away from high pedestrian traffic flows should not be required to meet retail floorspace growth**, with other uses, such as local office suites, likely to be more suitable. Retail should not be designated as the sole ground-floor use for mixed-use developments simply because it is perceived to offer an appropriate interface to the street. This is typically a sub-optimal outcome that dilutes the core, as well as overall vibrancy and viability.
- Retail space will generally be added in the lower levels of major mixed-use developments. Most of this development will be in the activity centre core within a **short walk of the SRL station at Box Hill (200m-300m)**. At-grade retail is critical to activating street fronts and encouraging precinct vibrancy.
- Other locations where mixed-use development could support some retail use, particularly on the ground floor, are the existing small retail clusters located around the Structure Plan Area, such as those in the east closer to **Laburnum station, Box Hill South** and at the corner of **Station Street and Thames Street** to the north. Mixed-use development in these areas is already seeing new retail space provided, although often replacing older spaces that already exist.
- Retail **stretching along Whitehorse Road** any further than 100 to 200 metres from the SRL station at Box Hill should be limited to food and beverage operators serving the immediate resident or worker population or non-retail uses that benefit from exposure to the main road success as local office space, medical suites, gyms or other destination activities. They may be opportunities to **cluster specific retail types** and create a curated destination that engages customers, allowing for repeat visits and longer dwelling time, mitigating spending leakage.
- The potential addition of **one to two mid-sized supermarkets** could fill in the order of 2000-4000 sq.m of food retail space. The Trio development is proposing to add approximately 1500 sq.m of supermarket floorspace. The remaining food retail space would be in the form of fresh food specialty within centres or along streets close to the core, building on the strong fresh food offer already provided.
- The future **food and beverage offer** will be fine-grain specialty space with some larger restaurants, adding to Box Hill's position as a dining and

entertainment destination. The space will serve local residents, visitors from further afield, workers and students.

  - » A good case study example is the recently completed Tiger Lane in the Canberra Centre. It is a food precinct inspired by the hawker centres of Asia. The 70-metre-long precinct covers approximately 2000 sq.m and connects to busy commercial hubs. The precinct features 12 eateries and is designed around creating interaction with the 12 food stalls, with two narrow laneways activated by food stalls. The successful clustering of these food stalls also allows for operational efficiency, with two kitchens serving six venues each.
  - » This concept also appears similar to that proposed for the Sky Square development in Box Hill, with its 'New Chinatown' concept.

- The **non-food** offer in the centre is diminished from what it once was as larger regional centres surrounding have served that role. Box Hill is not envisaged as returning to be a significant non-food destination. The non-food space will include some specialty space (e.g. retail services) and potentially larger mini-major tenants.
- **Large format retail showrooms** (e.g. high-end furniture) may see some appeal in the main road frontage, although given the concentration of this type of retailer elsewhere (e.g. Mega Mile precinct along Whitehorse Road in Nunawading), the opportunity in Box Hill is limited and should not be specifically planned for.
- Retailers often benefit from being co-located with non-retail activity generators, which are part of a broader precinct. The **health and education** precinct in Box Hill presents the opportunity to deliver a convenience retail offer for students and workers. Retail uses will likely be incorporated into health and other commercial development in the area, or at the ground floor of mixed-use projects. The experience of other health precincts indicates the retail offer in similar precincts is typically 1000 to 1500 sq.m, with uses being primarily food and beverage along with aligned retail and medical services (e.g. pharmacy, pathology). Up to 2000 sq.m could potentially be allowed for in Box Hill, given the future density expected in the health precinct, also supported by education facilities.

9.6 Implications for Box Hill Structure Plan

The following factors should also be considered when planning for retail floorspace in the Box Hill Structure Plan Area:

- The majority of floorspace growth should continue to be focused around the Box Hill retail core and consolidate retail activity by building on the existing offer.
- The retail needs across each product category will generally be in **fine-grain retail formats** close to the core, either in managed centres or street-based. Some space will be sustained in locations radiating out from the core, although peripheral sites or upper levels should be limited.
- Areas away from high pedestrian traffic flows should not be required to meet retail floorspace growth, with other uses, such as local office suites, likely to be more suitable.
- Retail space will generally be added in the lower levels of major mixed-use developments. Most of this development will be in the activity centre core within a **short walk (200m-300m) of the SRL station**. At-grade retail is critical to activating street fronts and encouraging precinct vibrancy.
- Other locations where mixed-use development could support some retail use, particularly on the ground floor, include **adjacent to existing retail clusters**.
- Retail **stretching along Whitehorse Road** any further than 100 to 200 metres from the SRL station should be limited to food and beverage operators serving the immediate resident or worker population or non-retail uses that benefit from exposure to the main road, such as local office space, medical suites, gyms, or other destination activities.
- Around 1000 to 1500 sq.m of retail floorspace could be provided in the health and education precinct to deliver a convenience retail offer for workers, students and other precinct users.

Part D: Summary and recommendations

Part D includes:

- **Section 10** summarises the findings of the needs assessment provided in the previous sections.
- **Section 11** makes recommendations for retail planning and development to consider when developing the Structure Plan.

10. Overview of retail role and demand

This section summarises policy expectations related to retail in Box Hill, and the supportable retail floorspace, and the future role of retail in the Structure Plan Area.

10.1 Retail policy expectations and goals

Relevant retail and activity centre planning policies highlight that Box Hill will play a pivotal role in accommodating more intensive and diverse activities that create a distinctive and vibrant community, with retail uses delivering increased choices and supporting synergies between different uses.

Key objectives of Victorian and local policies related to retail uses in Box Hill that should be considered in the Structure Plan include:

- Future planning and development should reinforce the significant role of Box Hill as a major hub for retail, considering the multi-faceted role of retail in the broader context of key commercial, health, transport, education and entertainment facilities.
- Consideration should be given to how future mixed-use developments can incorporate retail space, and the contribution of new retail developments to the land mix and amenity for key workers and students in the health and education precinct should be assessed.
- Further consideration should be made as to how other uses, such as commercial and entertainment, can be integrated into existing retail space.
- The existing retail landscape in relation to the 20-minute neighbourhood concept should be assessed, and any gaps identified that need to be addressed to enhance the neighbourhood's functionality. This may lead to a need for a small retail offering on the outskirts of the Structure Plan Area to cater to residents situated beyond the core.
- Future retail floorspace in the Structure Plan Area should lean into the role of Box Hill as an Asian-influenced fresh food and dining and entertainment destination serving local residents, workers and students.
- Box Hill's existing role as an Asian-influenced fresh food and dining and entertainment destination serving local residents, workers and students should be maintained and built on, and the pivotal role of Box Hill Central in the overall retail landscape should be safeguarded.
- The current provision of night-time retail and entertainment should be evaluated, and ways to encourage and enhance these aspects should be considered.

10.2 Box Hill Structure Plan supportable retail floorspace

By using a market capacity analysis approach, the South East Region would require an additional estimated 604,900 sq.m of retail floorspace (GLA) by 2041. Ultimately, given the range of retail facilities available to South East Region residents, only a small share of the retail need will be met in the Structure Plan Areas surrounding the SRL stations.

The Box Hill Structure Plan is estimated to demand a further **40,000 to 49,000 sq.m of retail floorspace (GLA) by 2041,** equating to up to 8% of the future floorspace demand across the entire South East Region. This would take the retail floorspace requirement in the Box Hill Structure Plan Area to approximately 143,100 sq.m to 152,100 sq.m GLA, as shown in Table 10.1.

Once allowances are made for non-retail shopfronts (e.g. space occupied by non-retail uses that could otherwise be occupied by retailers) and converting GLA to an indicative building area (including malls, amenities, ancillary offices), the Structure Plan should allow for around 50,000 sq.m to 61,000 sq.m of new retail-related building area.

TABLE 10.1 TOTAL FLOORSPACE DEMAND (SQ.M), BOX HILL STRUCTURE PLAN AREA

	2024	2041	
	EXISTING RETAIL FLOORSPACE	ADDITIONAL RETAIL FLOORSPACE	FUTURE RETAIL FLOORSPACE
Food retail	26,600	11,000 - 13,000	37,600 - 39,600
Food and beverage	43,000	11,000 - 14,000	54,000 - 57,000
Non-food	33,500	18,000 - 22,000	51,500 - 55,500
Total retail (GLA)	**103,100**	**40,000 - 49,000**	**143,100 - 152,100**
Total retail (GBA)	**110,000**	**43,000 - 52,000**	**153,000 - 162,000**
Non-retail shopfront (GLA)		*7100 - 8600*	

Source: CommBank iQ 2023; ABS ERP 2023; Structure Plan Area projections derived from CityPlan (published in SRL BIC); AJM JV
Note: Numbers may not total due to rounding.

10.3 Future role of retail in the Structure Plan Area

The purpose and future role of the retail offer in the Box Hill Structure Plan was discussed in Section 9 with a consideration of the space increase by product category.

It is important to note that overall, a major regional retail offer cannot be provided in every SRL East Structure Plan Area. Given the relative proximity of the SRL stations to each other, this would likely result in an overprovision of space. Instead, the retail role of each Structure Plan Area will differ. SRL East will increase access to each location for shoppers in the region to use different centres for different purposes.

The future retail role for Box Hill will be supported by addressing the following elements:

- Box Hill's current major service delivery role, including entertainment, local community hub, commercial, accommodation uses, and a state-significant health and education precinct, should be supported by the retail offer. The retail space does and will continue to provide **amenity and activity** for local residents, workers and visitors from across the South East Region and beyond.
- The growth in retail floorspace proposed will support Box Hill's position as a **significant retail centre in the South East Region**, albeit remaining smaller than some of the regional centres surrounding it, such as Doncaster, Chadstone, Ringwood (Eastland) and Knox.
- The retail mix should leverage Box Hill's current strong Asian influence on the tenancy mix, particularly restaurants, grocers, and discount stores. As such, the future retail floorspace should continue to focus on **food retail and food and beverage, serving a local role and as a destination for a wider market**. There is some non-food and discretionary retail through the central area. This can be built upon, although larger regional centres in surrounding areas largely fill this role.
- There is an opportunity to grow the **regional fresh food role** driven by the Box Hill Central market. Having clusters of specific retail types creates a point of difference from other precincts and creates a curated destination with a clear positioning. While the increasing local population may support a more functional or convenience-based supermarket offer, an expanded fresh food market-style offer will continue to attract custom from a larger area.
- Box Hill has provided a larger non-food discretionary role in the past. The non-food offer in Box Hill is diminished from what it once was as larger regional centres surrounding have served that role. **Box Hill is not seen as returning to a significant non-food destination**. However, some growth will occur, particularly in leisure and retail services categories. This is aligned to the convenience and entertainment role, rather than the discretionary role that would provide a higher apparel and homewares component.
- Recent retail space has been delivered within the ground floors of residential and office developments. This trend has the potential to disperse retail

floorspace across the area. However, in some cases, it is often replacing pre-existing space. While a small retail offer may be a viable inclusion at the ground level of mixed-use developments, this offer should not be extensive nor a planning requirement in locations away from the existing retail core or commercial nodes.

11. Recommendations and opportunities

This section makes recommendations to ensure the appropriate amount and type of retail floorspace is supported in the right locations in the Structure Plan Area.

11.1 Interpretation and planning application of recommendations

The first recommendation below provides an estimated level of growth of retail floorspace within the Structure Plan Area, as drawn from the previous analysis is these reports. This should not be interpreted as a floorspace cap. Rather, it represents an indication of what floorspace is anticipated to be needed within the Structure Plan Area to meet demand from residents, workers, students or other visitors, locally and regionally. It is recommended the Structure Plan provide for the flexibility and opportunity for this space to be delivered. However, it should be recognised that the market may demand more or less over the extended projection period.

The floorspace estimate is not intended to be used to curtail the total quantum of retail space across the Structure Plan Area, within reason. More space than has been estimated may be appropriate, as long as the retail facilities proposed do not fundamentally shift the role of the retail centres within the Structure Plan Area or, in turn, undermine the role of other centres within the surrounding retail hierarchy.

However, other recommendations presented here do reference directing retail space to specific locations or, conversely, limiting new retail facilities in other locations. While the quantum of retail space may vary from the estimates over an extended period, the retail space that is provided should be directed to appropriate locations. It is part of the role of the Structure Plan to direct retail uses to preferred locations or nodes.

The reasons for identifying preferred locations have been discussed in previous sections of this report but include the greater levels of activity, retail performance and convenience that comes with concentrating retail activity. On the flip side, this approach avoids the underperformance, vacancy and otherwise economic blight that can come from dispersed retail facilities that lack the critical mass to support necessary levels of consumer activity or undermine the role played by other existing centres.

It is also noted that these concepts underpin the designation of activity centres playing varying roles within our planning system. Retail floorspace is generally directed to existing centres or commercial precincts unless there is an identified gap in the local retail provision that needs to be filled to enhance consumer choice and convenience.

Any recommendations that suggest preferencing or limiting retail development in certain locations should not be interpreted as contradicting other recommendations that market participants be provided the flexibility to deliver the retail facilities, they identify residents and other precinct users need. The distinction is the location of retail facilities. In the right locations, market demand should be allowed to determine the amount and type of retail space without specific limits. However, in some situations (e.g. out-of-centre locations), it is recommended that retail provision be moderated to not undermine the key retail locations identified and result in poor urban outcomes (e.g. high retail vacancy).

The recommendations are detailed below, with the locations shown in Figure 11.1 at the end of this section. The numbers on the Figure refer to the numbers of the recommendations below (where recommendations have a specific location).

11.2 Recommendations for Structure Planning

Recommendation 1 – Plan for the Box Hill Structure Plan Area to at least accommodate the forecast growth in retail floorspace of around 40,000 sq.m to 49,000 sq.m retail GLA.

The Structure Plan Area is forecast to require an estimated 40,000 sq.m to 49,000 sq.m of net additional retail floorspace (GLA) by 2041. The indicative split between product categories is:

- 11,000 sq.m to 13,000 sq.m GLA of food retail
- 11,000 sq.m to 14,000 sq.m GLA of food and beverage retail

- 18,000 sq.m to 22,000 sq.m GLA of non-food retail.

This represents an increase in the retail floorspace in the Box Hill Structure Plan Area from approximately 143,100 sq.m to 152,100 sq.m GLA.

A further 7100 sq.m to 8600 sq.m of non-retail shopfront uses will also need to be supported.

As mentioned at the start of this section, these figures should not be interpreted as a floorspace cap. Rather they are an estimate of what the forecast residents and other precinct users will demand. The total retail floorspace and the split between uses are provided for guidance and would not be expected to explicitly drive controls within the Structure Plan.

Recommendation 2 – Allow the market to generally respond to the need for retail space in the right locations.

The anticipated substantial mixed-use development in and outside the core will create a significant opportunity to deliver the retail space that is needed. Within activity or other commercial centres, retail use at lower levels of buildings appropriately provides an active frontage. In this sense, the market will have the chance to deliver the estimated floorspace. Structure planning should provide the opportunity for retail development in the right locations (detailed below), with limited restrictions on the scale and nature of retail space that is aligned to the retail role of those locations.

Recommendation 3 – Ensure most retail space is directed to the retail core to concentrate activity in and around the existing activity centre.

It is important to ensure retail development is consistent with the role of the activity centre in question. Within the central Box Hill area, as part of a Metropolitan Activity Centre, the retail role is intended to accommodate high-order retail facilities. This is evidenced by current proposals for retail development, such as the redeveloped Box Hill Central and the new Sky Square which are consolidating the focus of retail in the core of the central Box Hill area.

Structure planning should reflect the position held by the Box Hill MAC by not limiting the retail development opportunity within that area but also supporting the centre by moderating the extent of major core retail facilities elsewhere in the Structure Plan Area.

Retail space should be concentrated in the core of the activity centre as the primary retail destination in the Structure Plan Area and the surrounding area. It is important to maintain a reasonably compact and consolidated retail core to maximise the exposure of most retailers to the greatest level of shoppers.

Within the retail core, encouragement should be given to development that clusters specific retail types and creates a curated destination that engages customers, allowing for repeat visits and longer dwelling time, mitigating spending leakage. This could include actions to encourage building on the strength of the centre around its Asian influence and supporting the development of a new suburban Chinatown.

Recommendation 4 – Encourage any significant retail development along Whitehorse Road to remain within a short walk (200-300 metres) from the SRL station.

Retail stretching along Whitehorse Road, any further than 200 to 300 metres from the station, should be limited to food and beverage operators serving the immediate resident or worker population or non-retail uses that benefit from exposure to the main road, such as local office space, medical suites, gyms or other destination activities.

It is recognised that it is challenging (or necessary) to prohibit retail uses within a designated activity centre, particularly a Metropolitan Activity Centre, given the flexible land use options provided. Structure planning should, therefore, consider encouraging consolidation of retail uses rather than prohibition of dispersion.

Recommendation 5 – Retail space can generally be added in the lower levels of major mixed-use developments within a short walk of the SRL station.

Most of the required retail space should be sought to be delivered at the ground floor of internal centres or facing the streets on the south side of Whitehorse Road around the SRL station. At-grade retail is critical to activating street fronts and encouraging precinct vibrancy.

Some secondary space on upper levels and away from the core area will support retail-related uses. It certainly should not be prohibited, but at the same time, upper-level or peripheral space should not be relied upon for the core retail space delivery.

Recommendation 6 – Consider approaches to limit the spread of peripheral retail space along transport corridors away from designated commercial centres.

There will be opportunities for more peripheral retail space outside core retail areas, with commercial use typically a logical treatment of ground floor interfaces with main roads. If retail use is indicated as the preferred outcome at ground level in these areas, residential developers will tend to provide retail space to meet planning requirements without consideration of whether there is a need or demand for that use. In these situations, retail space is a minor component of the development, and the viability of that space is not always given much consideration.

Without some moderation, this could lead to retail space scattered over the Structure Plan Area, some of which will likely see high vacancy due to a lack of critical mass and exposure. It could also detract from the retail core of the activity centre, which should maintain primacy.

Consideration should be given to discouraging extensive retail provision in mixed-use environments along main roads, limiting the scale and nature of retail uses. Other commercial uses may be preferable. Mixed-use developments beyond the activity centre or away from existing commercial cores should not support significant retail space except for a small offer to serve building users (such as a café).

Recommendation 7 – Support regeneration and modest expansion of the retail offer within other existing commercial nodes beyond the core.

Some retail growth could be directed to supporting existing small retail nodes outside the core. The existing commercial locations defined by a current Commercial 1 zoning include:

- Box Hill South (Canterbury Road and Station Street intersection)
- A small group of shops on Whitehorse Road to the east near Pendle Street
- Shops and commercial services in Laburnum on the southeast corner of Whitehorse Road/Maroondah Highway and Middleborough Roads
- The commercial cluster at the corner of Station Street and Thames Street to the north.

Mixed-use development in these locations could support the regeneration of the retail/commercial offer at the ground level (as has happened to an extent already) and potentially see the retail offer extend slightly beyond its existing extent through contiguous street-front retailing. Improved commercial nodes will provide residents and workers across the Structure Plan Area with convenient access to retail facilities, as all areas have been identified as being within 800 metres of one of these locations.

Recommendation 8 – Provide worker and student retail amenity in key employment locations, particularly the health and education precinct.

Where there will be a concentration of workers or other precinct users beyond the core activity centre, a modest retail offer could be supported to provide convenient access to essential retail needs for workers (e.g. café, take away food, small convenience store).

The health and education precinct and other workplaces will support some retail space (such as food and beverage in a foyer), or there may be a cluster of these uses that form. However, there does not appear to be a need for a large, designated centre for these uses, given the access workers have to the much more substantial offer in the retail core, which should not be duplicated. Up to 2000 sq.m of retail floorspace could be provided in the health and education precinct to deliver a convenience retail offer for students, workers, patients and visitors.

Recommendation 9 – Support actions to enhance the public realm that encourages shoppers to stay longer, visit more often and spend more.

The success of a retail centre or precinct is increasingly influenced by the quality of the retail experience. This is not only the mix of retailers provided but the appeal of the location as a place to spend time and shop at a more leisurely place.

Encouragement of public realm improvements and other activations to bring more people to the core retail precinct should be sought where possible. These types of initiatives are anticipated to be identified through other technical reports, such as open space, urban design and to some extent, community infrastructure.

These recommendations are summarised and mapped in Figure 11.1 on the next page. Note these locations are indicative of how the space may be distributed. There could be additional space delivered outside these nodes (such as on the ground floor of mixed-use developments).

3 Ensure most retail space is directed to the retail core to concentrate activity in and around the existing activity centre.

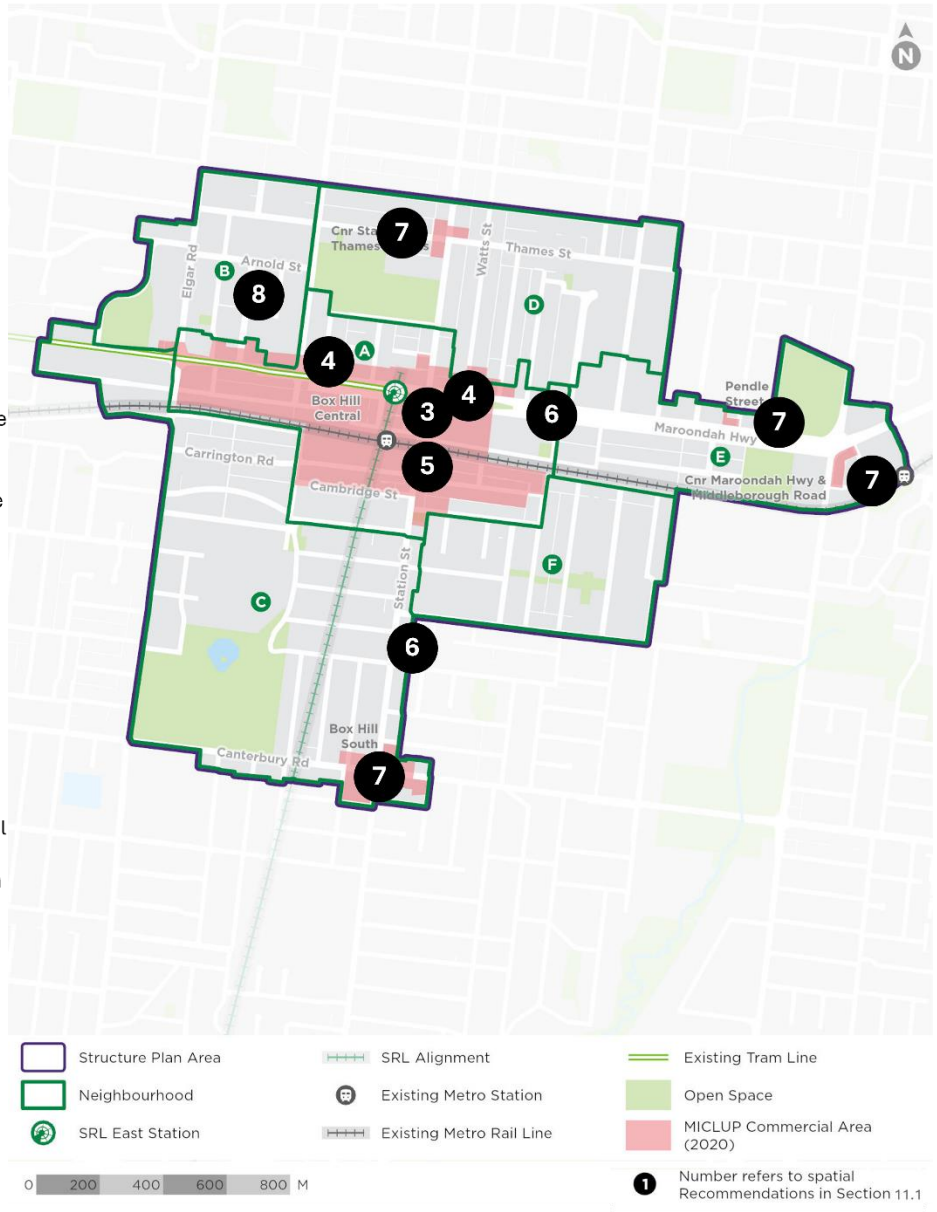
4 Encourage any significant retail development along Whitehorse Road to remain within a short walk (200-300 metres) from the SRL station.

5 Retail space can generally be added in the lower levels of major mixed-use developments that are within a short walk of the SRL station.

6 Consider approaches to limit the spread of peripheral retail space along transport corridors away from designated commercial centres.

7 Support regeneration and modest expansion of the retail offer within other existing commercial nodes beyond the core.

8 Provide worker and student retail amenity in key employment locations, particularly the health and education precinct.



Only location-related recommendations are outlined on the map. Where a number does not reference a specific site, it indicates a general area rather than an exact location.

FIGURE 11.1 RECOMMENDATIONS AND LOCATIONS FOR RETAIL DEVELOPMENT, BOX HILL STRUCTURE PLAN AREA

AJM
Joint Venture

Appendix A

Abbreviations, data sources, definitions, limitations and assumptions

Abbreviations

TABLE A.1 ABBREVIATIONS

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
ASD	Adjacent-to station development
ATL	Average trading level
B	Billion(s)
BIC	Business and Investment Case (BIC) for SRL
CBD	Central Business District
DELWP	Department of Environment, Land, Water and Planning
DJSIR	Department of Jobs, Skills, Industry and Regions
DS	Department Store
DDS	Discount Department Store
DTP	Department of Transport and Planning
ESG	Environmental and Social Governance
GBA	Gross building area
GLA	Gross lettable area
GST	Goods Services Tax
HA	Hectares
HES	Household Expenditure Survey
HMD	Human Movement Data
LGA	Local Government Area
Km	Kilometres
M	Million(s)
MAC	Metropolitan Activity Centre
MAT	Moving Annual Total
NORSI	NAB Online Retail Sales Index
OSD	Over-station development
SP	Structure Plan
SRL	Suburban Rail Loop
SRLA	Suburban Rail Loop Authority
TOD	Transit-orientated Development
VITM	Victorian Integrated Transport Model

Additional data sources

Along with the key data sources identified in the first section of the report, the analysis also incorporated the following additional data sources:

- **Census of Population and Housing** 2006, 2011, 2016 and 2021, Australian Bureau of Statistics (ABS).
  - » Census data is available for standard Australian Bureau of Statistics (ABS) geographies such as Statistics Areas (SA1/2/3/4) and local government areas (LGAs).
- Land use projections generated as part of the **Business and Investment Case (BIC) for SRL**, 2021, KPMG (on behalf of the Victorian Government)
  - » Land use projections (including demographic, employment and enrolment estimates) included in the SRL BIC are derived from the CityPlan model.
  - » CityPlan is a strategic scale Land Use Transport Interaction (LUTI) model that is used to estimate the broad land use impacts of major transport and precinct initiatives. It was developed by KPMG on behalf of the Victorian Government Department of Transport and Planning (DTP).
  - » CityPlan's geographic scope is confined to Victoria, with a focus on metropolitan Melbourne and surrounding settlements. In this instance, CityPlan has been used to redistribute the base population and employment distribution based on the SRL transport and other related SRL precinct initiatives. These redistribution effects have been contained within the total Victorian population projects, with the majority of movements contained within metropolitan Melbourne.
  - » The CityPlan model uses a range of data. Some of the data is publicly available and some is internal to the Victorian Government.
  - » The version of CityPlan used for the SRL BIC was Version 1.1.1. Key inputs into CityPlan Version 1.1.1 include:
    - – SALUP19 based on Department of Environment, Land, Water and Planning (DELWP) Projections 2018 (Unpublished)

  - ABS Census 2016
  - Victorian Planning Authority (VPA) potential development capacities
  - Data is reported at the Travel Zone, SA2, SA3 and LGA level.
  - For an introduction to CityPlan, in the context of the SRL, see the SRL Business and Investment Case available from: https://bigbuild.vic.gov.au/library/suburban-rail-loop/business-and-investment-case

- **CommBank iQ Retail Spend Insights** is a modelled view of spend per capita in Australia provided by CommBank iQ – a joint venture with Commonwealth Bank and Quantium. Spending per capita data is derived from transactions of residents of an SA1 geography (2021) by expenditure category. Transactions may include purchases and refunds from credit cards, debit cards, EFTPOS cards, BPay and direct debits made in-store or online.
- **Human Movement Data (HMD)** has been sourced from the third-party provider Azira. Azira's location data is aggregated from a variety of high-quality sources, including first-party data from Azira's own apps, partnered applications and locational data derived from mobile advertising.
  - » Across Australia, the Azira dataset has over 6 million unique devices that have been active in the last thirty days. These devices contribute to Azira's vast database of locational 'pings'. Each one of these devices may give a locational 'ping' when using an application that contains Azira's locational software, intermittently throughout the day, depending on the application's agreement with Azira, or when interacting with advertisements containing Azira's software. Information relating to each 'ping' includes a de-identified device identifier, date, time, latitude and longitude. Azira then cleans all locational data received to ensure that the data provided to clients is both accurate and actionable.
  - » The data also algorithmically determines a device's common daytime (CDL) and common evening location (CEL). This helps to assist in determining the home (CEL) and work or study (CDL) location of devices, which is particularly important for this report to be able to determine whether a device is from a sector within the trade area.
- A **floorspace audit** was carried out to identify and categorise employment land in the Structure Plan Area. This process included a review of a number of data sources (such as DEECA, PSMA and Space Syntax) to understand, for each building, the existing land use and estimate the amount of floorspace. This data set provided a baseline for existing retail floorspace.
- Estimates of spending of user groups such as workers and students have been based on various in-house surveys of each group conducted by Urbis in the past.

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Additional definitions

Further to the key definitions, the following additional definitions are used in this report:

- Existing retail centres or clusters within the South East Region have been classified into the following core retail typologies. The first three centre types are typically enclosed centres under single ownership and management (e.g. centre-based retail):
  - » A **regional shopping centre** is defined as a major integrated retail centre under single management with a centre GLA of over 50,000 sq.m and a significant reported Moving Annual Turnover (MAT) for non-food and entertainment tenants.
  - » A **sub-regional centre** is built around one or more non-food anchors (e.g. department or discount department store).
  - » A **supermarket-based centre** is usually less than 10,000 sq.m in size and comprises one or two major supermarkets along with a collection of

food and non-food specialty shops and services in the same enclosed area.

  - **Strip or street-based retail**, which refers to retail environments where shops are generally accessed directly from a street and are under disparate ownership (e.g. high street retail).

- **Activity centres** may include one or more of the above retail centre types, along with a mix of other uses (e.g. office, residential) to form a significant cluster. For example, several of the SRL East Structure Plan Areas include a Regional Shopping Centre with adjoining street-based retail. As defined in Plan Melbourne and detailed in Section 2, activity centres are areas providing a focus for services, employment, housing, transport and social interaction and can differ in size.
- **E-commerce** refers to retail purchases made using a personal electronic device connected to the internet (i.e. desktop, tablet, smartphone) and the card is not physically present, regardless of the point of sale or point of distribution; and transactions made in-store using retailer-owned devices such as iPad and other tablets. The point of sale or point of distribution (e.g. fulfilment) are outlined below:
  - **Bricks and mortar** retailing is defined as retailers operating from physical stores (including online in-store fulfilment).
  - **PurePlay** is defined as companies that operate mainly on the Internet. It includes online marketplaces (e.g. eBay, Amazon).
  - **Omnichannel** is defined as retail which is available through multiple channels.
  - **Online in-store fulfilment** is defined as transactions made online but fulfilled in a physical shop.
  - **Online non-store fulfilment** is defined as online purchases not fulfilled in a store (either PurePlay online retailers or multi-channel retailers with no in-store fulfilment).
  - **Phygital** refers to the integration of digital elements into a physical store (bricks and mortar) to enhance the overall experience.

Appendix B

Retail megatrends

Experience economy

Retailers are beginning to evolve towards more experiential concepts as consumers shift from materialistic to experiential behaviour. New concept stores now focus on interaction, fun and customisation, utilising the latest AR, visualisation and 3D-printing technology to turn shopping into a destinational experience. Experience has always been a key aspect of retail, but the kind of experience that consumer look for is changing according to how they spend their time and money and how they interact with one another.

TABLE B.1 EXPERIENCE ECONOMY TRENDS

IMPACT ON PHYSICAL RETAIL 	Spending is diverted to entertainment and non-retail uses, making these uses even more important for retail precincts.
RETAILERS THAT WILL BENEFIT 	Casual dining, fresh food specialty, leisure and recreational goods, entertainment, art and cultural facilities and well-executed concept stores.
RETAILERS THAT WILL BE CHALLENGED 	Traditional fashion and accessories, traditional department stores and smaller independent retailers.
STRUCTURE PLANNING IMPLICATIONS 	Entertainment tenants can do and function as anchor tenants in place of traditional retail anchors, such as department stores or discount department stores, who are reviewing their network strategies nationally. Entertainment uses have the potential to provide unique experiences and mitigate spending leakage.

Convenience and connectivity

Consumers' shopping decisions are highly influenced by efficiency and time savings. As the environment constantly evolves, consumers no longer care about the means by which they receive their goods but rather how easily they can receive them. Technology has made it easier to avoid physical shopping as there is great flexibility to move between physical and digital channels.

What stands between online and in-store purchases is choice, experience and convenience. Convenience is almost wholly within the power of the asset owner to control and failure to do so may result in underperforming retail assets.

TABLE B.2 CONVENIENCE AND CONNECTIVITY TRENDS

IMPACT ON PHYSICAL RETAIL 	Positive potential overall impact on retail spend through improved logistics (that is, location of fulfilment centres), focus on convenience shopping and local destinations.
RETAILERS THAT WILL BENEFIT 	Strong omni-channel retailers and retailers in highly accessible, convenience or tech-driven retail precincts.
RETAILERS THAT WILL BE CHALLENGED 	Traditional department stores, retailers in locations with poor accessibility and retailers that fail to adapt to demands for convenience.
STRUCTURE PLANNING IMPLICATIONS 	Future retail floorspace will need to be in convenient precincts (e.g. 20-minute neighbourhoods). Locations that can attract and support diverse uses to meeting the communities' whole of life needs will offer a level of convenience and time efficiency. Opportunity to locate fulfilment centres across industrial zoned land.

Social and environmental consciousness

Many consumers are making values-based judgements about what to buy and where to shop to reduce their impact on our planet and society. Consumers expect companies they engage with to practice sustainability, strong ethical behaviour and transparency. New retail concepts now focus on environmental design, circular economy initiatives and sustainability to demonstrate these values.

The ability of retailers and asset owners to tell a compelling story of sustainability will be increasingly important. This will go beyond the brand and precinct itself into issues around supply chains, packaging, and post-purchase recycling.

TABLE B.3 SOCIAL AND ENVIRONMENTAL CONSCIOUSNESS TRENDS

IMPACT ON PHYSICAL RETAIL 	Consumption slows in favour of more sustainable activities but with reallocation of spend towards retailers with strong sustainability credentials.
RETAILERS THAT WILL BENEFIT 	Food retail, locally produced items and brands/asset owners that practice good Environmental, Social and Governance (ESG) principles.
RETAILERS THAT WILL BE CHALLENGED 	Fast fashion, retailers, and asset owners with unclear ESG credentials and retailers that use non-sustainable packaging
STRUCTURE PLANNING IMPLICATIONS 	Reducing the environmental impact of the future retail floorspace (including closed loop malls, more efficient water and energy use and recycled materials)

Self-improvement and wellbeing

People are looking for ways to improve and prioritise health and well-being. Consumers are increasingly investing in their own well-being across multiple dimensions: healthier and positive environments, personal achievement and transformation, healthy diets, social wellness, mental health, and physical health. This focus on physical, mental and social improvement will contribute to a changing environment for retail property owners.

TABLE B.4 SELF-IMPROVEMENT AND WELLBEING TRENDS

IMPACT ON PHYSICAL RETAIL 	Neutral impact on retail sales, but certain categories will benefit at the expense of others.
RETAILERS THAT WILL BENEFIT 	Health-related services, Healthy food and beverage, Whole Foods retailers, Athleisure and Sports and Lifestyle retail.
RETAILERS THAT WILL BE CHALLENGED 	Fast food and traditional fashion.
STRUCTURE PLANNING IMPLICATIONS 	Retail design must reflect shoppers' preferences for a mix of active and passive spaces, spaces that can either energise or calm the body or mind. The tenant mix/land use mix must also respond by providing a range of retail and non-retail uses that can sell self-improvement services or well-being products.

Community centricity/localisation

Successful retail precincts now act as a ‘third space’ between home and work where people socialize, meet and have fun.

Customers want physical places and a mix of retailers that reflect and support their local environment and community, and asset owners are now expected to invest in public spaces and amenities that add value to the local community.

Generic branding, events, and retail mix are often no longer appreciated by shoppers. Place-making and quality public realm must relate to residents, creating precincts that they are happy to call their own.

TABLE B.5 COMMUNITY CENTRICITY AND LOCALISATION TRENDS

IMPACT ON PHYSICAL RETAIL 	Neutral overall impact on total retail spend, with redistribution of sales towards retail precincts with a stronger community focus.
RETAILERS THAT WILL BENEFIT 	Supermarkets and fresh food, locally associated fashion brands and local services.
RETAILERS THAT WILL BE CHALLENGED 	Retailers and retail precincts that are seen to be too generic or cookie-cutter without sufficient localisation or community engagement.
STRUCTURE PLANNING IMPLICATIONS 	Future retail floorspace should be designed to be walkable local neighbourhoods that provide strong connections to local residents. Providing more ‘higher order’ retail in neighbourhood retail precincts will support shoppers’ willingness and desire to shop locally, although this type of retail cannot be sustained in every location. Consequently, different centres will increasingly serve different roles for the community.

Appendix C

Retail success drivers

Size of the catchment

Accessibility to the residential population is critical for all forms of retail uses. The most successful retail precincts in Australia and abroad have an extensive residential catchment to support higher-order retail uses.

STRUCTURE PLANNING IMPLICATIONS

Box Hill already provides a retail offer with a destinational/cultural food appeal. However, Box Hill is surrounded by other higher-order centres (such as Doncaster) that reduce the need for residents to travel and hence contain the extent of the catchment.

A neighbourhood or supermarket-based centre will have a smaller, more localised draw of customers to the centre. However, it is still essential for the centre to have a critical mass of the residential population in its local area to support the key uses. For example, full-line supermarkets need access to a dedicated resident population of 8000 to 10,000 people to be sustained, as well as providing ease of access and adequate car parking to attract customers to the centre.

In high-density environments, smaller retail centres can extend their trade area draw by co-locating with public transport, making it convenient for customers to access the centre when car parking is limited.

Although the residential population is the primary driver of the scale and success of retail centres, in mixed-use environments, a critical mass of workers, students or other visitors to a precinct can influence retail performance and the mix of retail required (such as large workforces create demand for food and beverage retailing). This may not necessarily translate to a need for significantly more space over and above what residents support but can certainly increase trading levels of retailers by extending the level of activity across times of the day or week that would otherwise be quieter (such as mid-week lunches).

FIGURE C.1 CHADSTONE SHOPPING CENTRE (L), WESTFIELD CHERMSIDE (R)

Clusters of specific types of retail

Clusters of specific retail types are curated destinations, creating a clear positioning and point of difference to other precincts.

STRUCTURE PLANNING IMPLICATIONS

Clusters of specific retail types are curated destinations, creating a clear positioning and point of difference from other precincts. This type of design is most noticeable throughout precincts and centres where shopping centre developers design sections of a centre to focus on a specific type of retail offering (e.g. luxury retailers, food and beverage and entertainment and leisure precincts).

The ability to provide highly curated retail clusters can create spaces that engage customers, allowing for repeat visits and longer dwell times, mitigating spending leakage.

Box Hill Central has implemented this type of retail design with its fresh food market concept.

FIGURE C.2 TIGER LANE, CANBERRA CENTRE

Flagship anchors

Flagships help brand individual precincts and create a point of difference from the precinct's competitors. The inclusion of a flagship store can often elevate the customer experience, with new layouts, interactive designs, and the diversification of the brand experience.

With the changing retail landscape and consumer behaviours seeking new experiences, new flagship anchor tenants have emerged in the form of experiential stores. These can include large fashion-oriented retailers (e.g. Uniqlo, H&M), but increasingly they have a strong leisure and entertainment focus, creating new experiences for customers.

Having flagship stores within a centre allows other retailers to leverage the 'customer buzz' and increase customer footfall. Flagship anchors draw from a broad customer base, bringing new customers to centres who might not have previously visited.

STRUCTURE PLANNING IMPLICATIONS

It is unlikely that Box Hill Structure Plan will have a major flagship store due to the significant competition from Melbourne CBD and surrounding regional centres. However, it is important that design of retail space still incorporates new layouts, interactive designs and diversifying the retail experience.

FIGURE C.3 LEGO FLAGSHIP STORE, PITT STREET MALL

Concentrated retail core

The design or layout of a retail centre or precinct can have a profound impact on its success, ultimately reflected in the number of people who visit, how often they visit, how long they stay and how much they spend. The concentration of retail is a critical element of making a centre or precinct active and sustaining as many stores as possible exposed to that activity.

STRUCTURE PLANNING IMPLICATIONS

Box Hill Structure Planning should promote:

- A concentration of activity in the retail core will ensure it is accessible to a large share of people across all precinct user groups. Retail space that is located on streets with lower traffic (pedestrian or vehicular) will underperform which does not meet the needs of tenants, developers/owners or the community.
- Retail space need in the SRL East Structure Plan Areas should be predominantly met at the ground level. Upper-level space can, however, play a role supporting complementary commercial activity or destination uses (e.g. flagship restaurants, cinemas, gyms, and medical suites).

FIGURE C.4 VACANT RETAIL SPACE IN FRINGE MIXED-USE DEVELOPMENTS & MULTI-LEVEL DEVELOPMENTS

NON-RETAIL ACTIVITY GENERATORS

Retailers often benefit from being co-located with non-retail activity generators, which are part of a broader precinct. Office space, tourist attractions, education and medical facilities, residential uses and so on increase visitation to an area and help spread vibrancy to retail spaces.

Several successful retail precincts across Australia, particularly in international markets, leverage non-retail uses to create activity within a retail precinct. Often, these precincts have been established with the cultural heart of a city or community, where there are high volumes of residents, visitors and office workers.

STRUCTURE PLANNING IMPLICATIONS

For the Box Hill Structure Plan Area, it is important to leverage the transit-oriented development that can support higher levels of density and commercial environments whereby co-located retail facilities can leverage visitation to these non-retail uses.

FIGURE C.5 WEST VILLAGE: A MIXED-USE DEVELOPMENT IN BRISBANE, AUSTRALIA

Activated shops and street fronts

Activated street fronts help to improve precinct vibrancy more so than the absolute scale of retail. This will be critical in encouraging visits to physical retail space by creating a sense of community life next to retail.

While there is still a critical role for enclosed centres, these elements are being better integrated into the surrounding environment, benefitting from links to attractive external areas, but more critically, the activation of these areas throughout the day. This activation is due to a combination of creating spaces people want to visit, programming events and activities, and finally, ensuring retail space is oriented to benefit from that activity (noting retail is a driver of activity in its own right).

STRUCTURE PLANNING IMPLICATIONS

Box Hill Structure Plan Area should consider providing retail spaces where activity can ‘spillover’ to create vibrant precincts while also limiting:

- Too much multi-level retail as upper-level retail spaces are less active and therefore not strong commercially.
- Retail space that is located on streets with lower traffic (pedestrian or vehicular).

FIGURE C.6 EASTLAND SHOPPING CENTRE – RINGWOOD TOWN SQUARE

ACTIVATED PUBLIC OPEN SPACES

Activated public meeting and open spaces such as a piazza or public square help to support visitation from non-shoppers to the retail precinct.

Many shopping centres or precincts have created public spaces with a strong focus on placemaking. These spaces act as community hubs for events and allow retail to spill out into these areas. The inclusion of well-designed public spaces with a shopping environment increases the dwell time of visitors in the centre.

STRUCTURE PLANNING IMPLICATIONS

Box Hill Structure Planning controls should consider encouraging the development of public realm amenities where centre managers, councils and local community groups can host events to enhance activity to the benefit of the community, while also supporting greater retail performance.

FIGURE C.7 THE BACKYARD WESTFIELD COOMERA (L), QV MELBOURNE (R)

Visibility and accessibility

Access, visibility, good signage and wayfinding are very important, especially in areas of high-density, transit-oriented developments and places with a mix of uses and users (such as residents, workers and students).

STRUCTURE PLANNING IMPLICATIONS

It is important that Box Hill structure plan retail facilities incorporate clear wayfinding and signage that directs pedestrian traffic through transit-orientated development effects, with ‘decluttered’ pedestrian pathways to ensure sight lines to retail uses.

It is also important to provide ease of access and adequate car parking to attract customers to each retail facility.

FIGURE C.8 SHOP WAYFINDING

Appendix D

International retail floorspace provision comparisons

The following section compares Australia's current retail floorspace provision to selected international cities. Of note:

- The USA is generally considered to support the highest provision of retail floorspace in the world. Within the USA, those cities with the highest levels of tourist visitation are higher still. The outcome within the USA reflects a lack of a strong planning regime that protects established centres, the availability of large areas of land for expansion in many cities, and the generally lower-density cities (dispersed), which require more retail space across broad areas to ensure convenient access.
- In contrast, locations such as Hong Kong and Singapore have very low per capita retail provision, which is a function of land scarcity and very densely populated areas where any retail precinct can be conveniently accessed by a much larger population.
- The historical development of cities in the United Kingdom, with a planning regime that has been more protective of traditional high street environments and moderate levels of density, has resulted in a mid-range provision of retail floorspace.
- Australian cities have low-density suburban sprawl similar to some US cities. However, strong planning regimes have supported an established retail hierarchy and discouraged 'out-of-centre' development. This has resulted in a mid-range per capita provision of retail at approximately 2.2 sq.m per person.

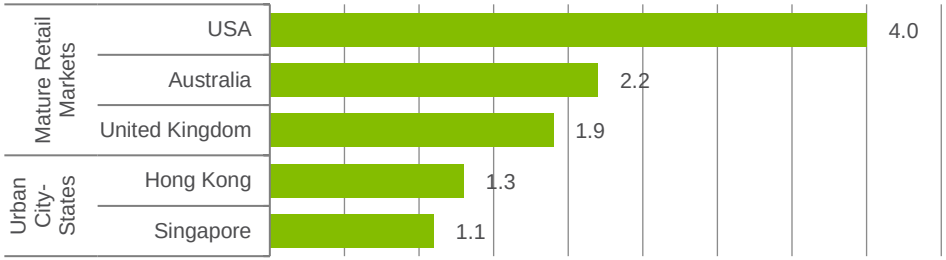

FIGURE D.1 RETAIL FLOORSPACE PROVISION

Source: Government Statistic Agencies; Urbis

Australia's retail floorspace is evenly split between centre-based retail and non-centre retail precincts, including high street retail environments and other peripheral retail spaces such as highway retailing and mixed-use developments.

Larger regional centres make up approximately 10% of total retail floorspace, a share that has been growing over the last decade as the larger centres have been expanded rather than new centres opened.

High street retail has been under significant pressure since the introduction of large, enclosed centres from the 1960s onwards. However, there has been somewhat of a recovery for high street retailing more recently due to an increasing preference for a more local community offer, combined with increasing population density in established areas. This preference was heightened through the COVID period.

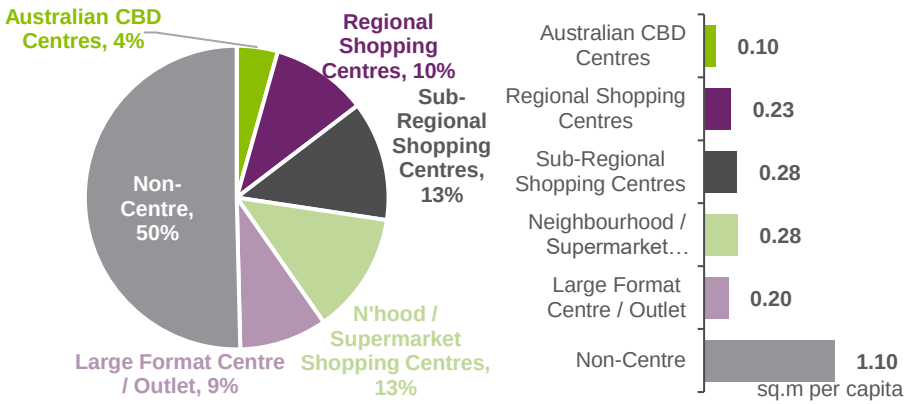

FIGURE D.2 AUSTRALIAN AVERAGE RETAIL FLOORSPACE PER CAPITA (SQ.M PER PERSON)

Source: ABS Retail Trade; Urbis

Compared to other mature retail markets and urban city-states, Australia has a more even split between the regional, sub-regional and neighbourhood centre types.

The USA has developed a large provision of neighbourhood or supermarket centres spread across large geographic areas. The UK has maintained a preference for the traditional high street environment with fewer large, enclosed centres. In Hong Kong and Singapore, the small geographic areas have resulted in clusters of centralised larger centres (e.g. Orchard Road in Singapore with several sub-regional scale centres adjacent), supported by an extensive network of localised neighbourhood centres. These centres are generally co-located with public transport nodes, reflecting the densely populated nature of the cities and the ease of public transport accessibility.

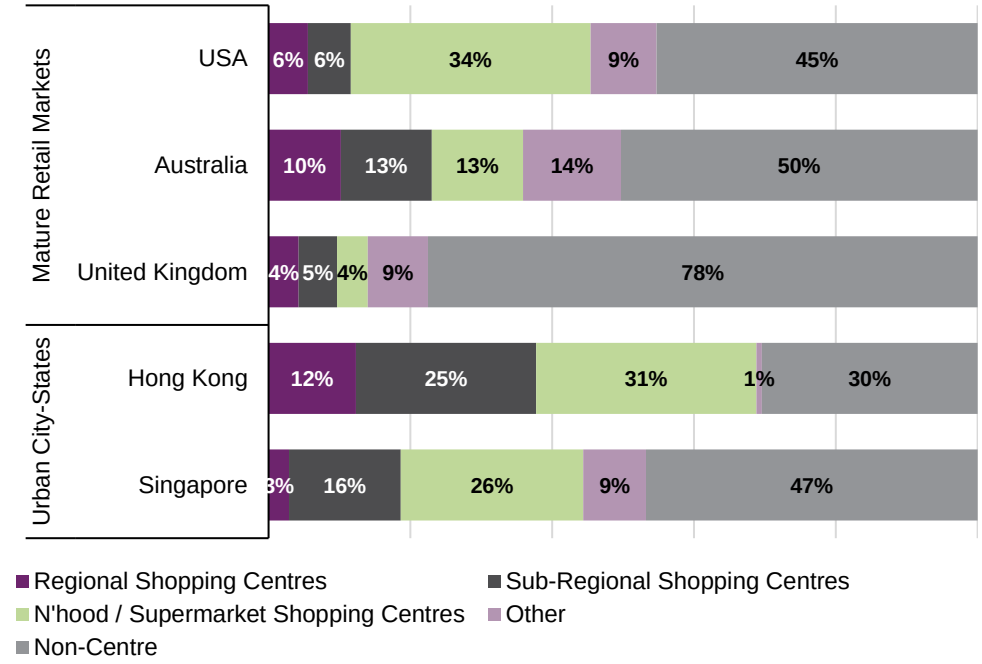

FIGURE D.3 RETAIL FLOORSPACE BY CENTRE TYPE

Source: Government Statistic Agencies; Urbis
Note: Other includes Australian CBD Centres, Large Format Retail and Outlets.

AJM
Joint Venture

Appendix E

South East Region population and retail spending

TABLE E.1 SOUTH EAST REGION CURRENT AND FUTURE POPULATION BY SECTOR, 2011-2041

SECTOR	POPULATION (NO.)				ANNUAL POPULATION GROWTH (%)		ANNUAL POPULATION GROWTH (NO.)	
	2011	2016	2021	2041	2011-2021	2021-2041	2011-2021	2021-2041
Box Hill Structure Plan Area	8750	10,660	13,340	29,100	4.3%	4.0%	459	788
Burwood Structure Plan Area	4590	5480	5340	11,100	1.5%	3.7%	75	288
Glen Waverley Structure Plan Area	5370	5960	7110	11,700	2.8%	2.5%	174	230
Monash Structure Plan Area	7360	11,190	10,030	17,900	3.1%	2.9%	267	394
Clayton Structure Plan Area	12,710	13,930	14,190	26,900	1.1%	3.2%	148	636
Cheltenham Structure Plan Area	6980	8100	9440	20,800	3.1%	4.0%	246	568
Balance of Whitehorse LGA	144,950	154,280	153,330	184,010	0.6%	0.9%	838	1534
Balance of Monash LGA	153,370	163,210	163,690	197,150	0.7%	0.9%	1032	1673
Balance of Kingston LGA	142,790	152,580	151,960	177,370	0.6%	0.8%	917	1271
Balance of Bayside LGA	92,420	98,730	97,440	108,700	0.5%	0.5%	502	563
Manningham LGA	116,750	122,570	125,820	150,480	0.8%	0.9%	907	1233
Maroondah LGA	107,320	114,800	116,080	140,480	0.8%	1.0%	876	1220
Knox LGA	154,630	160,350	160,480	184,630	0.4%	0.7%	585	1208
Greater Dandenong LGA	142,170	160,220	160,100	204,610	1.2%	1.2%	1793	2226
Glen Eira LGA	137,150	148,580	150,640	183,010	0.9%	1.0%	1349	1619
Stonnington LGA	98,850	111,000	106,190	140,390	0.7%	1.4%	734	1710
Boroondara LGA	167,060	177,280	169,790	203,600	0.2%	0.9%	273	1691
Total South East Region	**1,503,220**	**1,618,920**	**1,614,970**	**1,991,930**	**0.7%**	**1.1%**	**11,175**	**18,848**

Source: Structure Plan Area projections derived from CityPlan (published in SRL BIC), Unpublished Victorian Government projections (South East Region); ABS ERP 2023; AJM JV

TABLE E.2 SOUTH EAST REGION RETAIL SPEND BY SECTOR, 2024 ($2024)

SECTOR	SPEND PER CAPITA[1]			TOTAL SPEND ($M)[1]		
	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD
Box Hill Structure Plan Area	$4900	$2950	$6850	$75	$45	$105
Burwood Structure Plan Area	$5600	$2400	$7200	$35	$15	$45
Glen Waverley Structure Plan Area	$4550	$2600	$6500	$35	$20	$50
Monash Structure Plan Area	$5400	$3100	$6550	$70	$40	$85
Clayton Structure Plan Area	$5350	$2650	$6250	$90	$45	$105
Cheltenham Structure Plan Area	$6300	$2900	$7750	$65	$30	$80
Balance of Whitehorse LGA	$5544	$2398	$6790	$890	$385	$1090
Balance of Monash LGA	$5523	$2484	$6926	$945	$425	$1185
Balance of Kingston LGA	$6598	$2550	$7427	$1035	$400	$1165
Balance of Bayside LGA	$7800	$3800	$10,900	$780	$380	$1090
Manningham LGA	$6250	$2700	$8100	$815	$350	$1060
Maroondah LGA	$6550	$2350	$7100	$775	$280	$845
Knox LGA	$6250	$2350	$6850	$1015	$385	$1120
Greater Dandenong LGA	$4100	$1850	$4900	$680	$305	$810
Glen Eira LGA	$6650	$3050	$8000	$1050	$480	$1270
Stonnington LGA	$7450	$4100	$10,550	$840	$465	$1190
Boroondara LGA	$6850	$3500	$9700	$1210	$620	$1705
Total South East Region	**$6200**	**$2800**	**$7700**	**$10,410**	**$4675**	**$12,995**

1.Data provided for the year ending June, including GST and excluding inflation. Total retail spend to all sources including physical and online retail
Source: CommBank iQ 2023; ABS ERP 2023; Structure Plan Area projections derived from CityPlan (published in SRL BIC); Unpublished Victorian Government projections (South East Region); AJM JV

TABLE E.3 SOUTH EAST REGION RETAIL SPEND BY SECTOR, 2041 ($2024)

SECTOR	SPEND PER CAPITA[1]			TOTAL SPEND ($M)[1]		
	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD
Box Hill Structure Plan Area	$5350	$3800	$9600	$155	$110	$280
Burwood Structure Plan Area	$5850	$3600	$9900	$65	$40	$110
Glen Waverley Structure Plan Area	$5150	$3400	$9400	$60	$40	$110
Monash Structure Plan Area	$5850	$4200	$9200	$105	$75	$165
Clayton Structure Plan Area	$5600	$3700	$8900	$150	$100	$240
Cheltenham Structure Plan Area	$6950	$3850	$11,050	$145	$80	$230
Balance of Whitehorse LGA	$5815	$3206	$9646	$1070	$590	$1775
Balance of Monash LGA	$5808	$3322	$9866	$1145	$655	$1945
Balance of Kingston LGA	$6935	$3439	$10,571	$1230	$610	$1875
Balance of Bayside LGA	$8250	$5100	$15,450	$895	$555	$1680
Manningham LGA	$6550	$3600	$11,550	$985	$545	$1735
Maroondah LGA	$6850	$3150	$10,050	$965	$445	$1415
Knox LGA	$6550	$3200	$9750	$1210	$590	$1800
Greater Dandenong LGA	$4300	$2450	$6900	$880	$505	$1415
Glen Eira LGA	$7000	$4050	$11,350	$1280	$745	$2080
Stonnington LGA	$7800	$5550	$14,950	$1095	$780	$2100
Boroondara LGA	$7200	$4700	$13,750	$1470	$960	$2795
Total South East Region	**$6500**	**$3750**	**$10,900**	**$12,910**	**$7435**	**$21,760**

1.Data provided for the year ending June, including GST and excluding inflation. Total retail spend to all sources including physical and online retail
Source: CommBank iQ 2023; ABS ERP 2023; Structure Plan Area projections derived from CityPlan (published in SRL BIC); Unpublished Victorian Government projections (South East Region); AJM JV

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Appendix F

South East Region Major Activity Centres and modelled retail centres and precincts

TABLE F.1 SOUTH EAST REGION STATE AND REGIONALLY SIGNIFICANT COMMERCIAL AREAS

LGA	STATE AND REGIONALLY SIGNIFICANT COMMERCIAL AREAS
Bayside	• **Hampton Major Activity Centre** is the largest activity centre in the Bayside LGA and comprises 60,200 sq.m of commercial floorspace. • **Brighton-Church Street Activity Centre** contains 41,400 sq.m of commercial floorspace. • **Brighton-Bay Street Activity Centre** comprises of 40,000 sq.m of commercial floorspace. • **Sandringham Activity Centre** supports 29,200 sq.m of commercial floorspace.
Boroondara	• **Camberwell Junction Major Activity Centre** is the largest activity centre in Boroondara and incorporates **Camberwell Place** and **Camberwell Central** (a sub-regional complex with Woolworths, Aldi and Kmart), as well as a substantial retail strip along Burke Road and intersecting streets. Camberwell Junction, in its entirety, contains 189,300 sq.m of commercial floorspace. • **Burwood-Camberwell Road Commercial Corridor** includes 82,800 sq.m of commercial floorspace. • **Kew Junction Major Activity Centre** is a substantial retail strip along High Street and Studley Park Road and intersecting streets, containing approximately 68,900 sq.m of commercial floorspace. • **Hawthorn-Glenferrie Road Major Activity Centre** is a commercial and retail strip along Glenferrie and Burwood Roads, consisting of approximately 66,700 sq.m of commercial floorspace.
Glen Eira	• **Carnegie Major Activity Centre** comprises 69,400 sq.m of commercial floorspace and includes a supermarket shopping centre in Carnegie Central. • **Bentleigh Major Activity Centre** is a commercial and retail strip along Centre Road**,** comprising approximately 59,500 sq.m of commercial floorspace. • **Elsternwick Major Activity Centre** is a commercial and retail strip along Glen Huntly Road (east)**,** comprising 49,500 sq.m of commercial floorspace. • **Glen Huntly Major Activity Centre** is a commercial and retail strip along Glen Huntly Road (west), comprising 23,100 sq.m of commercial floorspace. • **Caulfield Major Activity Centre** comprised of 15,400 sq.m of commercial floorspace as of 2020. Although not recorded in the Melbourne Industrial and Commercial Land Use Plan audit as it was constructed after 2020, a new centre anchored by Coles has opened in the Caulfield Village residential precinct.
Greater Dandenong	• **Dandenong Metropolitan Activity Centre** is estimated to have 405,000 sq.m of commercial floorspace, with Dandenong Square being the largest single centre with Kmart and multiple supermarkets. The Dandenong Market is a prominent retail attraction in Dandenong.
	• **Springvale Major Activity Centre** includes approximately 115,700 sq.m of commercial floorspace. • **Keysborough-Parkmore Major Activity Centre** includes approximately 36,100 sq.m of commercial floorspace and is anchored by Parkmore Shopping Centre (sub-regional). • **Noble Park Major Activity Centre** includes approximately 32,800 sq.m of commercial floorspace.
Kingston	• **Cheltenham-Southland Major Activity Centre** is anchored by Westfield Southland and has an estimated 144,500 sq.m of commercial floorspace. **Westfield Southland** is a regional shopping centre with approximately 129,300 sq.m of GLA[24] drawing a large customer base of approximately 588,000 residents[25] . • **Moorabbin Major Activity Centre** includes 89,000 sq.m of commercial floorspace. • **Cheltenham Major Activity Centre** is located just beyond the Cheltenham SRL Structure Plan Area. The activity centre includes a retail and commercial strip comprising of 87,100 sq.m of commercial floorspace. • **Chelsea Major Activity Centre** includes 38,600 sq.m of commercial floorspace. • **Mentone Major Activity Centre** includes 34,300 sq.m of commercial floorspace. • **Mordialloc Major Activity Centre** includes 23,700 sq.m of commercial floorspace and is anchored by Mordialloc Plaza.
Knox	• **Wantirna South-Knox Central Major Activity Centre** has approximately 153,100 sq.m of commercial floorspace, and is anchored by **Westfield Knox**, a regional shopping centre with 144,300 sq.m GLA[26]. • **Boronia Major Activity Centre** contains around 94,300 sq.m of commercial floorspace and is anchored by a sub-regional centre and a supermarket centre in **Boronia Mall and Boronia Junction**. • **Bayswater Major Activity Centre** contains around 43,100 sq.m of commercial floorspace, including the **Mountain High Shopping Centre** • **Rowville-Stud Park Major Activity Centre** contains around 34,200 sq.m of commercial floorspace and is anchored by **Stud Park Shopping Centre** (sub-regional). • **Mountain Gate Major Activity Centre** is anchored by **Mountain Gate Shopping Centre** (supermarket centre) and contains approximately 22,900 sq.m of commercial floorspace.

[24] Scentre Group (online), Westfield Southland, https://www.scentregroup.com/our-customers/westfield-destinations/westfield-southland accessed May 2024.
[25] Scentre Group (online), Westfield Southland, https://www.scentregroup.com/our-customers/westfield-destinations/westfield-southland accessed May 2024.

[26] Scentre Group (online), Westfield Knox, https://www.scentregroup.com/our-customers/westfield-destinations/westfield-knox, accessed May 2024.

LGA	STATE AND REGIONALLY SIGNIFICANT COMMERCIAL AREAS
Manningham	• **Doncaster Hill Major Activity Centre** has approximately 176,800 sq.m of commercial floorspace, and is anchored by **Westfield Doncaster**, a regional shopping centre with 123,100 sq.m GLA[27]. • **Doncaster East – The Pines Major Activity Centre** includes 25,200 sq.m of commercial floorspace and is anchored by The Pines Shopping Centre (sub-regional).
Maroondah	• **Ringwood Metropolitan Activity Centre** consists of 256,600 sq.m of commercial floorspace. The activity centre is anchored by **Eastland Shopping Centre**, a regional centre with 133,800 sq.m of GLA[28], and surrounded by other large-format retail and strip-based and bulky goods retail along Maroondah Highway, which plays a major service delivery role within the South East Region. Ringwood provides a large Costco Warehouse. • **Croydon Major Activity Centre** includes approximately 53,110 sq.m of commercial floorspace and is anchored by **Croydon Central**.
Monash	• **Glen Waverley Major Activity Centre** includes approximately 133,800 sq.m of commercial floorspace and is anchored by The Glen regional shopping centre which supports a large share of the activity centre's floorspace. • **Oakleigh Major Activity Centre** includes approximately 93,400 sq.m of commercial floorspace and is anchored by Oakleigh Central (supermarket centre). • **Clayton Major Activity Centre** includes approximately 44,500 sq.m of commercial floorspace. • **Brandon Park Major Activity Centre** includes approximately 36,200 sq.m of commercial floorspace and is anchored by Brandon Park Shopping Centre (supermarket centre). • **Mount Waverley Major Activity Centre** includes approximately 28,000 sq.m of commercial floorspace.
Stonnington	• **Prahan/South Yarra Major Activity Centre** is the largest activity centre in the region, with approximately 547,000 sq.m of commercial floorspace, including the **670 Chapel** sub-regional centre. • **Chadstone Major Activity Centre** is predominantly **Chadstone Shopping Centre**, Australia's largest with 231,300 sq.m of floorspace GLA[29]. This centre provides higher order retail facilities, with retail, entertainment, and non-retail uses, co-located with a luxury hotel and office space. Chadstone is known for its luxury retail offer and high visitor draw across Melbourne's South East Region and beyond. • **Malvern/Armadale Major Activity Centre** includes approximately 139,200 sq.m of commercial floorspace, including Malvern Central which offers a small David Jones department store. • **Toorak Village Major Activity Centre** includes approximately 36,590 sq.m of commercial floorspace and is anchored by **Tok H Shopping Centre.**
Whitehorse	• **Box Hill Metropolitan Activity Centre** is the highest order of activity centres outside of Melbourne's Central Business District. The Box Hill MAC includes approximately 180,800 sq.m of commercial floorspace and its retail offer is anchored by **Box Hill Central**. • **Burwood East-Tally Ho** includes approximately 95,600 sq.m of commercial floorspace. • **Forest Hill Chase** includes approximately 68,800 sq.m of commercial floorspace and is anchored by Forest Hill Chase with 63,300 sq.m of floorspace GLA[30]. • **Nunawading** includes approximately 15,400 sq.m of commercial floorspace. • **Burwood Heights** includes approximately 7500 sq.m of commercial floorspace, excluding the more recently developed Burwood Brickworks centre with Woolworths and a cinema complex.

Note: Floorspace above is commercial floorspace sourced from Melbourne Industrial and Commercial Land Use Plan, DELWP 2020, unless stated otherwise. While this includes retail floorspace, it also entails other commercial floorspace such as offices or other employment facilities.

[27] Scentre Group (online), Westfield Doncaster, https://www.scentregroup.com/our-customers/westfield-destinations/westfield-doncaster, accessed May 2024.

[28] QIC (online) Eastland, https://www.qicre.com/Properties/Eastland, accessed May 2024.

[29]Vicinity Centres (online), Chadstone, https://www.vicinity.com.au/portfolio/our-properties/chadstone#/ , accessed May 2024.

30 Property Council Australia (online), Shopping Centres Online https://shoppingcentresonline.com.au/, accessed May 2024.

TABLE F.2 SOUTH EAST REGION CENTRES INCLUDED IN RETAIL FLOORSPACE MODELLING

SELECTED CENTRES FOR ANALYSIS IN THE SOUTH EAST REGION	GLA (SQ.M)			
	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD	TOTAL
Box Hill Structure Plan				
Box Hill Metropolitan Activity Centre	22,200	33,400	29,900	85,500
Box Hill South	2800	2100	700	5600
Box Hill other local centres	0	100	1300	1400
Burwood Structure Plan				
Burwood key retail clusters	1200	6100	17,000	24,300
Cheltenham Structure Plan				
Cheltenham-Southland Major Activity Centre	14,400	9600	100.900	124,900
Highett Activity Centre	7600	4700	5200	17,500
Bay Road Local Centre	900	800	200	1900
Bay Road key retail clusters	3900	0	0	3900
Clayton Structure Plan				
Clayton Major Activity Centre	20,100	15,100	15,100	50,300
Clayton other local centres	1000	2600	1700	5300
Glen Waverley Structure Plan				
Glen Waverley Major Activity Centre	23,200	33,100	68,800	125,100
High Street Road near Myers Avenue	0	200	1000	1200
Monash Structure Plan				
M-City	4400	3300	6600	14,300
Monash other local centres (incl. Monash University and Dandenong Road centre)	600	4000	600	5200
Balance South East Region				
Supermarket Based Shopping Centres	176,700	26,400	83,700	286,800
Chadstone	9300	12,700	138,800	160,800
Prahan/South Yarra Major Activity Centre	27,000	28,100	79,800	134,900
Westfield Knox	14,400	14,400	8,6600	115,400
Westfield Doncaster	12,500	6200	91,000	109,700
Ringwood Metropolitan Activity Centre	35,100	15,200	123,700	174,000
Malvern/Armadale Major Activity Centre	10,300	18,800	60,500	89,600
Dandenong Metropolitan Activity Centre	39,300	27,500	39,500	106,300
Camberwell Junction	9200	22,100	33,100	64,400
Forest Hill Chase	10,600	2200	27,400	40,200
Parkmore Shopping Centre	8700	2000	23,100	33,800
Waverley Gardens Shopping Centre	11,400	2700	17,700	31,800
Burwood One	10,700	1300	11,600	23,600
DFO Moorabbin	100	300	22,000	22,400
Pines Shopping Centre	9900	800	11,000	21,700
Stud Park Shopping Centre	10,600	900	9700	21,200
The Boronia Mall	3900	800	10,800	15,500
Cheltenham Major Activity Centre	1700	2900	105,00	15,100
Brandon Park	5800	1200	7000	14,000
Brand Smart Outlet Mall	0	500	8900	9400
Burwood Brickworks Shopping Centre	6100	600	2200	8900
Total Modelled Centres	**515,600**	**302,700**	**1,147,600**	**1,965,900**

Note: Floorspace is occupied retail space as of July 2023 (e.g. excludes vacant tenancies and non-retail floorspace). Rounded to the nearest 1000 for Balance South East Region centres and rounded to the nearest 100 for Structure Plan retail.

Source: Urbis Floorspace Audit referenced for SRL East Structure Plan Areas, Urbis Shopping Centre Benchmarks and the PCA Shopping Centres Online data were used for most centres, with MICLUP data and manual checks used for major retail strips or locations.

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Appendix G

Retail need methodology

Market Capacity Methodology

Figure G.1 shows a detailed depiction of the methodology for calculating future retail floorspace requirements, or 'need'. Further explanation is provided through this Appendix.

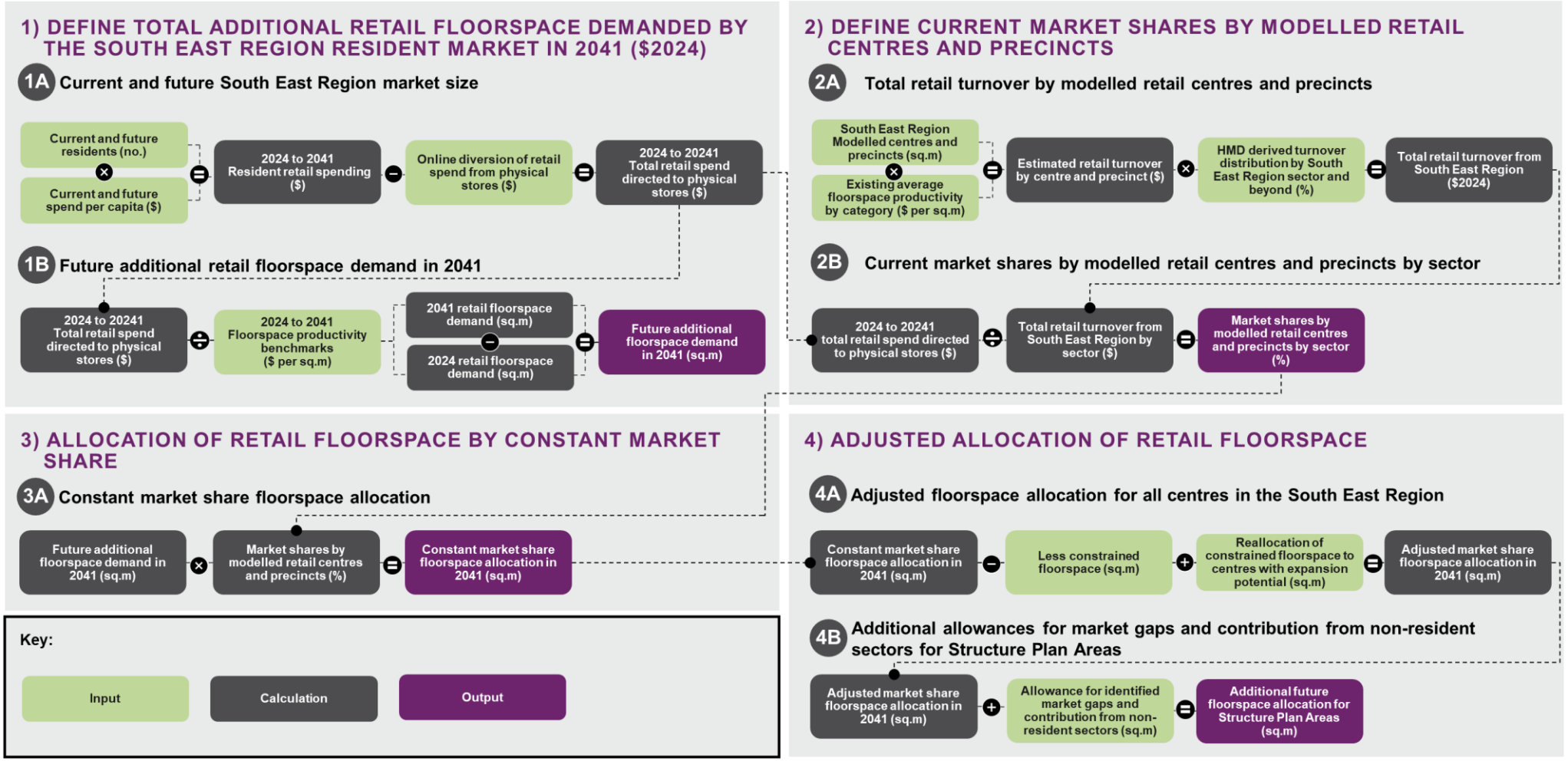

FIGURE G.1 MARKET CAPACITY METHODOLOGY

Note: Sector refers to the South East Region sub-sectors which include the Structure Plan Areas, the balance of Local Government Areas in which the Structure Plans exist, and other entire Local Government Areas.

1) DEFINE TOTAL ADDITIONAL RETAIL FLOORSPACE DEMANDED BY THE SOUTH EAST REGION RESIDENT MARKET IN 2041

To calculate future resident retail floorspace demand across the South East Region, the steps below were undertaken.

A. Current and future South East Region market size

- The estimated current population in the region is 1.68 million in 2024, growing to 1.99 million in 2041.
- After multiplying population by per capita spending estimates, total retail spending generated by residents in the South East Region is estimated at $28.1 billion in 2024 (derived from Table 5.3 in Section 5). This is forecast to increase to $42.1 billion in 2041.
- Total retail spending directed to physical stores is estimated at $25.7 billion in 2024, once allowance for the 8% of spending to be directed online channels that don't require a physical store in the supply chain (i.e. warehouse distribution). By 2041, the total retail spending directed to physical stores is forecast at $35.4 billion (excl. retail price inflation).

B. Future additional retail floorspace demand in 2041

- In order to convert the size of, and growth in, the market over time to additional retail floorspace requirements, a **floorspace productivity benchmark** (i.e. turnover per sq.m) is applied to the retail market size is used over the forecast period, detailed in Table G.1. This productivity rate is forecast to increase, as has occurred in the past, and allows for factors that may impact retailer profitability and sustainability, such as outgoings increasing at a faster rate that overall inflation.
- For total retail, the applied productivity rate is estimated at circa $7500 in 2024, increasing to $8800 in 2041, allowing for wide variations by merchant type. These figures are then forecast to a 2041 productivity using a growth rate per category. These are based on past evidence of change in productivity rates within Australian shopping centres from 2009 to 2019, as indicated by the Urbis Shopping Centre Benchmarks.
- Dividing the retail spending directed to physical stores by the benchmark productivity rates, results in the current and future supportable floorspace demand by South East Region residents.
- The difference between the 2024 and 2041 supportable floorspace results in the future additional floorspace demand in 2041, which results in **604,900 sq.m for the South East Region**. This total includes:
  - » Food retail: 107,600 sq.m
  - » Food and beverage: 185,500 sq.m
  - » Non-food: 311,800 sq.m.

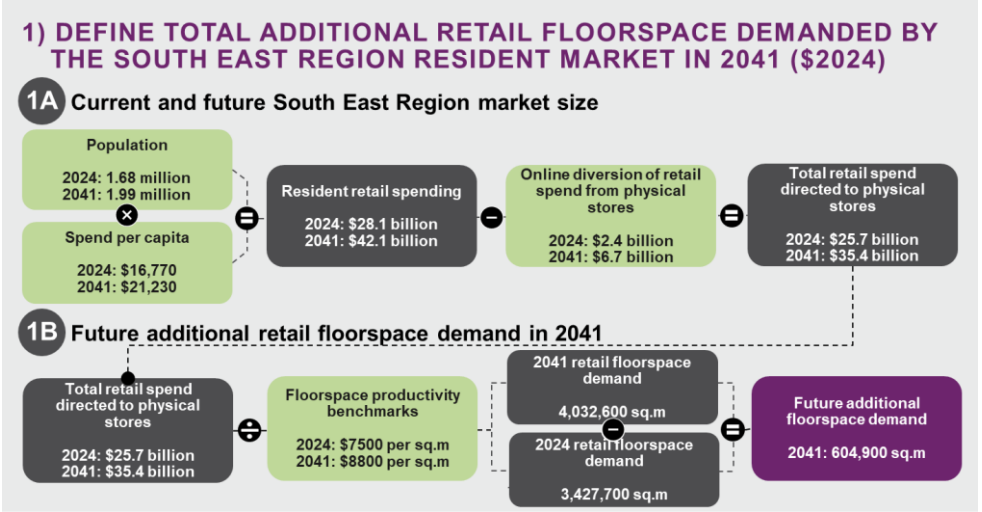

FIGURE G.2 TOTAL ADDITIONAL RETAIL FLOORSPACE DEMANDED BY THE SOUTH EAST REGION RESIDENT MARKET IN 2041 ($2024)

Source: Structure Plan Area projections derived from CityPlan (published in SRL BIC); CommBank iQ 2023; ABS ERP 2023; AJM JV

TABLE G.1 FLOORSPACE PRODUCTIVITY BENCHMARKS

	PRODUCTIVITY RATE ($ PER SQ.M, $2024)		
	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD
2024	$11,000	$6700	$6000
2041	$11,973	$8275	$7411
Growth 2024-2041 p.a.	**0.5%**	**1.25%**	**1.25%**

Source: AJM JV

- In estimating the 2024 productivity to be used as the basis for estimating floorspace need across the South East Region, the Urbis Shopping Centre Benchmarks were used as an initial indication of the average productivity of retail floorspace across a large sample of over 500 shopping centres in Australia.
- However, the productivity of the centres in the Urbis Shopping Centre Benchmarks sample is considered to be significantly higher than smaller centres and retail strips that are not included in the sample. These locations do not have the concentration of visitation of managed centres and typically trade at lower levels per sq.m. Strip centres and other peripheral retail spaces also, on average trade at lower levels per sq.m due to the larger and more inefficient shop spaces compared to centres.
- In non-food retail, the productivity rate outside of centres can be comparable to centres, as in high street locations there is a reduced weighting to low productivity apparel space, but instead stronger productivity is often achieved for more common uses such as electronics, pharmacies, or retail services. Consequently, productivity rates per sq.m were discounted for food retail and food and beverage categories to reflect the estimated lower productivity rates. The non-food productivity rate is assumed to be comparable to the Urbis Shopping Centre Benchmarks estimate.

TABLE G.2 FLOORSPACE PRODUCTIVITY BENCHMARKS

	URBIS SHOPPING CENTRE BENCHMARKS - AVERAGE RETAIL PRODUCTIVITY ($ PER SQ.M)	ADOPTED AVERAGE RETAIL PRODUCTIVITY ($ PER SQ.M)
Food retail	$13,200	$11,000
Food and beverage	$9700	$6700
Non-food	$5800	$6000

Source: AJM JV, Urbis Shopping Centre Benchmarks

- These figures can be verified to some extent by considering the implied floorspace per capita if the productivity rates are applied to the retail spending level. Across the South East Region, dividing the respective retail spending level by the adopted productivity rate generates a floorspace that is equivalent to 2.0 sq.m per capita. That is broadly aligned to the national benchmark of around 2.2 sq.m per capita, noting we would expect it to be lower as some of the floorspace demand generated by residents of the Region will be served outside the Region (e.g. Melbourne Central City). This provides an indication the adopted productivity rates are broadly accurate.
- These current productivity rates then need to be grown out to 2041 trading levels. Generally, productivity rates increase at a lower rate than the growth in the retail spending market. As retail spending increases, new retail floorspace is typically introduced into the market to capitalise on this demand. Introducing new floorspace will limit the growth in productivity. However, some growth is still achieved. As discussed in this report, retail space growth has not kept pace with retail spending growth, meaning productivity per sq.m has still increased marginally.
- The real growth in retail productivity estimates from 2024 to 2041 are shown in Table G.1. These estimates have been adopted with reference to the impact they would have on retail floorspace per capita figures. If the growth in productivity is too high, floorspace growth would be slowed, and floorspace per capita would decrease substantially. Conversely, if there was no growth in productivity assumed, floorspace, and in turn, floorspace per capita would increase at the same rate as the spending market growth.
- Growing productivity at the rates adopted in Table G.1, the floorspace per capita across the region remains around 2 per sq.m, although slightly decreasing from current estimated levels. This is the expected outcome given the analysis in this report indicating a slightly slower growth in floorspace relative to total retail spending. See Table 8.1 for further details.
- Varying growth rates have been applied across the retail categories. This reflects past evidence of change in productivity rates within Australian shopping centres from 2009 to 2019, as indicated by the Urbis Shopping Centre Benchmarks. It was noted that food retail productivity per sq.m grew at half the rate of food and beverage and non-food retail over that period. This is thought to reflect the competition in the supermarket and fresh food sector, which has limited productivity growth over the last 10 years or so.

2) DEFINE CURRENT MARKET SHARES BY MODELLED RETAIL CENTRES AND PRECINCTS

A. Total retail turnover by modelled centres and precincts

- To arrive at the **total retail turnover from the South East Region for each centre**, the current retail floorspace and turnover performance were estimated for the key retail centres and precincts in the South East Region using industry knowledge and in-house techniques. These estimates were cross-checked with activity levels using HMD. *Noting, other dispersed ancillary retail have been excluded from this analysis due to their small scale and general location outside of defined MICLUP commercial centres. This retail space is still accounted for through the process with an allowance for a share of the Region's spending capacity to be directed to "other retail locations".*

  The relative visitation to the range of key retail centres from residents of each sector of the South East Region was estimated using HMD, providing an understanding of the share of each centre's retail turnover captured from each sector. As HMD visitation rates do not necessarily translate to turnover, these shares are reviewed based on AJM JV's extensive experience reviewing and analysing trade areas for, and usage patterns of, shopping centres. This considers all users of a retail centre including workers, students, and tourists. If those users also live in the area, they are considered as residents of the sector of the region they live (i.e. to avoid double counting), with allowance for trade generated at each centre from 'beyond' the region.

B. Current market shares by modelled retail centres and precincts

- Then, the retail turnover estimated to be generated by each centre in each sector of the South East Region is divided by the retail spending capacity of the market of the corresponding sector to provide an **estimate of current market shares for each modelled centre and precinct from each sector.**

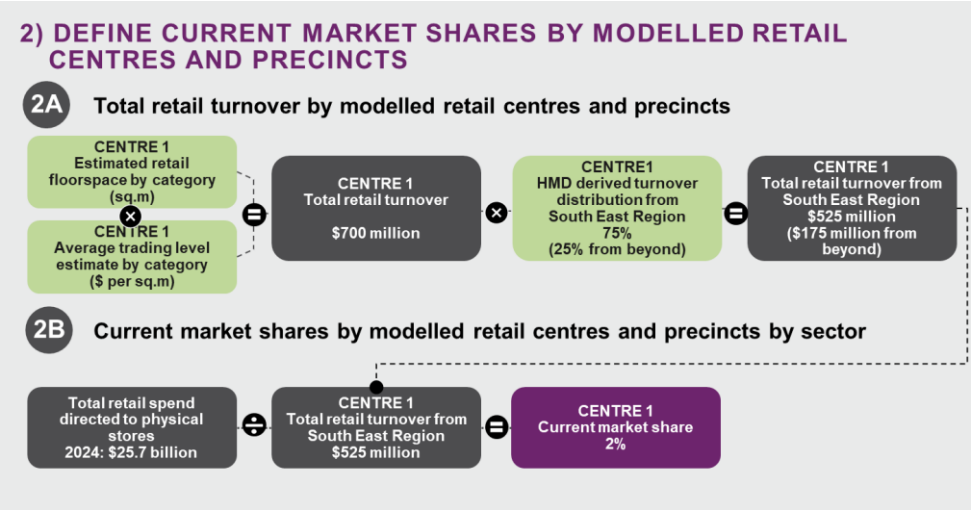

FIGURE G.2 EXAMPLE OF A MODELLED CENTRE CURRENT MARKET SHARE

Note: Numbers shown in the diagram are for the purposes of illustration only. This process is undertaken for each centre, in each sector of the South East Region.

TABLE G.3 2024 2024 CURRENT MARKET SHARE CALCULATIONS FOR THE BOX HILL STRUCTURE PLAN AREA RETAIL BY SOUTH EAST REGION SECTOR

SECTOR	SOUTH EAST REGION SPENDING MARKET ($M)			BOX HILL DISTRIBUTION OF TURNOVER ($M)			BOX HILL RETAIL MARKET SHARE (%)		
	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD	FOOD RETAIL	FOOD AND BEVERAGE	NON-FOOD
Box Hill Structure Plan Area	75	45	85	28.8	27.0	18.7	38.4%	60.1%	22.0%
Burwood Structure Plan Area	35	15	35	2.7	2.1	1.5	7.6%	14.0%	4.3%
Glen Waverley Structure Plan Area	35	20	45	0.4	0.3	0.2	1.1%	1.6%	0.5%
Monash Structure Plan Area	70	40	70	0.8	0.6	0.4	1.1%	1.4%	0.6%
Clayton Structure Plan Area	90	45	90	0.9	0.7	0.5	1.0%	1.6%	0.6%
Cheltenham Structure Plan Area	65	30	65	0.3	0.3	0.2	0.4%	1.0%	0.3%
Balance of Whitehorse LGA	880	385	900	63.2	50.8	36.2	7.2%	13.2%	4.0%
Balance of Monash LGA	935	420	985	13.3	12.6	8.7	1.4%	3.0%	0.9%
Balance of Kingston LGA	1,020	395	965	3.1	2.7	1.9	0.3%	0.7%	0.2%
Balance of Bayside LGA	775	380	905	1.6	1.2	0.9	0.2%	0.3%	0.1%
Manningham LGA	805	350	880	31.8	29.2	20.3	4.0%	8.3%	2.3%
Maroondah LGA	765	275	700	14.9	11.4	8.2	1.9%	4.1%	1.2%
Knox LGA	1,005	385	930	15.6	12.5	8.9	1.6%	3.2%	1.0%
Greater Dandenong LGA	675	305	670	4.9	4.9	3.3	0.7%	1.6%	0.5%
Glen Eira LGA	1,040	475	1,055	5.2	4.5	3.2	0.5%	0.9%	0.3%
Stonnington LGA	830	465	990	4.0	3.0	2.2	0.5%	0.6%	0.2%
Boroondara LGA	1,195	615	1,415	30.8	25.1	17.9	2.6%	4.1%	1.3%
Total South East Region	10,295	4,645	10,785	**222.2**	**188.9**	**133.2**	**2.2%**	**4.1%**	**1.2%**
Turnover from beyond the Region				*27.2*	*19.4*	*15.8*	*10.9%*	*9.3%*	*10.6%*
Total (including beyond)				**249.5**	**208.3**	**149.0**			

1.Data provided for the year ending June, including GST and excluding inflation.
Source: CommBank iQ 2023; ABS ERP 2023; Structure Plan Area projections derived from CityPlan (published in SRL BIC); Unpublished Victorian Government projections (South East Region); AJM JV

3) ALLOCATION OF RETAIL FLOORSPACE BY CONSTANT MARKET SHARE

C. Constant market share floorspace allocation

- The current market shares, by sector, for all retail centres in the region are used as a base to distribute the regional retail floorspace need between retail centres. These floorspace estimates are referred to as the **'constant market share'** floorspace estimates. They represent the distribution of future retail floorspace if future retail floorspace needs were allocated in line with the current distribution of trade and market size. Centres serving higher growth sectors will naturally attract a higher future floorspace allocation as their weighted market share will increase.
- Future additional floorspace demand is multiplied by the estimated market shares of centres and precincts to derive a **'constant market share floorspace allocation'.**

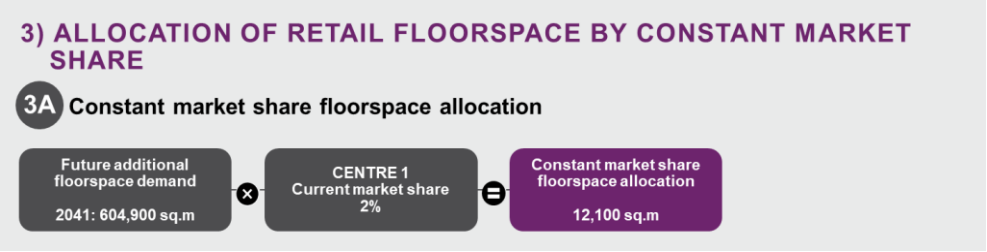

FIGURE G.3 EXAMPLE OF FLOORSPACE ALLOCATION FOR MODELLED CENTRE CONSTANT MARKET SHARE

Note: Numbers shown in the diagram are for the purposes of illustration only

Figure G.3 shows at a high level how the constant market share presented in Table G.3 are applied, with the resultant floorspace numbers presented in Table G.4.

Figure G.4 provides an example of how the additional retail floorspace requirement to 2041 is distributed in line with current market shares by sector and how the demand from floorspace beyond is accounted for.

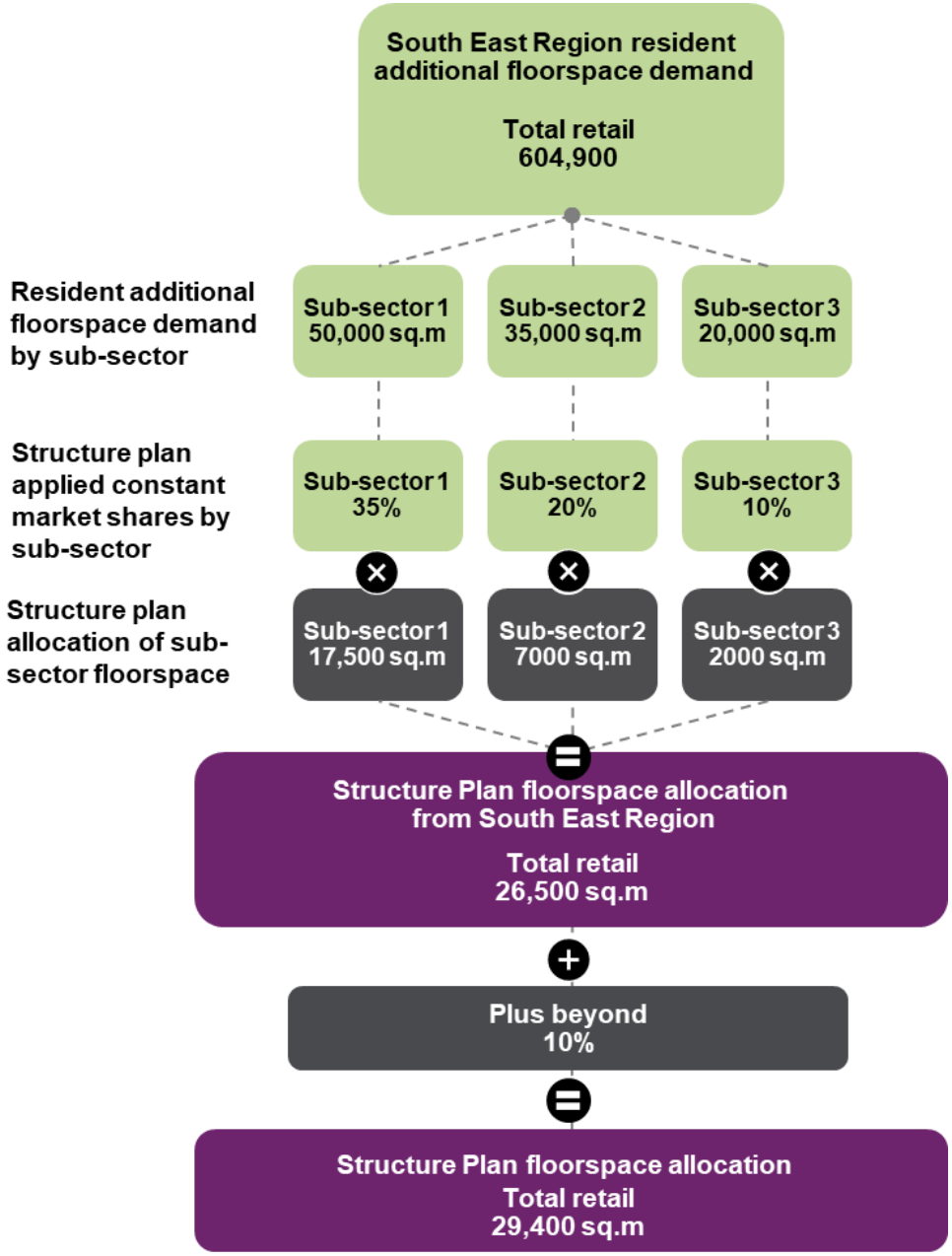

FIGURE G.4 DETAILED CONSTANT MARKET SHARE APPROACH

Note: Numbers shown in the diagram are for the purposes of illustration only

Centre market shares do not remain constant; however, and retail space will not be allocated directly in line with each centre's current share for various reasons, including:

- There are physical constraints on some centres for expansion, whereas other centres have expansion potential due to land availability or vertical opportunities. The level of constraint on identified centres (relative to the constant market share estimates) is shown in Table G.5. Note that these constraints are only relative to a hypothetical trend growth. Centres will still have some capacity for growth. Naturally, centres with no growth in space will see their share of the regional floorspace requirement diminish.
- New centres will also be developed, impacting the market shares of the existing centres or, in effect, capturing a higher share of the floorspace increase than a constant market share allocation would indicate.
- The centres are relatively close to areas with elevated population and so spending growth. While the relative usage of centres by sectors of the South East Region in part accounts for this, within sectors, growth may be localised. The obvious example of this is that strong growth in an activity centre or adjacent to a station will support stronger growth for retailers in the immediate vicinity but may have more limited benefit to centres in the same sector but not walkable from the area of higher growth.
- There will be changes in the influence of other visitors to a centre. While workers and students living in the South East Region are already captured and other visitors are accounted for through trade generated from beyond the region if an area attracts increasing (or decreasing) activity from these non-resident groups, their share of future floorspace requirement could increase (or decrease).

Potential adjustments from the constant market share outcome are described further below under step 4.

It should be noted that declining market share does not necessarily mean declining performance. Firstly, the productivity of all retailers serving the area is modelled to increase.

An example of how centres would still capture increased retail spending even if their market share declines is shown in Figure G.5. In the scenario presented, even though the established centre (Centre 1) sees its market share of the Structure Plan Area spend decrease from 40% to 30% as a new centre is introduced, given that the size of the spending market in the sector has more than doubled, the turnover of Centre 1 still increases ($80 million to $135 million).

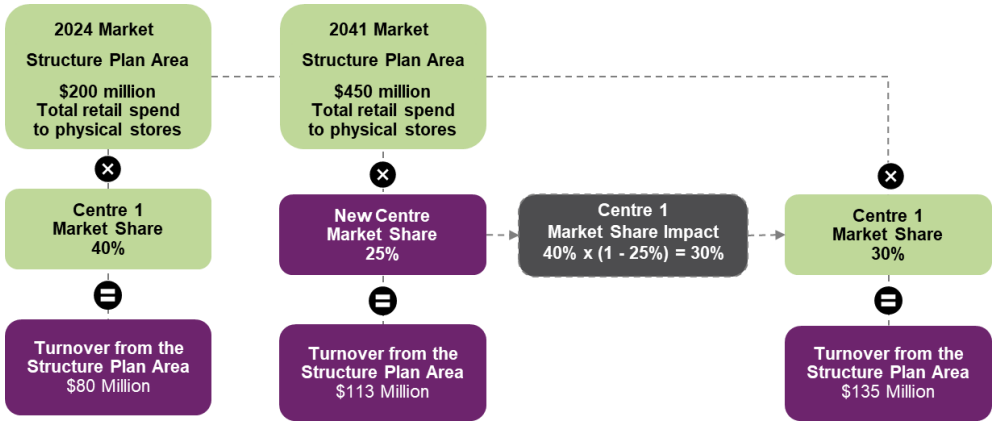

FIGURE G.5 MARKET SHARE APPROACH EXAMPLE

Note: Numbers shown in the diagram are for the purposes of illustration only

TABLE G.4 DERIVATION OF THE CONSTANT MARKET SHARE FLOORSPACE FOR THE BOX HILL STRUCTURE PLAN AREA ($2024)

SECTOR	ADDITIONAL RETAIL SPENDING 2024-2041 ($M)			ADDITIONAL REGIONAL FLOORSPACE DEMAND 2024-2041 (SQ.M)				CURRENT MARKET SHARE (%)			STRUCTURE PLAN AREA SHARE OF REGIONAL FLOORSPACE DEMAND (SQ.M)			
	FOOD RETAIL	FOOD & BEVERAGE	NON-FOOD	FOOD RETAIL	FOOD & BEVERAGE	NON-FOOD	TOTAL RETAIL	FOOD RETAIL	FOOD & BEVERAGE	NON-FOOD	FOOD RETAIL	FOOD & BEVERAGE	NON-FOOD	TOTAL RETAIL
Box Hill Structure Plan Area	75	65	120	5,620	6,760	13,110	25,490	38.4%	60.1%	22.0%	2,140	4,265	2,855	9,260
Burwood Structure Plan Area	30	25	45	2,190	2,300	4,740	9,230	7.6%	14.0%	4.3%	170	290	200	660
Glen Waverley Structure Plan Area	20	20	35	1,460	1,790	3,760	7,010	1.1%	1.6%	0.5%	15	30	20	65
Monash Structure Plan Area	30	35	50	1,990	2,900	4,500	9,390	1.1%	1.4%	0.6%	20	40	30	90
Clayton Structure Plan Area	55	55	85	4,170	5,060	8,910	18,140	1.0%	1.6%	0.6%	45	80	55	180
Cheltenham Structure Plan Area	75	45	100	5,620	5,040	11,200	21,860	0.4%	1.0%	0.3%	20	55	35	110
Balance of Whitehorse LGA	155	200	375	6,710	12,910	21,080	40,700	5.9%	12.0%	3.6%	290	1,445	645	2,380
Balance of Monash LGA	170	220	415	7,660	14,760	24,170	46,590	1.4%	3.0%	0.9%	105	435	210	750
Balance of Kingston LGA	170	205	380	6,510	12,640	20,180	39,330	0.3%	0.7%	0.2%	20	80	35	135
Balance of Bayside LGA	90	165	300	2,020	9,400	12,300	23,720	0.2%	0.3%	0.1%	5	30	10	45
Manningham LGA	150	185	365	6,540	12,220	21,490	40,250	4.0%	8.3%	2.3%	260	1,020	495	1,775
Maroondah LGA	170	160	320	8,300	11,100	20,710	40,110	1.9%	4.1%	1.2%	160	455	245	860
Knox LGA	165	190	365	6,470	12,220	19,590	38,280	1.6%	3.2%	1.0%	100	395	190	685
Greater Dandenong LGA	180	190	345	10,170	14,580	25,470	50,220	0.7%	1.6%	0.5%	75	235	125	435
Glen Eira LGA	200	255	440	8,830	16,970	26,220	52,020	0.5%	0.9%	0.3%	45	160	80	285
Stonnington LGA	230	300	520	13,250	23,050	38,910	75,210	0.5%	0.6%	0.2%	65	145	85	295
Boroondara LGA	225	325	595	10,050	21,880	35,470	67,400	2.6%	4.1%	1.3%	260	895	450	1,605
Total South East Region	**2,190**	**2,640**	**4,855**	**107,570**	**185,570**	**311,760**	**604,900**	**3.0%**	**4.8%**	**1.5%**	**3,790**	**10,065**	**5,765**	**19,620**
Floorspace demand from beyond the Region								*10.9%*	*9.3%*	*10.6%*	*460*	*1,025*	*675*	*2,160*
Total (including beyond)											**4,250**	**11,090**	**6,440**	**21,780**

1.Data provided for the year ending June, including GST and excluding inflation.

Source: CommBank iQ 2023; ABS ERP 2023; Structure Plan Area projections derived from CityPlan (published in SRL BIC); Unpublished Victorian Government projections (South East Region); AJM JV

TABLE G.5 ESTIMATED FLOORSPACE CHANGE FOR SELECTED CONSTRAINED RETAIL CENTRES, SOUTH EAST REGION

	CURRENT TOTAL RETAIL FLOORSPACE (SQ.M)	FUTURE INDICATIVE TOTAL RETAIL FLOORSPACE (SQ.M)		CONSTRAINED RETAIL FLOORSPACE RELATIVE TO CONSTANT MARKET SHARE (SQ.M)	ESTIMATED GROWTH IN TOTAL RETAIL FLOORSPACE RELATIVE TO CURRENT (SQ.M)
		MODELLED CONSTANT MARKET SHARE ESTIMATE	ADJUSTED FLOORSPACE		
	A	*B*	*C*	*D = (C – B)*	*E = (C – A)*
Box Hill Structure Plan Area					
Box Hill South	5600	6800	6150	-650	550
Box Hill other local centres	1400	1700	1450	-250	50
Cheltenham Structure Plan Area					
Highett Shopping Centre	5100	6400	5850	-550	750
Balance Highett Activity Centre	12,400	16,600	15,100	-1500	2700
Clayton Structure Plan Area					
Clayton Frank Ave to Knight St	1600	2,000	1950	-50	350
Glen Waverley Structure Plan Area					
The Glen	64,300	75,900	75,300	-600	11,000
Monash Structure Plan					
M-City	14,300	17,400	15,100	-2300	800
Balance South East Region					
Chadstone	160,800	238,200	193,800	-44,400	33,000
Westfield Knox	115,400	137,400	129,900	-7500	14,500
Eastland Shopping Centre	103,200	122,700	115,900	-6800	12,700
Malvern Retail Precinct	74,400	92,000	79,900	-12,100	5500
Dandenong Retail Precinct	72,800	85,300	80,300	-5000	7500
Camberwell Junction	64,400	79,500	68,450	-11,050	4050
Ringwood Retail Precinct	53,100	61,700	59,100	-2600	6000
Forest Hill Chase	40,200	44,700	42,600	-2100	2400
Parkmore Shopping Centre	33,800	41,000	34,650	-6350	850
Waverley Gardens Shopping Centre	31,800	36,000	33,700	-2300	1900
Burwood One	23,600	27,300	25,400	-1900	1800
DFO Moorabbin	22,400	27,700	22,400	-5300	0

	CURRENT TOTAL RETAIL FLOORSPACE (SQ.M)	FUTURE INDICATIVE TOTAL RETAIL FLOORSPACE (SQ.M)		CONSTRAINED RETAIL FLOORSPACE RELATIVE TO CONSTANT MARKET SHARE (SQ.M)	ESTIMATED GROWTH IN TOTAL RETAIL FLOORSPACE RELATIVE TO CURRENT (SQ.M)
		MODELLED CONSTANT MARKET SHARE ESTIMATE	ADJUSTED FLOORSPACE		
	A	*B*	*C*	*D = (C – B)*	*E = (C – A)*
Pines Shopping Centre	21,700	24,100	22,250	-1850	550
Stud Park Shopping Centre	21,200	23,700	22,100	-1600	900
Ringwood Square	17,700	19,600	18,350	-1250	650
The Boronia Mall	15,500	16,700	16,100	-600	600
Malvern Central	15,200	18,600	16,000	-2600	800
Cheltenham-Other Retail Precinct	15,100	18,700	17,800	-900	2700
670 Chapel	14,500	17,000	15,200	-1800	700
Brandon Park	14,000	15,600	14,950	-650	950
Brand Smart Outlet Mall	9400	11,000	9,500	-1500	100
Burwood Brickworks Shopping Centre	8900	10,600	9,800	-800	900
Other Supermarket Based Shopping Centres (Aggregated)	286,800	328,600	315,800	-12,800	29,000
Other key centres outside South East Region					
Melbourne Central City	340,000	442,300	390,000	-52,300	50,000
Total constrained floorspace				**-191,950**	

Source: AJM

Note: The floorspace growth numbers in this table are estimates only prepared for the purposes of modelling the amount of retail floorspace need that might need to be met in other locations if some centres are unable to increase floorspace in line with market growth (i.e. the constant market share estimate). This should not be interpreted as a cap on the development potential of any centre. Some centres identified may achieve expansion over and above the estimates, some may not grow at all. Importantly, the opportunity exists for all centres to grow from current levels, even if partially constrained.

4) ADJUSTED ALLOCATION OF RETAIL FLOORSPACE

A. Adjusted floorspace allocation for all centres in the South East Region

- Adjustments to the constant market share floorspace estimates for all South East Region modelled centres and precincts are made to reflect:
  - » Changes over time in the potential of some retail centres to expand. For example, if a retail centre is landlocked with little potential for physical growth, that centre's market share may decline over time, resulting in a greater allocation to retail centres that can expand or new retail facilities that may be developed. This is referred to as the reallocation of constrained floorspace.
  - » The cumulative constraint on floorspace across all modelled centres and precincts, relative to their constant market share estimate, has been estimated at circa 191,950 sq.m, as shown in Table G.5. This is then allocated to all other unconstrained centres, including other unidentified centres, on a pro-rata basis. The Glen is an example of a constrained centre, as it has been recently redeveloped with a broad retail offer and a recent history of retail floorspace consolidation. As such, the centre is unlikely to grow much beyond the constant market share allocation.

B. Additional allowances for market gaps and contributions from non-resident sectors for the SRL East Structure Plan Areas

- For designated retail precincts within the Structure Plan Area, an additional allowance is provided for demand generated by other users of each retail centre who may not live in the South East Region, such as workers, students, tourists or other visitors to the Structure Plan Area, as well as any identified local market gap.
- It must be noted that any workers or students who live in the South East Region have been accounted for as part of the assessment based on the Region's residents. Therefore, an adjustment for additional demand generated by these groups is only applicable if there is an expectation of a greater relative contribution from these groups relative to residents. This is considered by reference to forecasts of growth for these groups relative to the Structure Plan Area population.
- It must be recognised that a purely modelled outcome to determining the retail floorspace needs, specifically in the Structure Plan Area, is not practical nor reliable. Therefore, while some of the adjustments made to convert constant market share floorspace estimates into a final retail floorspace need are set out in this report, a level of judgment is ultimately required. AJM JV's experience and insight is, therefore, a necessary additional step in forecasting retail floorspace requirements at the local area/centre level. These judgements take into are based on the following:
  - » The nature of the type of retail floorspace provided. For example, a sub-regional shopping centre and a local retail strip have different qualities and generate differing floorspace needs.
  - » Where the facilities will be located, whether near the station or near industrial land uses, for example.
  - » Understanding of retail development trends and intentions of major developers.
  - » An assessment of the retail gaps or opportunities within the Structure Plan Area through capacity analysis which is detailed in Section 9.

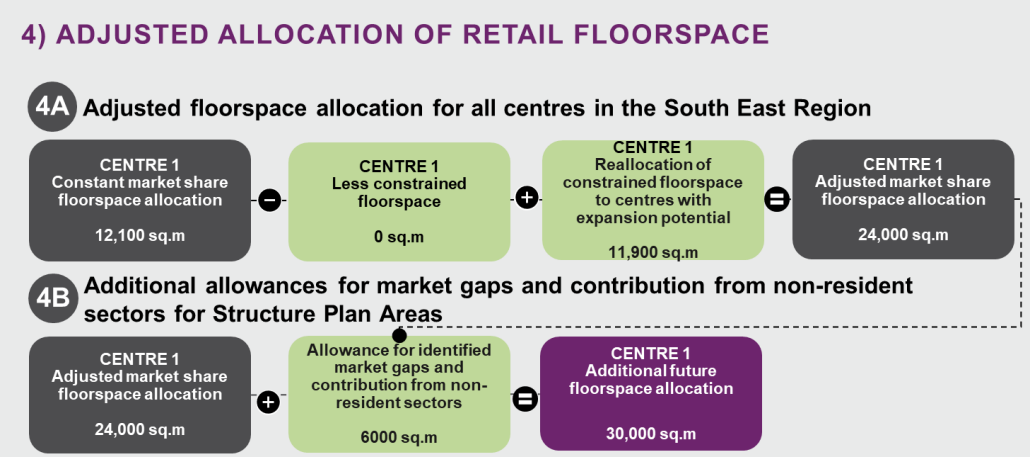

FIGURE G.6 ADJUSTED ALLOCATION OF RETAIL FLOORSPACE EXAMPLE

Note: Numbers shown in the diagram are for the purposes of illustration only

Floorspace per capita check

The implied per capita provision rate resulting from the market capacity analysis for the South East Region in total is compared to the Australian industry standard provision (i.e. 2.2. sq.m per capita) to check that the market capacity analysis is reasonable within the context of normal expectations. It is acknowledged that for various reasons, the industry-wide provision may decline slightly over time, although it is also possible that physical stores may play a greater role in a ‘phygital’ retail world.

Figure G.7 shows how the retail floorspace provision was calculated.

This is a high-level check to verify the retail floorspace requirement by residents living in the South East Region, albeit noting that not all this floorspace would be provided in the South East Region.

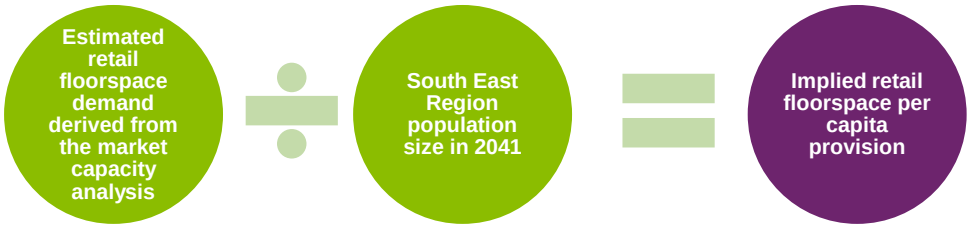

FIGURE G.7 FLOORSPACE PER CAPITA METHODOLOGY

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Appendix H

Allowance for non-retail shopfronts

Allowance for non-retail shopfronts

Non-retail uses that are highly complementary to shopping trips also operate from retail shopfronts. For example, these non-retail use types can include but are not limited to:

- Banks and building societies
- Financial and property services
- Gyms and recreational facilities
- Medical and dental services
- Post office
- Travel agency.

Additional floorspace to accommodate these types of uses within a retail setting has, therefore, been allowed for, either in dedicated centres or by occupying space in a street-based environment.

This allowance has been informed on Urbis' Shopping Centre Benchmarks 2023, which highlights that non-retail speciality shops occupy around 15% of total floorspace across regional, sub-regional and supermarket centres.

This allowance is also broadly consistent within street-based environments where non-retail uses occupy shopfront space that could otherwise be used for retail. This excludes spaces in strips that are not considered suitable for retail uses, such as dedicated office buildings or car repairs.

Based on the demand modelling in Section 9, the Box Hill Structure Plan Area is anticipated to require around 7100 sq.m of additional non-retail shopfront floorspace by 2041, as shown in Figure H.1.

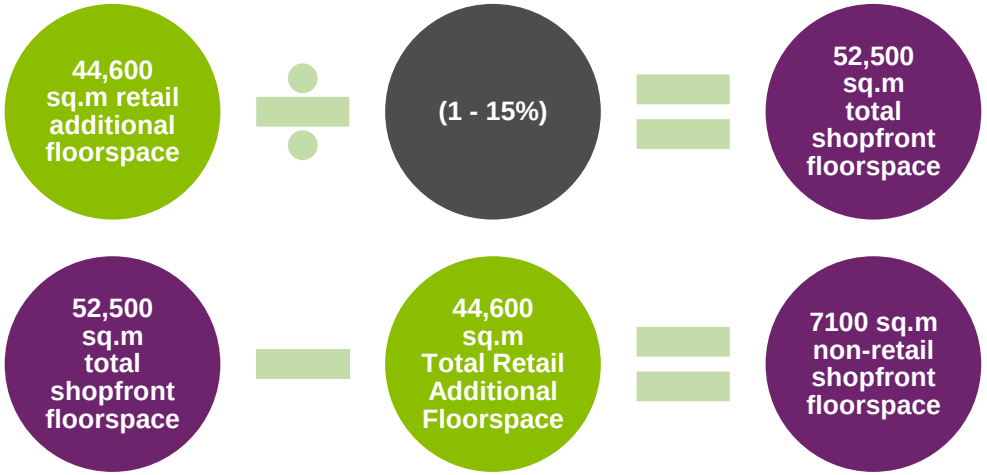

FIGURE H.1 NON-RETAIL SHOPFRONT FLOORSPACE DEMAND, BOX HILL STRUCTURE PLAN AREA

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