

**Rockbank North MTC
UDF: Peer review of
Economic Assessment**

Final Report

Prepared for Melton City
Council

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HiIPDA
CONSULTING

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1.0 INTRODUCTION

1.1 Purpose

This report provides a peer review of an economic assessment for the Rockbank North Major Town Centre (MTC) prepared by Urban Enterprise for First Urban and Tract (February 2021).

The recommendations of the economic assessment propose a higher quantum of retail and commercial floorspace than is outlined in the Rockbank North Precinct Structure Plan (PSP), prepared by the Growth Areas Authority (now Victorian Planning Authority) in March 2012.

The review assesses assumptions made in the economic assessment and determines whether the report's findings are appropriate to underpin the preparation of an Urban Design Framework (UDF) for the area. A UDF is being prepared by Melton City Council together with UrbanFold and Echelon Planning.

This peer review provides recommendations regarding floorspace quantum and mix for the town centre.

The scope of the project includes:

- Review of the Urban Enterprise report
- Review of background information cited in the report
- Assessment of pandemic related impacts on growth, demand and spending patterns for suburban activity centres
- Advice regarding currency of information
- Advice regarding information that has not been included or considered
- Provision of recommendations for the MTC.

1.2 Study Area

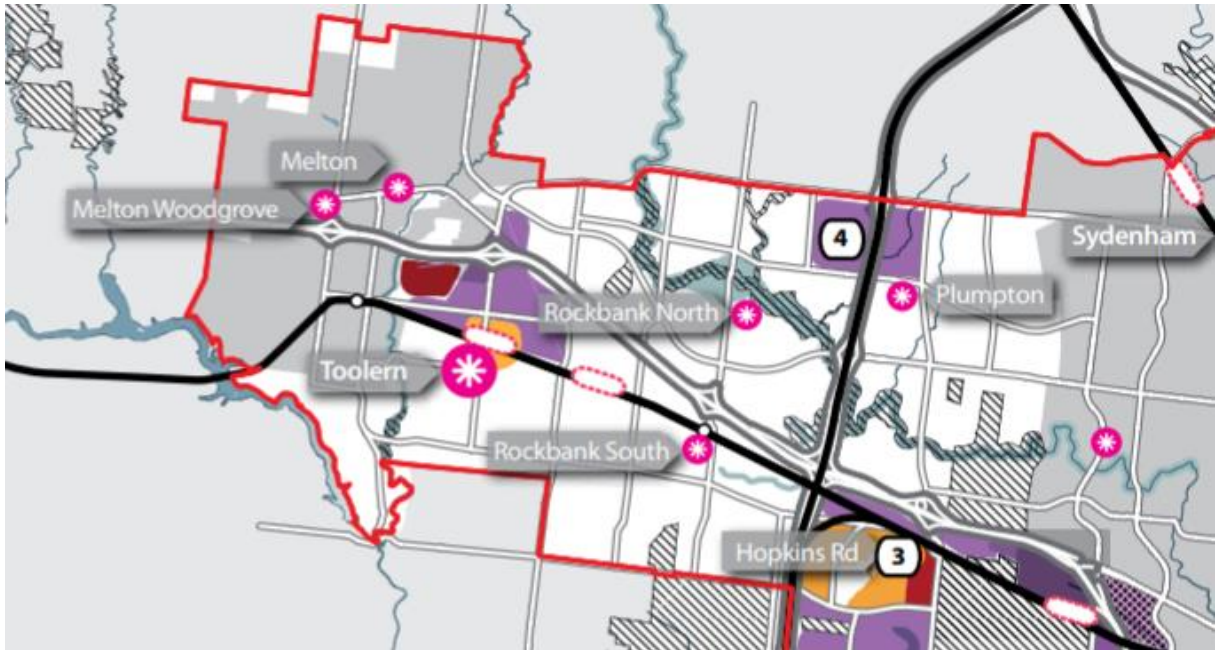
The study area is the region in the vicinity of the proposed future Rockbank North MTC. Figure 1 overleaf shows the subject centre and existing and proposed centres within approximately five to ten kilometres.

1.3 Report Structure

This report is structured as follows:

- Section 2: Summary of Policy Directions
- Section 3: Overview of Economic Assessment Report
- Section 4: Potential COVID-19 Implications
- Section 5: Review of Catchment
- Section 6: Review of Retail Floorspace Potential
- Section 7: Review of Land Area Potential
- Section 8: Summary.

Figure 1: Study Area



Source: West Growth Corridor Plan (Growth Areas Authority, 2012)

2.0 SUMMARY OF POLICY DIRECTIONS

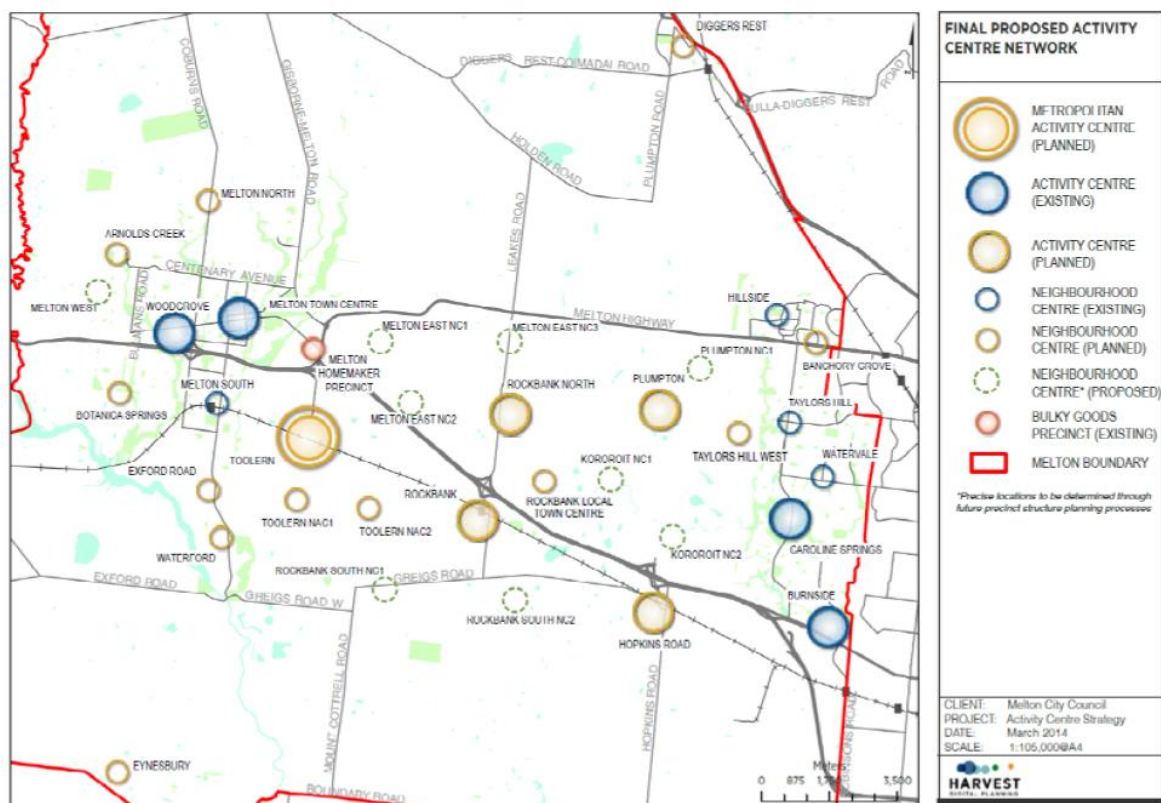
2.1 Policy Directions

The policy basis for the Rockbank North MTC is provided by:

- West Growth Corridor Plan (Growth Areas Authority, 2012)
- Plan Melbourne 2017-2050
- City of Melton Retail and Activity Centres Strategy (Tim Nott with Harvest Digital Planning and Hansen Partnership, March 2014)
- Rockbank North Precinct Structure Plan (Growth Areas Authority, 2012).

The policy basis for the Rockbank North MTC is to perform a Major Town Centre function in the location shown in Figure 1 above and Figure 2 below. A MTC is also called a Major Activity Centre or, in retail terms, a sub-regional centre. These centres are intended to provide access to a wide range of goods and services serving sub-regional catchments. In retail terms these centres are typically anchored by discount department stores and supermarkets and usually occupy between 15,000 sqm to 50,000 sqm of retail space.

Figure 2: City of Melton Retail and Activity Centres Strategy Map



Source: City of Melton Retail and Activity Centres Strategy (Tim Nott with Harvest Digital Planning and Hansen Partnership, March 2014)

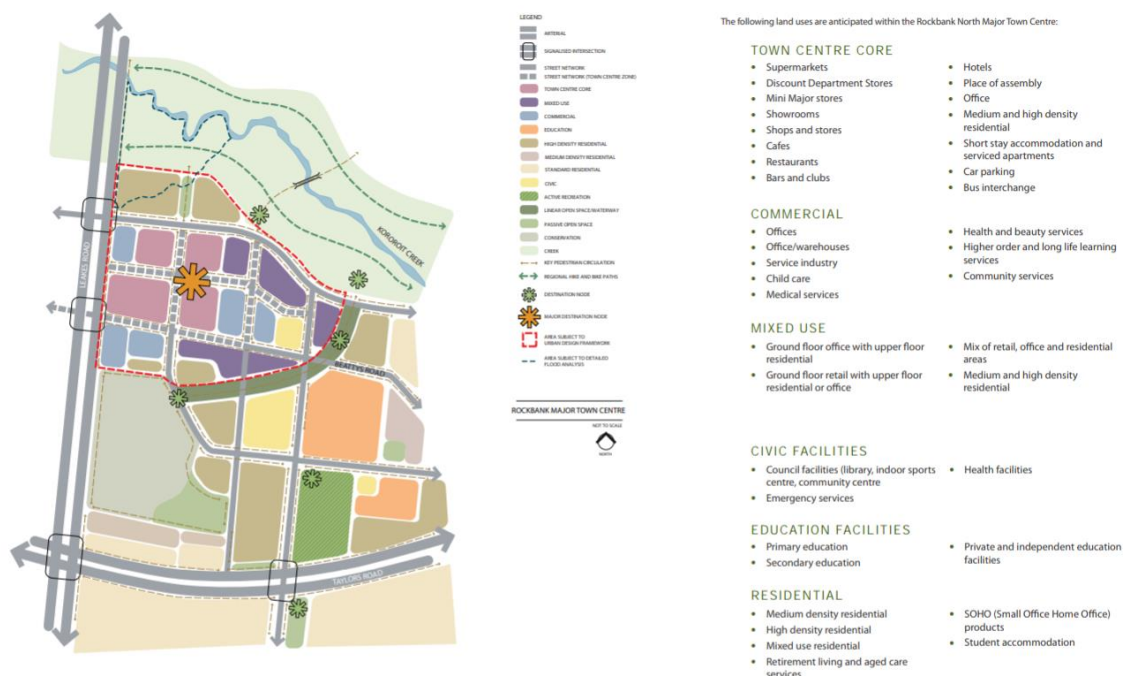
2.2 Floorspace Cap

Planning policy for metropolitan growth areas can provide for a cap on retail floorspace. The purpose of the cap is to ensure an activity centre network can establish over time without some centres growing beyond initial concepts and taking demand and capacity away from centres that are to be developed in the future.

The retail cap is a ‘soft cap’, that is, a high level benchmark figure beyond which justification is required to obtain approval. No economic justification is required below the cap.

The cap is set at **36,500 sqm** of shop floorspace for the Rockbank Major Town Centre (see page 23 of the PSP).

Figure 3: Directions for the Rockbank North MTC



Source: Rockbank North PSP (Growth Areas Authority, 2012)

2.3 Land Area Allocation

The land budget for residential and non-residential uses identified in the 2012 Rockbank North PSP is shown in Table 1 below.

All town centres in the PSP area (local centres and the major town centre combined) are allocated 36.16 hectares (ha). A further 10.37 ha is allocated to mixed uses adjacent to centres. A breakdown for the Rockbank North MTC is not shown in the land budget table.

Table 1: Rockbank North Land Budget

DESCRIPTION	AREA 1		
	HECTARES		
RETAIL / EMPLOYMENT & OTHER			
Town Centres (local & major)	36.19		
Mixed Use (Adjacent to Major Town Centre)	9.47		
Mixed Use (Adjacent to Local Town Centre)	0.90		
Subtotal	46.56		
RESIDENTIAL	NRA (Ha)	DWELL / NRHA	DWELLINGS
Residential - Conventional Density Residential	319.23	14	4469
Residential - Medium Density	47.28	25	1182
Residential - High Density	29.75	35	1041
Residential - in Mixed Use (Adjacent to Major Town Centre)	0.00	0	188
Residential - in Mixed Use (Adjacent to Local Town Centre)	0.00	0	17
Residential - in LTC	0.00	0	35
Residential - in MTC	0.00	0	350
Subtotal Against Net Residential Area (NRA)	396.26	18.38	7282
COMBINED RES/ RETAIL / EMP / OTHER	NRA (Ha)	DWELL / NRHA	DWELLINGS
Total Residential Yield Against NDA	442.82	16.45	7282

Source: Rockbank North PSP (Growth Areas Authority, 2012)

2.4 Summary

The policy basis for the Rockbank North MTC states that the centre is to perform a Major Town Centre function (in the location shown in the PSP). The centre is intended to provide access to a wide range of goods and services for a sub-regional catchment.

The policy basis nominates a retail shop floorspace cap of 36,500 sqm, beyond which justification is required to obtain approval.

The PSP identifies a nominal land budget allocation for centres but this is being refined in the Urban Design Framework preparation process.

3.0 OVERVIEW OF ECONOMIC ASSESSMENT REPORT

3.1 Overview

This section of the report provides a summary of the Rockbank North Major Activity Centre Economic Assessment (Urban Enterprise for First Urban & Tract, February 2021). This section identifies matters for further consideration in the remainder of this report.

The purpose of the economic analysis is to inform the preparation of an Urban Design Framework for the Rockbank North Major Activity Centre (called Major Town Centre in this review report).

3.2 COVID-19

Urban Enterprise state that the report was prepared in mid-2019 with minor additions in mid-2020, prior to the impacts of the COVID-19 pandemic. It states that the economic analysis primarily relates to conditions prior to the onset of the pandemic.

- ***The potential impacts of COVID-19 on housing demand, population growth and retail activity are considered in the next section of this review report.***

3.3 Demographic and Economic Context

The main points made in the report regarding the demographic and economic context are:

- Growing jobs in the municipality is an ongoing priority and challenge (as population growth has outpaced jobs growth)
- The opportunity for jobs growth in retail, construction and professional services, and the need to promote business growth, innovation, technology and education is an important policy direction
- The opportunity to provide jobs for the ‘young workforce’ (aged 25 to 34 years) is important
- Significant opportunities for the Rockbank North MTC will be created by population growth, particularly for retail, entertainment, health and education services with a focus on the family market and an average to low income demographic.

The report notes that the retail sector is facing strong competitive pressures and retail alone is not sufficient to drive the performance of the MTC in the future.

A broad mix of uses with a focus on dining, entertainment and lifestyle in addition to core retail uses in a mixed-use environment where living is integrated with retail and commercial uses will help drive success of the MTC.

The report states the plan for the area should seek to provide an urban layout, which will enable higher density residential uses to be located in close proximity to the early stages of the MTC’s development and this will help support demand.

These points are consistent with long-standing activity centre policy.

3.4 Catchment Area Population

The report adopts a simple single area catchment for the purpose of retail analysis. It includes three major PSP areas - Rockbank North, Warrensbrook and Melton East PSPs - which are estimated in the report to approach full development in 2051 with a total of 60,000 residents.

The report states that the Rockbank North PSP area is expected to accommodate at least 20,000 residents, and when neighbouring precincts are included, the catchment for the MTC is projected to approach 60,000 residents at full development.

- *The nominated catchment of the MTC and estimated population yield is reviewed in the next section of this report.*

3.5 Total Floorspace

The figure below summarises the report’s proposed employment elements for the MTC in terms of floorspace at full development. Total employment floorspace is estimated as 120,000 sqm to 134,000 sqm.

Figure 4: Proposed Floorspace for Rockbank North MTC in Urban Enterprise Report

LAND USE	GROSS FLOORSPACE (SQM)
Core Retail and Food	37,500
Restricted retail	12,000
Sub-total Retail	49,500
Shopfront commercial	12,000
Office	43,000 – 57,000
Office / commercial sub-total	55,000 – 69,000
Entertainment	10,000
Medical	5,000
Sub-total Entertainment and medical	15,000
Total	120,000 – 134,000

Source: Rockbank North Major Activity Centre Economic Assessment (Urban Enterprise for First Urban & Tract, February 2021)

In terms of retail space, the Urban Enterprise report recommends:

- Core retail and food: 37,500 sqm
- Shopfront commercial: 12,000 sqm (which is an allowance for non-retail uses in shopfront retail space)
- Total shopfront retail: 49,500 sqm
- Restricted retail (bulky goods): 12,000 sqm
- Total retail: 61,500 sqm.

The report notes that the retail component of the centre would be staged. In earlier stages, the retail role of the centre is expected to primarily serve the convenience needs of the local Rockbank North community and then build up over time to meet the sub-regional needs of the three PSP areas.

The recommended shop floorspace is 49,500 sqm in the Urban Enterprise report compared to the soft cap of 36,500 sqm. The proposal is 13,000 sqm above the soft cap and thus requires justification to be supported.

- ***The retail floorspace potential of the MTC is reviewed in the next section of this report.***

3.6 Other Employment Uses

In addition to activity centres, employment precincts are planned for the wider growth corridor and are focused on providing industrial land and related office space in larger format industrial parks and business parks. The report suggests that larger format uses are not suited to the MTC context where a finer grain and mixed use development format should be pursued.

The main commercial use types for the MTC are identified as:

- Office uses that serve the surrounding residential catchment
- Potentially larger businesses that serve a broader role.

The report notes that there is a need for approximately 58,500 sqm to 72,500 sqm of non-retail employment space (such as commercial office floorspace and medical and entertainment space) to complement the core retail and hospitality role of the MTC.

The overall land use mix could support up to 5,000 jobs in the MTC according to the report.

The non-retail floorspace figures are not strictly projections but rather an allocation to achieve jobs generation targets and land use mix objectives.

Whilst it will be a challenge in capturing the stated quantum of non-retail employment space in the MTC, setting an ambitious target is appropriate for long term planning purposes. A ratio of 1 to 1 for retail to other employment uses is a reasonable aspirational approach.

It is noted that the Melton Activity Centre Strategy notes that it would be prudent to encourage the provision of at least 40% non-retail space in order to generate a breadth of employment choices in centres.

3.7 Summary

The Urban Enterprise economic assessment has reasonably identified demographic, economic and policy context issues and directions for the Rockbank North MTC. Seeking to deliver a large number and more diverse range of jobs is appropriately identified.

The MTC should perform a range of retail, entertainment, commercial and civic functions in a fine grained urban environment that is integrated with higher density housing and development.

The report recommends an ambitious target for non-retail employment uses (58,500 sqm to 72,500 sqm), which is considered appropriate for long term planning purposes.

Matters to further assess in this review are:

- The potential impacts of COVID-19 on housing demand, population growth and retail activity
- The nominated catchment of the MTC and estimated population yield
- The retail floorspace potential of the MTC given the recommendation is 13,000 sqm above the nominal cap.

4.0 POTENTIAL COVID-19 IMPLICATIONS

4.1 Overview

This section of the report considers emerging information regarding the impact of the COVID-19 pandemic on greenfield development and the retail sector more generally.

4.2 Growth Area Housing Development

COVID-19 restrictions have delayed land development and construction projects across the nation including greenfield dwelling construction. However, demand for greenfield housing is strong. Demand for separate houses and townhouses across the state is strong and prices are at or near record highs.

In contrast, apartment market conditions in inner Melbourne has been significantly impacted by the halt to international migration and in particular the suspension of the overseas student market.

Based on Urban Development Institute of Australia research, in 2020 in Melbourne:

- Annual completions of greenfield development fell by 36% compared to the previous year
- Annual lot sales increased by 83% compared to the previous year, registering record monthly sales in the December quarter, of 1,856 per month.

4.3 Work-From-Home

Infrastructure Victoria have undertaken research into the changing lifestyle factors following the COVID-19 pandemic, given that more people now work from home.

Based on a third of workers working from home 2 to 3 days a week by 2036, Victoria's population will be more spread out around Melbourne as people factor in a lower commute time-cost and seek out lifestyle benefits. Peri-urban areas on Melbourne's periphery are expected to become more attractive places to live if people have less need to commute.

Infrastructure Victoria modelling indicates that under work-from-home scenarios, outer Melbourne and growth areas would experience faster population growth, but job growth could slow for sectors that seek the largest workforce catchment, which are expected to continue to be focused on inner Melbourne and the CBD.

4.4 Retail Sectors and Shopfront Retailing

From March 2020 in response to the COVID-19 pandemic, governments have restricted domestic and international travel, introduced movement restrictions and social distancing measures, mandated some business closures and announced stimulus packages. Some

businesses have responded to the restrictions by adapting their operations to embrace or enhance online capabilities, while some businesses have closed.

A breakdown of retail trade by sector between January 2018 to September 2021 across Australia is shown in the figure below. This indicates that some retail sectors benefitted from the pandemic; these being food and groceries and household goods such as furniture and electronics. During this time consumer expenditure shifted from holidays and in-person retailing to spending on the home.

Dining out and entertainment declined during this period but as restrictions have eased longer term trends appear to have resumed.

Figure 5: Retail Turnover, Seasonally Adjusted (\$ Millions), Australia



Source: Australian Bureau of Statistics, Retail Trade, October 2021

4.5 Implications for Rockbank North MTC

It remains difficult to predict how real estate might respond to the economic impact of the COVID-19 pandemic over the coming years. The current market in growth area settings appears to be holding up well and may be bolstered in the longer term due to stronger demand.

The economic assessment report appropriately recommends that developers and Council should maintain a high degree of flexibility when planning the centre to enable the MTC to respond to changing community and market needs and opportunities as they arise.

4.6 Summary

Data and assumptions in the Urban Enterprise economic assessment report are based on long term trends, population yield estimates and floorspace demand metrics.

It is prudent that analysis take a longer term view as to how development might respond and not try to model the current uncertainty for long term planning decisions.

The economic assessment report appropriately recommends that a high degree of flexibility in planning be taken over time.

5.0 REVIEW OF CATCHMENT

5.1 Overview

The task of planning an activity centre requires a sound appreciation of the network and hierarchy of both existing centres and planned future centres in the broader region so as to identify a catchment area for a centre. The catchment will determine the size and role of the centre. This section reviews the identified catchment of the Rockbank north MTC.

5.2 Identified Catchment Area

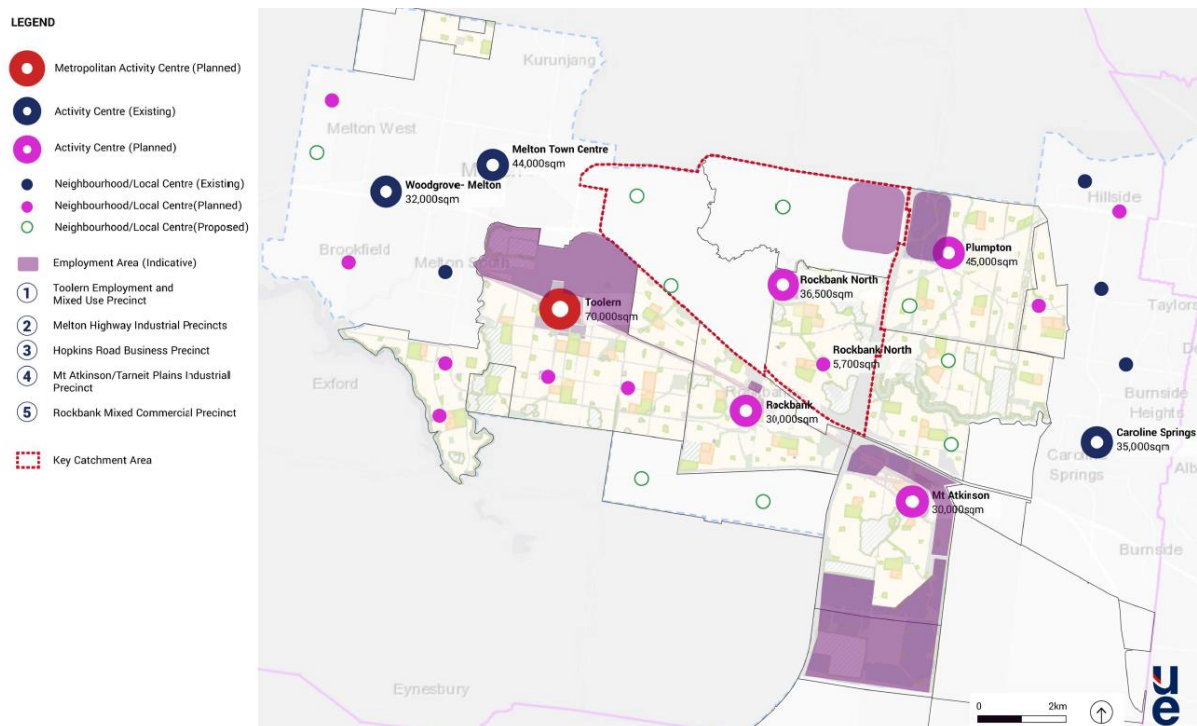
The economic assessment report uses a simple trade area defined by the three PSP areas - Rockbank North, Warrensbrook and Melton East - as shown in the figure below.

The nominated catchment is bound by the Urban Growth Boundary to the north, the Western Freeway to the south, the Outer Metropolitan Ring Road Reserve to the east, and Melton Highway to the west.

Residents in the west of the catchment are closer geographically to the Melton Town Centre and Toolern (Cobblebank) PAC, and therefore these centres could draw more trade from residents in the west of the nominated catchment area than the Rockbank North MAC.

The report notes that Rockbank North MTC is the largest centre proposed north of the Western Highway, servicing the three PSP areas.

Figure 6: Urban Enterprise Rockbank North MTC Trade Catchment



Source: Rockbank North Major Activity Centre Economic Assessment (Urban Enterprise for First Urban & Tract, February 2021)

Whilst this is consistent with policy, it is felt that there is potential for a large neighbourhood centre or small sub-regional centre to emerge in the west of the defined catchment the future, given the land area and distances involved. Even if that does not happen, Melton and Toolern would have influence over the western portion of the nominated catchment.

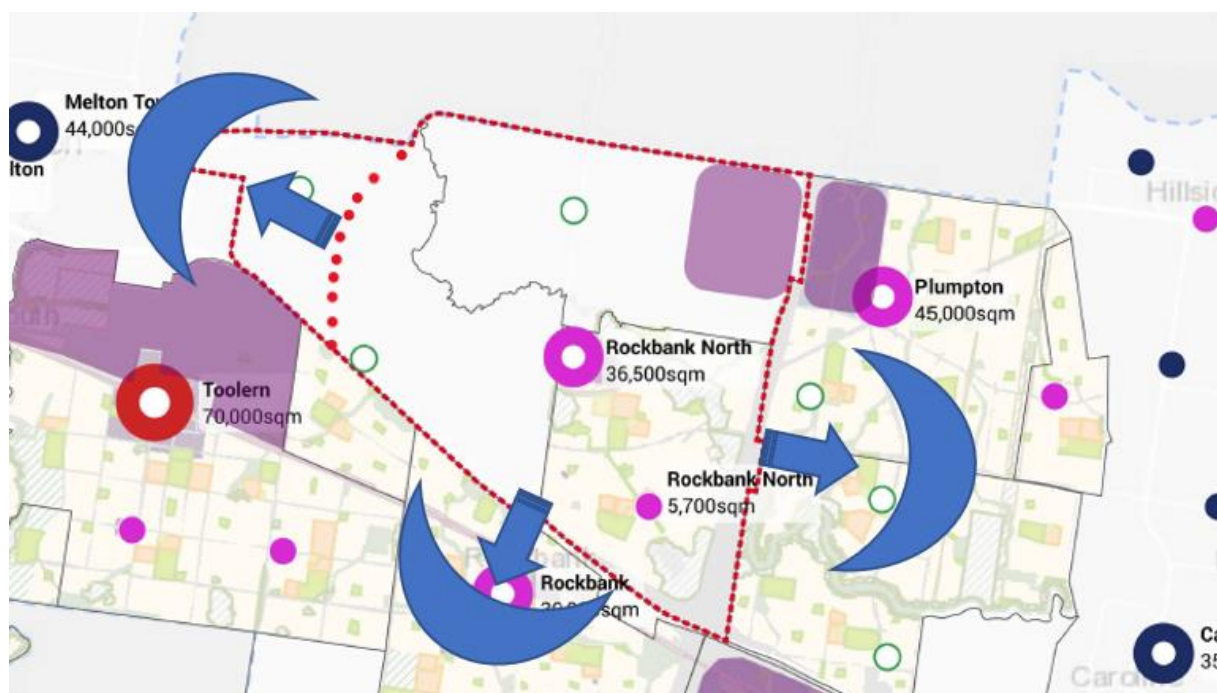
In a more detailed approach, an attempt to define trade area segments would be undertaken, such as Primary Trade Area, Secondary Trade Area and possibly even Tertiary Trade Area. Such analysis enables variable market share rates to be applied to the different trade area components where a more detailed assessment is sought. This is not done in the high-level assessment provided by Urban Enterprise but even so that does not necessarily mean the guidance provided in the simple approach is incorrect.

The Urban Enterprise assessment accurately identifies existing and planned future competing centres in the region, however it does not emphasis Plumpton MTC and Rockbank MTC, which will be the primary local competitors to the Rockbank North MTC. There are however no consequential implications of this lack of emphasis in the economic assessment.

5.3 Alternative Catchment Definition

For the purpose of peer review, an alternative catchment definition is nominated in the figure below. The Primary Trade Area is similar to the Urban Enterprise definition however the western part of the future Melton East PSP is classified as a Secondary Trade Area. In addition to that area, other Secondary Trade Area segments would be located to the east (in the Plumpton-Kororoit PSP) and to the south (in the Rockbank PSP).

Figure 7: Alternative Definition for Rockbank North MTC Trade Catchment



Source: HillPDA modification of map shown in Rockbank North Major Activity Centre Economic Assessment (Urban Enterprise for First Urban & Tract, February 2021)

5.4 Population Yield Estimates

Urban Enterprise have assumed a population of 58,000 in their defined catchment at full development. This is based on the Rockbank North PSP (estimated development yield of 7,300 lots and 20,400 residents) and forecast.id population projections for small areas that comprise the two other PSPs located in the trade catchment: Melton East and Warrensbrook. The three areas comprising the nominated catchment and their respective population forecast to 2051 are as follows:

- Aintree: 12,586
- Bonnie Brook: 21,606
- Grangefields: 17,178
- **Total: 51,370**

The Urban Enterprise catchment population is around 6,500 more than the Forecast id projection (as per the Forecast id website, accessed December 1, 2021). The overlap between the Melton small area (the western part of the trade area) is zoned for urban growth and is likely to host residential uses, which could represent that discrepancy.

The population capacity within the trade area is considered generally appropriate, given the basis is Forecast id population projections.

A preliminary estimate of population yield in the alternative catchment nominated by HillPDA has been made and is shown in the table below. The overall figure is similar to the Urban Enterprise assessment. The figures below are used in the floorspace analysis review in the next section of this report.

Table 2: Rockbank North MTC Catchment Population, 2051

Trade Area Sector	2051 Estimate
Primary Trade Area	47,076
Secondary Trade Area (Estimate at 25% of PTA)	11,769
Main Trade Area	58,844

Source: HillPDA

5.5 Summary

The catchment of the Rockbank North MTC, and population yield within it, as identified by Urban Enterprise, is generally appropriate and suitable for a high-level assessment. A more detailed approach would exclude a portion of the Melton East PSP from the Primary Trade Area of Rockbank North MTC but include it and some other areas within Secondary Trade Area segments. The overall population yield numbers work out more or less the same in this context.

It is felt that there is potential for a large neighbourhood centre or small sub-regional centre to emerge in the Melton East PSP area in the future, given the land area and distances involved.

6.0 REVIEW OF RETAIL FLOORSPACE POTENTIAL

6.1 Overview

This section reviews the retail floorspace allocation nominated in the Urban Enterprise report, which is as follows:

- Core retail and food: 37,500 sqm
- Shopfront commercial: 12,000 sqm (which is an allowance for non-retail uses in shopfront retail space)
- Total shopfront retail: 49,500 sqm
- Restricted retail (bulky goods): 12,000 sqm
- Total retail: 61,500 sqm.

6.2 Method and Assumptions Used

The retail analysis applied by Urban Enterprise is high-level and uses the following assumptions:

- Total retail expenditure per capita is estimated at \$12,565 (in 2019 dollars), with a breakdown provided by main retail commodity types
- An allowance for real growth in per capita expenditure of 1% per annum is made between 2019 and 2031 and no growth thereafter
- Catchment area residents will spend \$850m on retail goods and services at full development
- The market share for the MTC will be in the order of 30% to 40% of spending, specifically:
 - 40% from Rockbank North
 - 33% from other PSPs
 - 10% of trade to be derived from businesses, employees and other non-residents
- The market share figures are applied to retail overall (no variance for retail type is used in the high-level analysis)
- Retail turnover density of shops is assumed at \$6,750/sqm per annum overall (no variance for retail type is used in the high-level analysis)
- These assumptions equate to approximately 49,500 sqm of supportable retail floorspace at full development of the catchment (core retail and bulky goods).

The result provides an indicative floorspace estimate for high-level planning purposes.

Non-retail shopfront commercial activity is assumed to be 20% of retail floorspace, which equates to approximately 12,400 sqm of floorspace.

For the purpose of a high-level analysis, all the above assumptions appear reasonable.

A more detailed assessment would apply variable spending rates and market shares by retail commodity groups and variable retail turnover density figures by store type. That approach would provide a more detailed result.

6.3 Alternative Floorspace Analysis

An alternative analysis of retail floorspace potential is provided below to check the Urban Enterprise assessment.

The analysis below uses the population data shown in Table 2 in the previous report section.

The adopted per capita spending rates are shown in the table below by retail commodity group. The total is slightly higher than the Urban Enterprise assessment.

Table 3: Expenditure Per Capita by Retail Sector, Melton Growth Areas, 2021

Retail Sector	Per Capita
Supermarkets & Grocery Stores	\$4,400
Specialty Food Stores	\$900
Fast-Food Stores	\$800
Restaurants, Hotels and Clubs	\$1,000
Department Stores	\$900
Apparel Stores	\$1,100
Bulky Goods Stores	\$2,400
Other Personal & Household Goods Retailing	\$1,700
Selected Personal Services	\$300
Total Retailing	\$13,500

Source: HillPDA

Assuming no real growth in spending (which is conservative), the total spend from the HillPDA catchment at full development would be \$794.4m (which is marginally less than the Urban Enterprise assessment).

Assuming approximately 50% market share across the retail sectors from the Primary Trade Area and approximately 20% from the Secondary Trade Area, the total turnover of the Rockbank North MTC would be \$349.5m at full development (2051) in today's dollars.

According to this analysis, supportable floorspace at full development would be in the order of (rounded):

- 55,600 sqm total retail floorspace of which:
 - 40,000 sqm is core shopfront retailing
 - 15,600 sqm is bulky goods.

Table 4: Rockbank North MTC Retail Turnover Potential at 2051 (\$2021m)

Sector	Primary Trade Area	Secondary Trade Area	Total
Supermarkets & Grocery Stores	\$103.6	\$10.4	\$113.9
Specialty Food Stores	\$21.2	\$2.1	\$23.3
Fast-Food Stores	\$18.8	\$1.9	\$20.7
Restaurants, Hotels and Clubs	\$23.5	\$2.4	\$25.9
Department Stores	\$21.2	\$2.1	\$23.3
Clothing Stores	\$25.9	\$2.6	\$28.5
Bulky Goods Stores	\$56.5	\$5.6	\$62.1
Other Personal & Household Goods Retailing	\$40.0	\$4.0	\$44.0
Selected Personal Services	\$7.1	\$0.7	\$7.8
Total	\$317.8	\$31.8	\$349.5

Source: HillPDA

Urban Enterprise add 20% to the core retail component for commercial uses that utilise shopfront retail space. That assumption is reasonable however it could overlap with other commercial use floorspace estimates in the separate employment analysis.

Table 5: Rockbank North MTC Supportable Retail Floorspace, 2051

	Retail Turnover Density (\$/sqm pa)	Primary Trade Area	Secondary Trade Area	Total Floorspace
Supermarkets & Grocery Stores	\$12,000	8,631	863	9,494
Specialty Food Stores	\$10,400	2,037	204	2,241
Fast-Food Stores	\$9,300	2,025	202	2,227
Restaurants, Hotels and Clubs	\$5,500	4,280	428	4,708
Department Stores	\$3,800	5,575	557	6,132
Clothing Stores	\$6,200	4,176	418	4,594
Bulky Goods Stores	\$4,000	14,123	1,412	15,535
Other Personal & Household Goods Retailing	\$5,100	7,846	785	8,631
Selected Personal Services	\$3,800	1,858	186	2,044
Total		50,549	5,055	55,604

Source: HillPDA

The following table provides an indicative guide to store numbers. This suggests that the centre could, in approximate terms, support around 236 shops anchored by a discount department store and three supermarkets. The actual figures could be more or less.

Table 6: Rockbank North MTC Supportable Retail Floorspace and Store Numbers, 2051

	Total Floorspace	Assumed Average Store Size	Indicative Number of Stores
Supermarkets & Grocery Stores	9,494	3,500	3
Specialty Food Stores	2,241	100	22
Fast-Food Stores	2,227	100	22
Restaurants, Hotels and Clubs	4,708	150	31
Department Stores	6,132	8,000	1
Clothing Stores	4,594	100	46
Bulky Goods Stores	15,535	4,000	4
Other Personal & Household Goods Retailing	8,631	100	86
Selected Personal Services	2,044	100	20
Total	55,604		236

Source: HillPDA

6.4 Risk Profile of Rockbank North MTC

A point to note is that performance of a centre - and its capacity to absorb demand and spending - is not strictly linked to its floorspace size. The role and location of a centre, the nature of its catchment and transport connections to it will influence performance sensitivity to size.

For example, centres located on the edge of a catchment with moderate transport links will not necessarily increase turnover significantly if size is increased. The result can be marginal turnover growth and falling efficiency of space (i.e. \$/sqm turnover). On the other hand, a well located centre with a significant catchment and excellent transport connections can experience significant growth in turnover in line with floorspace growth.

The Rockbank North MTC is considered relatively low risk to the broader activity centre network even if it had slightly more floorspace than a fairly assessed provision allocation. This is because it has a well-defined internal catchment that is bound by transport links and zoning boundaries and by existing and future competing centres.

6.5 Summary

The review of retail floorspace potential for the Rockbank North MTC at full development indicates that the Urban Enterprise assessment is generally reasonable for a high-level analysis and is on the higher side within a reasonable range.

The comparative analysis of Urban Enterprise and HillPDA findings is shown below. The results are similar. For a high-level and long term analysis (30 years), the Urban Enterprise recommendations are reasonable. The results can be refined over time as more information becomes available and more detailed analysis is able to be undertaken.

Table 7: Summary of Comparative Retail Floorspace Analyses

Sector	Urban Enterprise	HillPDA
Core retail and food	37,500	40,000
Shopfront commercial	12,000	*
Total shopfront retail	49,500	40,000
Restricted retail (bulky goods)	12,000	15,600
Total retail	61,500	55,600

*included in separate commercial and community uses allowance

Source: HillPDA

The HillPDA analysis provides an indicative guide to store numbers, which suggests that the centre could, in approximate terms, support around 236 shops anchored by a discount department store and three supermarkets. The actual figures could be more or less.

7.0 REVIEW OF LAND AREA POTENTIAL

7.1 Overview of Land Owner Directions

The major land owner of the town centre site has undertaken its own economic and design work to inform the potential size and land use mix of the centre.

In 2019 Tract undertook urban design work for the Rockbank North MTC, providing some alternative land budget figures. It is estimated that there is approximately 31.27 ha of land available for development within the town centre area. The breakdown of land uses is shown below.

Table 8: Rockbank North MTC Preliminary Land Budget from Tract

Land use	Total area (ha)		Core employment use (ha)	
Town centre core	9.24	29.6%	9.24	56.2%
Mixed use	7.01	22.4%		
Commercial	6.17	19.7%	6.17	37.5%
High density residential	7.15	22.9%		
Civic	1.03	3.3%	1.03	6.3%
Passive open space	0.66	2.1%		
Total	31.26	100.0%	16.44	100.0%

Source: Tract (2019)

In term of core employment uses, the Tract land budget provides for **16.44 ha** of land (excluding mixed use land).

The Tract land budget includes mixed uses and residential areas in the town centre area. This is consistent with a main contention of the Urban Enterprise report that activity centres in the current retail environment should be supported by a range of uses.

The Urban Enterprise report provides a guide for potential land requirements to accommodate retail, non-retail shopfront and commercial uses within the Town Centre as follows:

- 20.7 ha for employment uses including bulky goods
- 16.7 ha for employment uses excluding bulky goods
- 36.5 ha overall including residential, open space and other uses.

Figure 8: Urban Enterprise Land Needs Estimate

Land Use	Floorspace	Indicative Storeys	Indicative Site Coverage	Indicative Net Land Area (ha)
Core retail, food, entertainment	47,500	1	50%	9.5
Medical and other non-retail shopfront uses	17,000	1	50%	3.4
Commercial office	Up to 57,000	3	50%	3.8
Restricted retail	12,000	1	30%	4.0
Sub-Total	Up to 133,500			20.7
Other Land Uses in Town Centre (as per PSP)				
Mixed Use				7.01
High Density Residential				7.15
Civic				1.03
Passive Open Space				0.66
Sub-Total				15.85
Total				36.55

Source: Urban Enterprise. Land areas are net of roads and assume each land use will be separate from the other.

Source: Rockbank North Major Activity Centre Economic Assessment (Urban Enterprise for First Urban & Tract, February 2021)

7.2 Review of Land Needs

Based on the indicative retail analysis shown earlier, and assuming office and community floorspace is the same as retail (1 to 1 ratio), the total potential floorspace could be in the vicinity of 112,000 sqm (rounded) in the Rockbank North MTC.

Urban design and density will determine how much land is needed to accommodate the space.

At a low density format (floorspace ratio of 0.4), approximately 27.8 ha of developable land would be needed for employment uses.

At an urban density (floorspace ratio of 1.2), 9.3 ha of developable land would be needed for employment uses.

Tract nominate 16.44 ha for these uses. This quantum of land could accommodate the 112,000 sqm of floorspace if a 0.68 floorspace ratio is adopted.

Table 9: Rockbank North MTC Net Developable Area (Ha) Scenarios for Employment Uses

Sector	Floorspace	Lower Density at FSR:	Middle Scenario at FSR:	Higher Density at FSR:
		0.4	0.8	1.2
	SQM	Ha	Ha	Ha
Retail	55,604	13.9	7.0	4.6
Commercial and Community	55,604	13.9	7.0	4.6
Total	111,209	27.8	13.9	9.3

FSR = floorspace ratio (floorspace / site area)

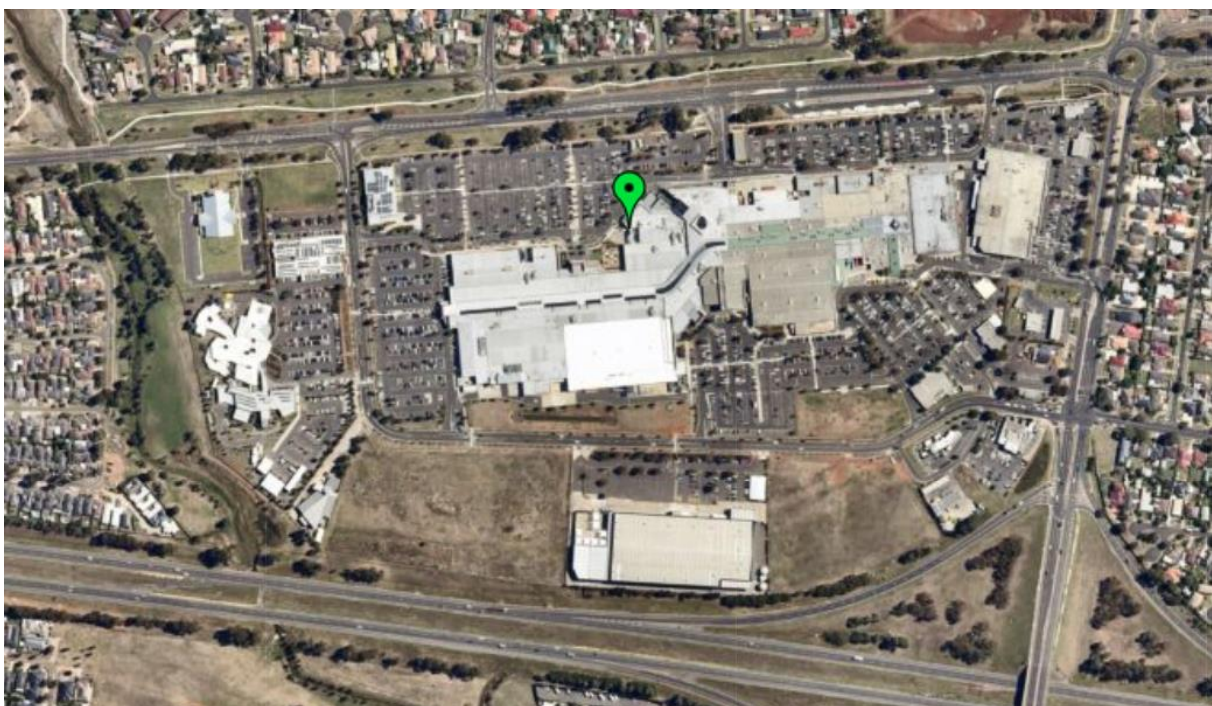
By way of benchmarking, Woodgrove Shopping Centre in Melton has (according to the 2020 Shopping Centre Directory by the Property Council of Australia):

- Approximately 45,200 sqm of gross leaseable retail floorspace
- 32 ha of land area, representing a current floorspace ratio of 0.14.

The centre has 2,500 car spaces and the site is capable of additional development.

This centre is an example of a typical low density shopping centre, which is not conceptualised for Rockbank North by the Tract analysis of 2019.

Figure 9: Aerial image of Woodgrove Shopping Centre



Source: Nearmap (February 2022)

7.3 Summary

The planned allocation of approximately 16.5 ha of land for core employment uses by the proponent is appropriate if density of development is around or more than 0.68 FSR. A larger land area would be needed if density is significantly lower.

An additional allocation of land for non-non-employment uses of roughly the same area (say 15 to 16 ha as proposed) appears appropriate for higher density residential uses, mixed use activities (including home offices) and open space.

8.0 SUMMARY

Purpose

This report provides a peer review of an economic assessment for the Rockbank North Major Town Centre (MTC) prepared by Urban Enterprise for First Urban and Tract (February 2021).

Policy

The policy basis for the Rockbank North MTC states that the centre is to perform a Major Town Centre function (in the location shown in the PSP). The centre is intended to provide access to a wide range of goods and services for a sub-regional catchment.

The policy basis nominates a retail shop floorspace cap of 36,500 sqm, beyond which justification is required to obtain approval.

The PSP identifies a nominal land budget allocation for centres but this is being refined in the Urban Design Framework preparation process.

Economic Assessment Overview

The Urban Enterprise economic assessment has reasonably identified demographic, economic and policy context issues and directions for the Rockbank North MTC. Seeking to deliver a large number and more diverse range of jobs is appropriately identified.

The MTC should perform a range of retail, entertainment, commercial and civic functions in a fine grained urban environment that is integrated with higher density housing and development.

The report recommends an ambitious target for non-retail employment uses (58,500 sqm to 72,500 sqm), which is considered appropriate for long term planning purposes.

Potential COVID-19 Implications

Data and assumptions in the Urban Enterprise economic assessment report are based on long term trends, population yield estimates and floorspace demand metrics.

It is prudent that analysis take a longer term view as to how development might respond and not try to model the current uncertainty for long term planning decisions.

The economic assessment report appropriately recommends that a high degree of flexibility in planning be taken over time.

Catchment and Population Yield

The catchment of the Rockbank North MTC, and population yield within it, as identified by Urban Enterprise, is generally appropriate and suitable for a high-level assessment.

A more detailed approach would exclude a portion of the Melton East PSP from the Primary Trade Area of Rockbank North MTC but include it and some other areas within Secondary

Trade Area segments. The overall population yield numbers work out more or less the same in this context.

It is felt that there is potential for a large neighbourhood centre or small sub-regional centre to emerge in the Melton East PSP area in the future, given the land area and distances involved.

Retail Floorspace Analysis

The review of retail floorspace potential for the Rockbank North MTC at full development indicates that the Urban Enterprise assessment is generally reasonable for a high-level analysis and is on the higher side within a reasonable range.

The comparative analysis of Urban Enterprise and HillPDA findings is shown below. The results are similar. For a high-level and long term analysis (30 years), the Urban Enterprise recommendations are reasonable. The results can be refined over time as more information becomes available and more detailed analysis is able to be undertaken.

Summary of Comparative Retail Floorspace Analyses

Sector	Urban Enterprise	HillPDA
Core retail and food	37,500	40,000
Shopfront commercial	12,000	*
Total shopfront retail	49,500	40,000
Restricted retail (bulky goods)	12,000	15,600
Total retail	61,500	55,600

*included in separate commercial and community uses allowance

Source: HillPDA

The HillPDA analysis provides an indicative guide to store numbers, which suggests that the centre could, in approximate terms, support around 236 shops anchored by a discount department store and three supermarkets. The actual figures could be more or less.

Land Area Needs

The planned allocation of approximately 16.5 ha of land for core employment uses by the proponent is appropriate if density of development is around or more than 0.68 FSR. A larger land area would be needed if density is significantly lower.

An additional allocation of land for non-employment uses of roughly the same area (say 15 to 16 ha as proposed) appears appropriate for higher density residential uses, mixed use activities (including home offices) and open space.

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