

Assessment of the Economic Impacts of Transformation Concepts on Activity Centres: Bentleigh, Carnegie & Elsternwick

Prepared for City of Glen Eira

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in association with



Cattran Consulting

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Assessment of the Economic Impacts of Transformation Concepts on Activity Centres:
Bentleigh, Carnegie & Elsternwick

1. Executive Summary

The project team was appointed by the City of Glen Eira in August 2017 to assess the economic opportunities and impacts of a number of initiatives identified in the Draft Concept Plans for Bentleigh, Carnegie and Elsternwick. These initiatives relate to:

- Bentleigh's Eat Street Precinct.
- Carnegie's Market Hub.
- Car park redevelopments (Bentleigh and Elsternwick).
- Office space (Bentleigh, Carnegie and Elsternwick)

Blair Warman Economics was responsible for preparing the majority of the analysis with Comac providing advice on opportunities for the Carnegie Market Hub while Cattran Consulting prepared the analysis relating to opportunities for Co-Working Spaces.

1.1 Bentleigh Eat Street Precinct

There has been strong growth in the number of cafes and restaurants in the Bentleigh Activity Centre over recent years. Bentleigh's population is projected to increase by 25% over 2016-2036. Together with new higher income households moving into the area, this is expected to support further growth in the number of cafes and restaurants within the Bentleigh. The proposed Eat Street provides the opportunity to consolidate this activity into a recognised precinct that may attract visitors from across a wider area.

The length of the Eat Street precinct identified in the Draft Concept Plans is considerably longer than many other high profile cafe and restaurant precincts. As a result, the precinct should be condensed into an area that offers the greatest opportunities.

The four properties immediately west of Vickery Street, together with the property on the eastern side of Vickery Street, offer the greatest opportunities based upon their current occupancy and potential for subdivision into smaller premises. The Target store also represents a key strategic opportunity given that the generally poor performance of discount department stores may see this property become available for redevelopment in the future. The rotunda area on the southern side of Centre Road offers the opportunity for alfresco eating if the adjacent properties were to be occupied by cafes and restaurants. However, the rotunda area is in need of renovation to encourage this to occur.

Importantly, the Eat Street precinct should not impact upon the operation of those businesses that are key attractions for the centre such as fresh food retailers, pharmacies and banks. While the properties west of Vickery Street are not occupied by any such businesses, there are a number of such businesses to the east.

The combined site area of the identified properties is approximately 2,350 m² which may potentially accommodate approximately 15-20 cafes or restaurants thereby establishing a recognised food precinct.

The Eltham Town Square provides an indication of what may potentially be achieved in Bentleigh given its location between strip retailing and a supermarket car park. Unlike precincts such as Eaton Mall (Oakleigh) and Kingsway (Glen Waverley), the Eltham Town Square does not rely upon the patronage of a particular ethnic group for its success. Rather, Eltham Town Squares success reflects the high quality amenity that it offers and its connection with the local community.

Council investment in public realm improvements, public toilets and landscaping is expected to support the viability of the proposed Eat Street precinct focused around the area identified above. Based upon this

smaller defined area, negative impacts upon existing traders within Centre Road are expected to be limited. Also it will offer the opportunity for the existing cafes and restaurants to relocate to the precinct to improve their performance. Overall the economic impact of the proposed precinct upon the Bentleigh Activity Centre is expected to be positive.

1.2 Carnegie Market Hub

A traditional fresh food market is not considered a viable option for the Shepparson Avenue car park site due to the negative impact of its operations upon the neighbouring residential properties. In addition, any such market would need to compete with established and more authentic markets including the Oakleigh, South Melbourne and Camberwell markets. Any such market would most likely only operate four days per week, which would limit the benefits for the wider activity centre.

A more viable form of market would be one that focuses upon gourmet food and related lifestyle retailing, as well as cafes, restaurants and other eateries. The Oasis Bakery in Murrumbeena is an example of a smaller scale operation that has been very successful. Similarly, the LaManna Supermarket at Essendon Fields is an example of a larger scale operation.

The James Street Market in Brisbane and its sister operation, the Ferry Road Market on the Gold Coast, are two examples of the scale of operation that would be appropriate within Carnegie. Both have a floor area of approximately 2,600 m² and offer a range of gourmet foods across fresh fruit and vegetable, bakery, seafood, meat, deli, florist, wine, homewares and health and well-being departments.

High income households living north of the Dandenong Road in Malvern, Malvern East and Glen Iris represent a key market opportunity given their capacity to purchase high value added products. A gourmet food / lifestyle market would be expected to attract these and other affluent shoppers to the Carnegie Activity Centre to the benefit of other traders within the centre.

The traders within such a market would not be expected to compete directly with the existing businesses within Koornang Road as they will represent a distinctive retail niche that services a much wider trade area.

1.3 Offices and Co-Working Spaces

Glen Eira has a relative shortage of office space compared to both other municipalities and its growing white collar resident population, the majority of which work in CBD offices. While there would be expected to be strong demand for office suites from various small businesses, the capacity for office development within activity centres is limited by developer's preference for apartment development. Council has the opportunity to facilitate office development on its car park sites through either planning controls or conditions placed on the sale of these sites.

Co-working spaces have emerged as an alternative to traditional offices largely due to the growth in small creative businesses. Australia is a world leader in per capita terms in the provision of co working spaces with a variety of offerings now available. Recycled industrial buildings, retail shop fronts, purpose built facilities co located with Council services, recycling of Council buildings are a few examples. Co working offers flexibility, affordability, networking, lifestyle and community. The provision of incubator spaces and mentoring for business start-ups are also on offer.

The supply of co working spaces has local economic benefits in terms of employment, activity, safety and support of local traders. Freelancing could form up to 40% of the labour market by 2020. From a planning perspective it offers the opportunity to live and work close to home and reduce car dependency. Environment and sustainability are also a common theme in the evolution of the co working market.

Knight Frank estimate that there are over 150 spaces in the Melbourne market. The supply however is concentrated around the city fringe and CBD. The inner east encompassing Glen Eira has not contributed greatly to the supply of space despite professional services being its single greatest source of employment for residents.

Building a more resilient local economy suggests further investigation of the ability to augment the supply of co working spaces in Bentleigh, Carnegie and Elsternwick is warranted. Market research to inform about residents travelling to nearby co working, focus groups of would be users and engagement with providers of space would all is worthwhile to better inform any decisions by Council to enter the market.

1.4 Car Park Redevelopments

The Concept Plans identify the opportunity for ‘employment and diverse housing ‘upon a number of Council car parks in Bentleigh and Elsternwick. In addition, the opportunity for additional retail space has been identified as a ground floor use within a multilevel car park in Bentleigh.

Housing

All of the nominated car park sites within the Bentleigh and Elsternwick are centrally located within the activity centre. While this provides immediate access to the benefits of the centre, it does limit access to public open space and the residential amenity offered by other locations. The opportunity for the new open space adjacent to some sites may however provide the opportunity for apartment developments catering for family and downsizers. As the owner of the sites, Council will have the opportunity to influence the form of development that occurs here the site is disposed of via an Expression of Interest process. This includes placing conditions on the sale and/or planning controls.

Offices

All of Council’s car parks sites provide opportunities for the development of office suites and/or co-working spaces. This reflects the limited supply of office space with Glen Eira, combined with strong growth in the number of residents working in white collar professional jobs. Strengthening office market conditions together with the emergence of co-working spaces also supports the opportunity for new office space.

Council may however still need to use planning controls or conditions on the sale of sites to ensure that office space is included in any redevelopment. This reflects the likelihood that apartments will still be developer’s preferred form of development.

Retailing

Any future redevelopment of the Coles supermarket in Bentleigh will offer the opportunity for it to be relocated closer to Centre Road where it may be better integrated with the retail strip. This will also provide a number of other benefits including, allowing the existing store to continue operating during construction and increasing the amount of land available for the proposed Eat Street precinct. This would be expected to have a positive economic impact upon the centre.

The inclusion of ground floor retailing as part of any future multilevel car park needs to be carefully considered given that it may potentially impact upon the centre road retail strip. Alternatively, it may improve the competitiveness of the centre given that it may face increased competition from a number of proposed developments at Ormond Station and East Village. Consideration needs to be given to where this space is located and whether it is in the form of specialty retail tenancies or alternatively a larger format retailer as this will determine the extent of any economic impacts upon existing traders.

The identified car parks Elsternwick are expected to offer a limited retail opportunities and therefore unlikely to impact upon the performance of the centre.

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2. Introduction

In August 2017, Blair Warman Economics (BW EC) in association with the Comac Retail Property Group and Cattran Consulting were engaged by the City of Glen Eira to undertake an economic assessment of a selected number of Council initiatives within the Bentleigh, Carnegie and Elsternwick activity centres. These initiatives, which are identified in the Draft Concept Plans for each of these centres, together with the assessments sought by Council, are as follows:

Bentleigh Eat Street Precinct

- Economic assessment of the proposed pedestrian mall that would provide the opportunity for the rear of existing Centre Road properties to be activated by food and beverage activities.

Proposed Market Hub - Carnegie Activity Centre

- Economic and retail assessment of various 'market' formats giving consideration to the types of retail activities that would contribute to the role and function, competitiveness and performance of the centre, including those which would minimise impacts upon existing traders.

Car Park Redevelopments (Bentleigh and Elsternwick)

- Assessment of the opportunities for retail uses as part of mixed use developments upon Council car parks within these two centres.

Office Demand Assessment (All Centres)

- Assessment of potential office floorspace demand.
- Assessment of the viability of Council operated co-working office or business incubator.

3. Bentleigh Eat Street Precinct

3.1 Context

The Bentleigh Activity Centre has experienced strong growth in the number of hospitality related activities over recent years. A land use survey in early 2017 identified 42 cafes and restaurants and 14 takeaway food businesses within the centre, occupying 7,238 m² or 20% of total retail and hospitality floorspace (35,370 m²) (refer Figure 1). This is a significantly greater number of businesses than there were in 2010, when there were only 23 cafes and restaurants and seven takeaway food businesses based upon Google Streetview images at that time¹.

Figure 1: Bentleigh Hospitality Businesses 2017

Activity	No. Businesses	Floor Area (m ²)
4511 Cafes and Restaurants	42	5,359
4512 Takeaway Food Services	14	1,879
Total	56	7,238

Source: Glen Eira Economic Analysis and Forecasting Study

Demand for eating out at cafes and restaurants in Bentleigh will be influenced by a number of factors including:

- Population of the surrounding area.
- Per capita expenditure on eating out.
- The attraction of Bentleigh as a hospitality precinct.

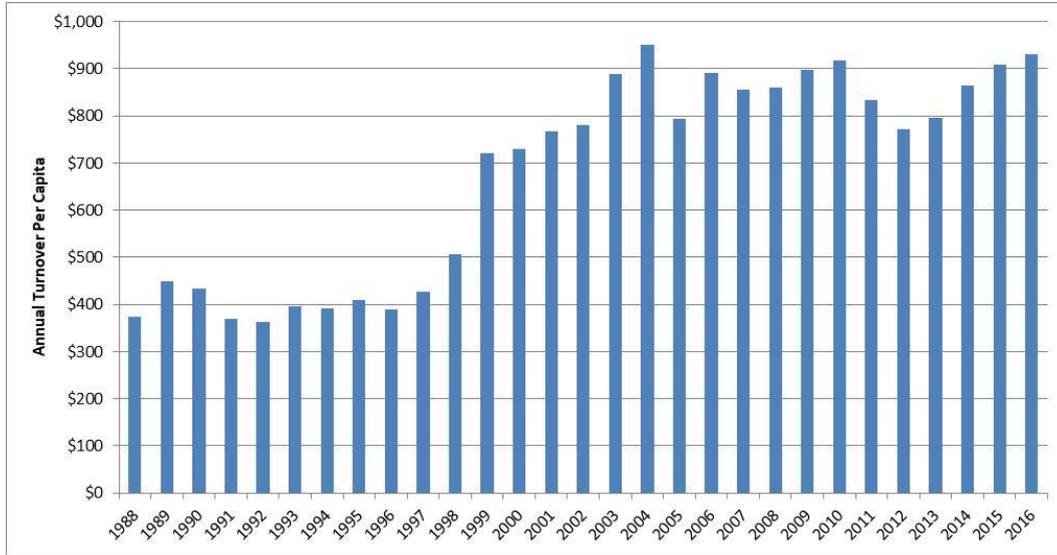
Bentleigh's population is projected to increase from 17,194 residents in 2016 to 20,423 in 2036, representing an increase of 25% or 1.1% per annum.²

Eating out at cafes and restaurants is a 'discretionary' activity and therefore influenced by economic conditions. This is highlighted at a state level by the decline in per capita expenditure at cafes and restaurants following the Global Financial Crisis, and the subsequent recovery over the past three years (refer Figure 2). Current per capita expenditure is at its highest level since 2010 and may potentially continue to increase depending upon economic conditions and consumer confidence.

¹ Glen Eira Economic Analysis and Forecasting Study (2017)

² Id Consultants, Glen Eira Population Forecasts

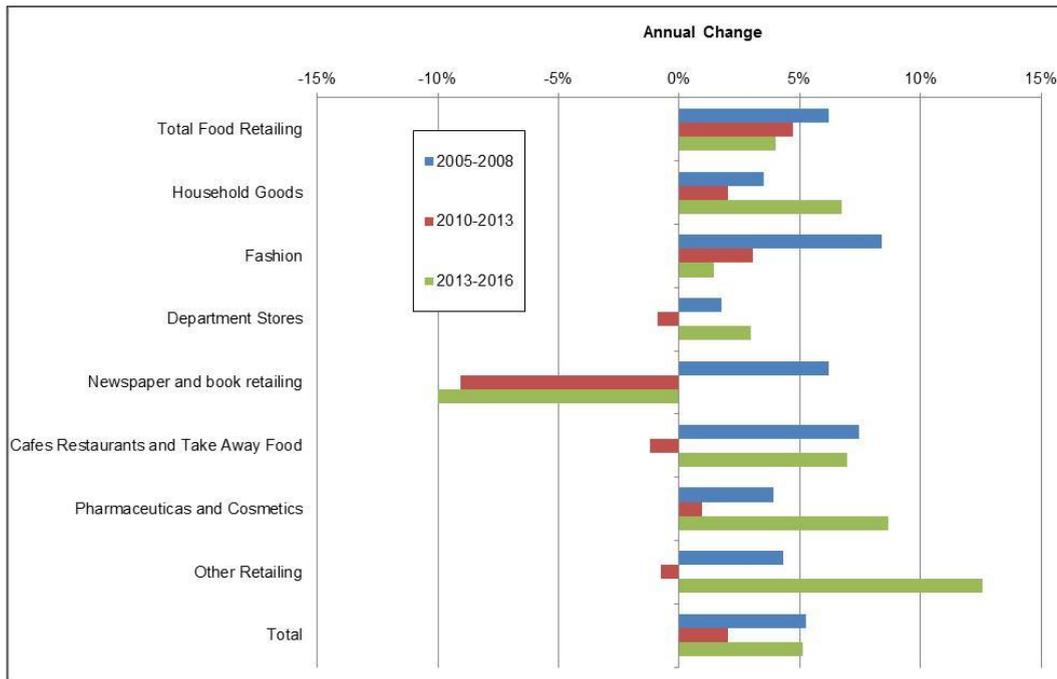
Figure 2: Victoria - Average Annual Real Turnover Per Person – Cafes and Restaurants



Source: ABS 8501.0

The hospitality sector (cafes, restaurants and takeaway food) has been one of the strongest performing areas of the retail industry over recent years (refer Figure 3). Apart from the GFC period (2010-2013), turnover for cafes and restaurants has grown at a rate of around 7% per annum compared to 5% across the total retail sector.

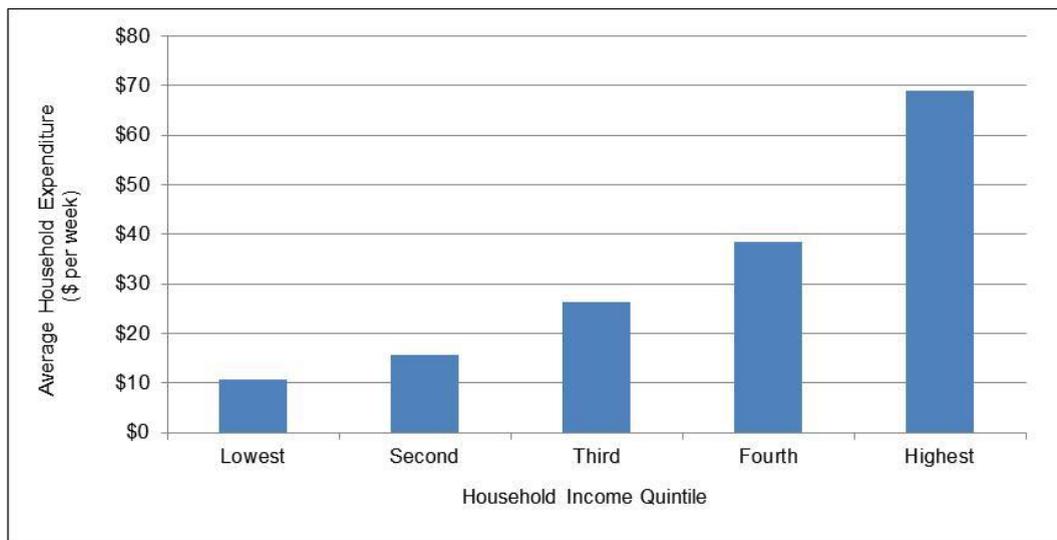
Figure 3: Victoria - Average Annual Turnover Growth by Broad Activity



Source: ABS 8501.0

As Figure 4 shows, expenditure on eating-out increases exponentially with household income with the highest income quintile spending more than double that of the middle income group. Bentleigh has relatively high socio-economic residents with 27% of households earning more than \$3,000 per week, compared to 18% across metropolitan Melbourne (refer Figure 5). Given Bentleigh’s relatively inner metropolitan location, the proportion of households within these higher income groups is expected to further increase relative to the wider metropolitan area. This will generate increased levels of expenditure on eating out, some of which may be directed to businesses within Bentleigh.

Figure 4: Household Expenditure on Eating Out* by Income Quintile (2009-10)



Source: ABS Household Expenditure Survey, Charter Keck Cramer.

* Meals in restaurants, hotels, clubs and related

Figure 5: Household Income Indicators – Percent of Households

Household income	Bentleigh	Carnegie	Elsternwick	Metropolitan Melbourne
Less than \$650 gross weekly income	17.1	20.3	16.2	18.4
More than \$3000 gross weekly income	27.3	18.9	29.3	17.9

Source: QuickStats

3.2 Proposed Eat Street Precinct

The proposed Eat Street Precinct extends over a distance of approximately 500 metres as shown in Figure 6 below. By comparison, Eaton Street Mall in Oakleigh is around 175 metres long and St Kilda's Acland Street is approximately 275 metres long.

Figure 6: Proposed Eat Street Precinct



There would not be expected to be sufficient demand to support cafes and restaurants throughout the entire Eat Street Precinct as shown in the Concept Plans. However there would be expected to be the opportunity to support these activities at the rear of properties west of Vickery Street, southwards along Vickery Street and across Centre Road adjacent to the Rotunda. The preference for focusing cafe and restaurant activity into this area is based upon a number of considerations including:

- exposure to the Coles supermarket as the key anchor within the centre;
- the potential for the existing Target store to be subdivided in the future;
- the location of existing cafes and restaurants within Centre Road that may potentially better open up onto the rear car park;
- the likelihood of properties being subdivided to allow new businesses to operate from the rear portion based upon the nature of the existing occupants; and
- the location of key businesses that are strategically important to the centre's performance.



Rear of Centre Road properties East of Vickery Street



Rear of Georgie Porgie cafe

3.3 Existing Centre Road Businesses

Existing cafes and restaurants along Centre Road provide an immediate opportunity for the rear of properties to be opened up to the rear car park. This has already occurred to some degree but the establishment of an Eat Street precinct would encourage this further. Conversely, businesses such as banks offer little opportunity for this to occur.

Centre Road businesses to the west of Vickery Street, in the order of their location, is provided in Figure 7, together with an indication of their potential for activating the proposed Eat Street Precinct. The four properties immediately to the west of Vickery Street are likely to offer the strongest opportunities for activating the Eat Street precinct, either due to these properties potentially being subdivided, or existing cafes and restaurants offering an immediate opportunity to trade through the rear of the property.

The newsagency, pharmacy and two banks represent key attractions within Centre Road and should be encouraged to continue operating in their current locations. The newsagency and pharmacy already offer an entrance through to Centre Road, although this will not benefit the proposed Eat Street Precinct.

Figure 7: Centre Road Businesses - West of Vickery Street

Business	Opportunity to Activate of Eat Street Precinct
Variety store	Opportunity to be subdivided into 2-3 tenancies opening to Vickery Street as well as the rear car park and Centre Road.
Target department store	Opportunity for three new tenancies that may be occupied by cafes /restaurants fronting the car park as well as Centre Road.
Planet Seafood	Immediate opportunity to activate rear frontage.
Georgie Porgie cafe	Immediate opportunity to better activate rear frontage.
Newsagent	Existing rear entrance.
Pharmacy	Existing rear entrance.
Bank of Melbourne	Minimal opportunity for rear activation.
Commonwealth Bank	Minimal opportunity for rear activation.



Existing Variety Store - corner Centre Road and Vickery Street



Existing Sussan Store - corner Centre Road and Vickery Street

Overall, there is the opportunity for around five new tenancies to be created through the subdivision of the variety store and the Target department store. These new tenancies may potentially be occupied by cafes and restaurants which together with the existing businesses would bring the total number of potential cafes and restaurants to seven.

Properties immediately to the east of Vickery Street offer few opportunities to activate the rear frontage to the car park. This is due to the majority of businesses being key attractions for visitors to the centre which should be encouraged to continue operating.

The exception to this is the Sussan (fashion) store on the corner of Vickery Street which may be subdivided into 2-3 tenancies, similar to what could occur for the Variety Store on the opposite side of Vickery Street. Godfrey Street provides an example of where this has already occurred.

Figure 8: Centre Road Businesses - West of Vickery Street

Business	Opportunity to Activate of Eat Street Precinct
Sussan (fashion)	Opportunity to activate the eastern side of Vickery Street through subdivision into 2-3 tenancies.
ANZ Bank	Key centre attraction – encourage continued operation.
Bentleigh Fresh (greengrocer),	Key centre attraction – encourage continued operation.
Sengsokkhieng Butcher	Key centre attraction – encourage continued operation.
Chemist Warehouse	Key centre attraction – encourage continued operation.
Education Station	Potential for rear activation if current use relocates.
Priceline Pharmacy	Key centre attraction – encourage continued operation.



Godfrey Street - Between Centre Road and Vickery Street Car Park

The properties fronting the Rotunda on the southern side of Centre Road provide strong opportunities for cafes and restaurants given the opportunity for outdoor seating and a high amenity setting. Although physically separated from the identified opportunities on the northern side of Centre Road, the two areas would still function as a café and restaurant precinct. The Rotunda area however is need of renovation, which together with the potential for cafes and restaurants on the opposite side of Centre Road, may encourage the adjacent buildings to be occupied by hospitality businesses.

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Rotunda and Adjacent Buildings

The combined site area of the properties identified as strong opportunities for the Eat Street Precinct is approximately 2,350 sqm which may potentially accommodate approximately 15-20 cafes or restaurants based upon average size of 120-150 m². This number of businesses within close proximity to each other would be expected to support a competitive café and restaurant precinct.

Figure 9: Eat Street Precinct – Strategic Property Opportunities



3.4 Case Study Precincts

A number of centres and precincts have been profiled below as case studies of cafe and restaurant precincts, as well as where frontages to car parks have been activated. Of these case studies, the Eltham Town Square is considered to provide the best indication of what may be achieved for the Eat Street precinct for a number of reasons being that it:

- Does not rely upon support from any particular ethnic group, as is the case for Eaton Mall (Oakleigh) or Kingsway (Glen Waverley).
- Highlights the benefits of Council investment in landscaping and infrastructure works, and active marketing.

Nevertheless, the other case studies provided are also of relevance in terms of what may be achieved even in outer suburban locations (Knox Ozone and Ringwood Town Square), or where an absence of infrastructure investment has limited opportunities for cafe and restaurant activity (Burke Road Camberwell)

3.4.1 Eltham Town Square

Eltham Town Square represents a particularly relevant case study to demonstrate what may be achieved within Bentleigh. As shown in Figure 10 below, the Eltham Town Square is located between strip retailing along Main Road and a Woolworths supermarket with a two level car park.

The Eltham Town Square offers a very high level of amenity and has become the central focus of activity within the centre. Occupying an area of approximately 3,000 m² it includes public toilets, outdoor seating and landscaping. The adjacent retail premises fronting the square are occupied by predominantly cafes and restaurants together with a number of other businesses typically found in local centres.

Figure 10: Eltham Town Square-Aerial View



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3.4.2 Burke Road Camberwell

Virtually all of the properties in Burke Road Camberwell have activated their frontage to the rear car park as shown in Figure 11 below. This has been achieved through either the same business occupying the entire floorspace, or by properties being subdivided into two tenancies.

Despite the higher level of exposure to the car park, there are only a few cafes amongst the large number of businesses. This most likely reflects the amenity of the area with no investment in landscaping, and highlights the importance of creating a high amenity setting, such as that offered by the Eltham Town Square, in order to support cafe and restaurants.

Figure 11: Burke Road Camberwell - Aerial View



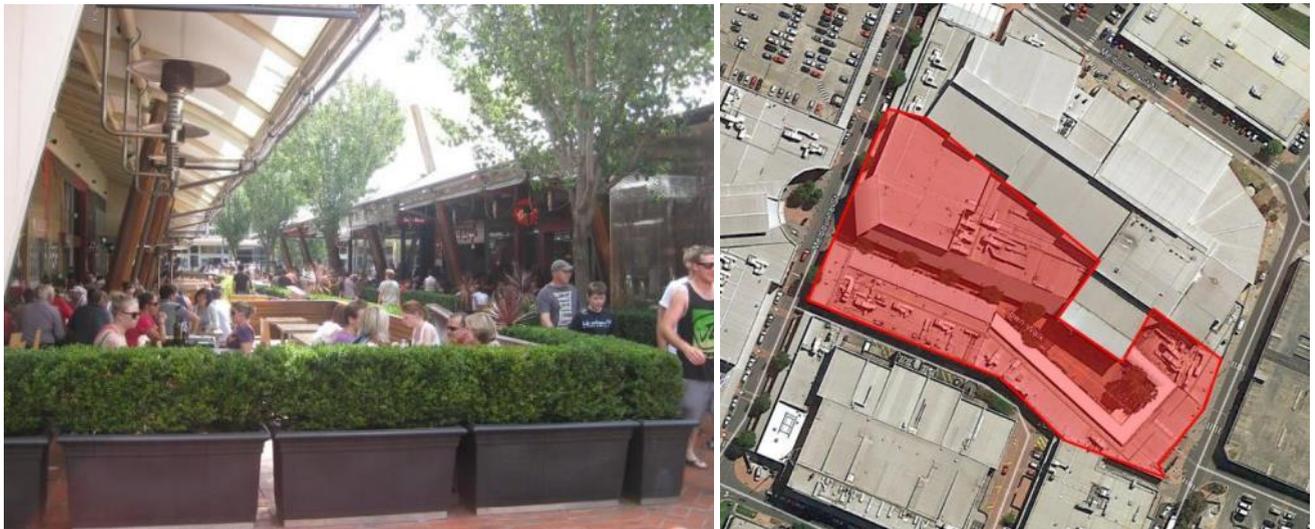


3.4.3 Knox Ozone

The Knox Ozone precinct occupies an area of approximately 1 ha within Westfield Knox. The precinct is adjacent to the Knox Village cinemas and connected to the retail precinct. Within the precinct there are approximately 25 cafes and restaurants.

Similar to Eltham Town Square, this precinct highlights the importance of creating a higher amenity environment that leverages off and existing activity centre. It however also benefited from a general lack of competing cafe precincts within the surrounding region.

Figure 12: Knox Ozone Precinct



3.4.4 Ringwood Town Square

The recently completed Ringwood Town Square covers an area of approximately 10,000 sqm and provides a connection between the Eastland Shopping Centre, Maroondah Highway and the Ringwood Railway Station. The Town Square was created as part of a redevelopment of the centre and incorporates alfresco dining, public open space and the Maroondah City Council's 'Realm' facility which includes a

library, customer service centre, art gallery and café.



3.4.5 Eaton Mall - Oakleigh

Eaton Mall is centrally located within the Oakleigh Activity Centre and offers a large number of cafes and restaurants occupying traditional strip retail premises. A large amount of outdoor seating is provided within the mall which has limited the opportunity for landscaping.

While the precinct has been extremely successful, this is largely due to Oakleigh's historic connection to Melbourne's Greek population. As a result, the opportunity to replicate a similar precinct in other locations such as Bentleigh may be limited.



1.1.1 Glen Waverley Activity Centre: Kingsway Precinct

Kingsway is a key focus for cafes and restaurants within the Glen Waverley Activity Centre with a significant level of activity supported throughout the day and into the evening. The precinct's focus upon Asian restaurants and food outlets reflects the strong growth in the number of Chinese residents within the surround area over the past decade as well as within the wider region.

Similar to Eaton Mall, Kingsway's success has been largely due to the Glen Waverley Activity Centre's connection to the Chinese community.



3.5 Eat Street Precinct: Opportunities and Issues

The proposed Eat Street Precinct in Bentleigh has considerable merit given the number of relatively affluent households within the surrounding area, projected population growth and the physical attributes of the precinct. While it is important to recognise that precincts such as Eaton Mall have been successful due to their strong connection to a particular ethnic group, locations such as the Eltham Town Square highlight the opportunity for investment in the public realm to act as a catalyst for a cafe and restaurant activity.

It is envisaged that the strongest opportunities will be within Vickery Street and immediately to the west and extending across Centre Road to the rotunda. This is based upon the nature of businesses that currently occupy premises in terms of their likelihood of remaining in these premises over the longer term, and their strategic importance to the overall competitiveness of the Bentleigh Activity Centre.

The existing Target department store represents a key opportunity for redevelopment into smaller tenancies that may be occupied by cafes and restaurants, as do the two properties fronting Vickery Street. Together with the two existing restaurants in Centre Road, a relatively strong cluster of cafes and restaurants may be achieved. The rotunda on the southern side of Centre Road provides a natural opportunity for al fresco dining through the redevelopment of adjacent properties.

The proposed Eat Street precinct represents a key opportunity for Council to play an active role in encouraging a clustering of cafes and restaurants in a central location within Bentleigh. Council's leadership in providing direction for the future development of such a precinct, combined with the necessary investment in creating a high amenity setting, will be key factors influencing the success of the proposed precinct.

Landowners of the identified properties will naturally play a key role in facilitating the redevelopment of properties. The potential subdivision of properties into smaller tenancies would be expected to result in increased rental income and property values. In order for this to be realised however, there must be demand from potential cafe and restaurant operators which in turn will be dependent upon Council's investment in landscaping and the public realm generally. Council will also play a key role in promoting the precinct to attract visitors.

3.6 Economic Impact

The recommendation that the Eat Street Precinct be limited to Vickery Street and properties immediately to the west will limit any economic impacts through not threatening the continued operation of key attractions within the centre including fresh food retailers, banks and pharmacies.

While the Target department store may also be a key anchor for the centre, there may be some uncertainty surrounding its longer term presence given the performance of discount department stores generally.

The Eat Street Precinct may attract some existing cafes and restaurants within the centre to relocate into the precinct thereby offering the opportunity to improve their performance. Similarly, the creation of a recognised cafe and restaurant precinct would be expected to attract visitors from across a wider region which would benefit the centre.

Overall, the economic impact of the proposed Eat Street Precinct is expected to be positive.

4. Offices and Co-Working Spaces

This section firstly provides an overview of the current supply and demand situation for office space within Glen Eira. This is followed by a discussion of the emergence of a co-working space as an alternative to traditional office accommodation. In doing so guidance on the viability of a Council run co working space and/or business incubator in the centres of Bentleigh, Carnegie and Elsternwick is provided. More specifically, we have:

- Examined the role co working plays in retail activity centres;
- Briefly outlined the changing economy and workforce;
- The implications of Plan Melbourne;
- Provided an overview of the growth of co working in Melbourne;
- Outlined the benefits of Co Working;
- Presented examples of co working spaces (indicating Council owned and/or operated);
- Listed issues for Council to consider; and
- Suggested additional research required to further examine the viability of co working/incubator space in the nominated activity centres.

4.1 Supply and Demand for Office Space

Industry restructuring over recent decades has resulted in the outsourcing of many functions by larger organisations to smaller specialised businesses. This is generated demand for smaller office suites and more recently co-working spaces. The latter is particularly relevant for IT and creative activities that benefit from the opportunity to share ideas.

Glen Eira has a very limited supply of office space with no identifiable office precinct. As a result the majority of office workers living in Glen Eira travel to the Melbourne CBD and other inner city locations to work.

There is the opportunity for Council to play a leading role in facilitating the development of new office space through its ownership of a number of car park sites within the Bentleigh, Carnegie and Elsternwick activity centres. This may take the form of either office suites or co-working spaces. Additional opportunities also exist within Commercial 2 zoned precincts on the Nepean Highway in Elsternwick and Moorabbin

The Melbourne office market has strengthened significantly over recent years with growth in white collar employment combined with limited new supply of office floorspace over the past decade resulting in declining vacancy rates and upward pressure on rents and capital values for office space.

Growth in office employment is reflected in the Property Council of Australia's latest Office Market Report which identifies the net absorption of office space within the Melbourne CBD as having steadily increased from 33,800 sqm to 128,400 sqm per annum since 2014. Vacancy rates within the Melbourne CBD have declined from 8.5% to 6.5% over the past three years due to growing demand exceeding the supply of additional office space. Vacancy rates are expected to continue to fall, before a significant supply of new office floorspace is delivered from 2019.

Inner suburban office markets have mirrored the experience of the Melbourne CBD. With a significant amount of office space in St Kilda Road and Southbank being redeveloped for apartments there has also been a spill-over of demand into other inner city locations.

Over the past decade the supply of new suburban office space has been limited by the impact of the Global Financial Crisis, reduced availability of finance for speculative office developments, and strong competition for development sites by residential developers. Melbourne's strengthening office market, combined with a peaking in the residential apartment market, has however now seen a growing interest by developers in undertaking office projects.

Evidence of the strength of Melbourne's suburban office market extends from Cremorne where office vacancy rates are around 1% and there is significant new office development proposed, though to Narre Warren Business Park in Melbourne's outer south east where a major business park is being progressively developed. Both the Cremorne Employment Area and the Narre Warren Business Park have a Commercial 2 zoning which has preserved the opportunity for office development and employment. The foresight of the Yarra and Casey councils is now being rewarded with both precincts providing significant employment opportunities for Melbourne's growing population despite being in very different locations.

The strength of demand for suburban office space is highlighted by the level of development activity within the Narre Warren Business Park which is located close to the Fountain Gate Activity Centre, Narre Warren Station and Monash Freeway. Since 2009, six office developments have been constructed during this time with an estimated total gross floor area of around 25,000-30,000 m². Two additional office buildings are proposed for construction by MAB Corporation which will deliver approximately 10,000 m² of gross office and retail floorspace within the precinct, resulting in an estimated total gross office floorspace of 35,000 – 40,000 m². The MAB development alone is expected to create around 600 new ongoing jobs³.



Narre Warren Business Park



Narre Warren Business Park

Other examples of employment precincts that have supported significant new office development through maintaining a Commercial 2 zoning include:

- Keilor Road Niddrie where a number of office developments have occurred on sites vacated by car showrooms moving to Essendon Fields.
- Bayside Business and Employment Area located west of Southland shopping centre on Bay Road in Cheltenham which has attracted new office development including office suite complexes such as the Tulip Green Business Centre being a four level office suite development through to the corporate offices such as that occupied by iSelect.

³ mab.com.au/news/mab-delivers-new-local-workplace-to-casey



Keilor Road Niddrie

4.2 Local Office Context

Glen Eira has a significant shortage of office accommodation compared to other municipalities such as neighbouring Bayside. This is despite there is a large and growing resident population of white collar workers that may seek to either graduate from a home based businesses in the future, or relocate an existing office closer to where they live. Alternatively, there may also the opportunity to attract new businesses if contemporary office space were available in Glen Eira.

While the latest census data is not available for employment, there was a clear trend over the period 2001-2011 when the number of residents employed in the 'professional, scientific and technical services' increased at an average rate of 2.5% of ground. The majority of workers in this sector work in an office setting.

Any new office space within Glen Eira would be expected to attract strong demand from a range of small businesses with professional services such as accountants, lawyers and financial planners typically being key sources of demand. Increasingly, health service providers are also locating in office developments. Other potential employment uses that do have a strong connection to the household sector may choose to locate in potentially more affordable office space that may be developed on Commercial 2 zoned sites such as those within the Bayside Business and Employment Area in Bay Road Cheltenham.

Continued growth in the number of residents working in office based occupations, together with declining office vacancy rates across metropolitan Melbourne will provide opportunities for new office development in Glen Eira. The nature of the apartment and office suite markets has resulted in little new office construction over the past decade which, combined with continued growth in small businesses, has resulted in a sharp decline in office vacancy rates across inner and suburban Melbourne.

Developers have generally preferred to develop apartments as they have offer a higher development return, lower risk profile, and lower car parking requirement. Apartments are also easier to market to relatively unsophisticated investors through financial intermediaries such as financial planners. Office suites however are typically purchased by more astute investors seeking to diversify their investment portfolio, and are generally more difficult to sell off the plan due to the longer marketing period required.

Melbourne's apartment market has begun to soften, and suburban office markets are expected to strengthen in overcoming years, resulting in a shift in the focus of many developers towards office projects. Council may still however need to impose a planning requirement for a specified amount of office floorspace as part of a planning permit or condition of sale in order to ensure that office space is delivered upon its sites.

Three examples of office developments that have occurred within the City of Bayside are provided below including the businesses located within each.

3 Male Street Brighton



Rhumb Maritime - Ship Chartering

Austin Design Associates - Architects

The Finishing Touch – Removal Services

Wormington Accountants

Super 2000 – Accountants

Zous Lawyers

Oil Tanking Asia Pacific

Davies and Marks Lawyers

James Rigney Architects

Next Brand Strategy and Design – Marketing Consultants

Lipman James – Migration Agents

Bridsan Group – Horse Stud

Barry Smith and Associates

a2z Health Group (Physiotherapy) - Health Services

Fine Line Building Design - Building Designers

Southern Rheumatology – Health Services

Blueprint Developments – Property Developers

Quinn and Quinn - Lawyers

Melbourne Heart Care – Health Services

Bayside Financial Services

Shinsei Pulp and Paper Australia

Eurovillas - Real Estate Services

Allied Grain – Grain Traders

Intrepid Geophysics – Engineering Services

Pager Partners - Accountants

Sicuro – Financial Services

1253 Nepean Highway Cheltenham



Empower Healthcare - Physiotherapists
Ceechem – Industrial supplies
Estate Imagery - Photographers
The Bridge Employment – Recruitment agency
CPAP Direct – Medical supplies
Complete Speech Pathology – Health services
Richwise – Timber importer
Ates Insurance – Insurance brokers
Greenlight Mortgages – Mortgage brokers

SE Finance – Financial services
Winestone and Associates – Insurance brokers
The Thinking Chip – Engineering consultants
ACE Answering – Telephone answering service
Early Intervention Psychology – Health services
Recruitment Pool – Recruitment agency
Waverley Real Estate – Real estate agents
Huxxer Corporation IT Consultants
CFO Series – Business services

Tulip Green Business Centre: /75 Tulip Street, Sandringham

This development comprises 28 office suites, amenities to each level along with basement car park.



Accountancy Connect-Accountants	EChoice & PSS – Mortgage Brokers
Bayside Glen Eira Kingston Local Learning and Employment Network – Employment Network	Ctrack - fleet management and vehicle tracking solutions
Initiative Sport – Event management	Future Sport & Entertainment – Sports Management
Share Wealth Systems – Financial Services	Novare Finance Group – Financial Services
Optimal Data Services – IT Services	Glendora Commercial Services - Accountants
Elite Crossings – Engineering consultants	Good Times Co – Building supplies
Broadbent Finance – Financial services	Brava Tango Bravo - Advertising
Integrated Bulk Systems – Engineering consultants	Dovetail Developments – Property development
Loans Australia – Mortgage brokers	RPI Financial Systems – Financial services
Atkins Maritime – Engineering consultants	Limited-Space.com
Ezy2c - GPS Tracking	ICommunique – Marketing services
Brickcorp – Builders	Carcorp – Recruitment consultants
VicSurvey – Land surveyors	

4.3 Balancing Residential and Commercial Office

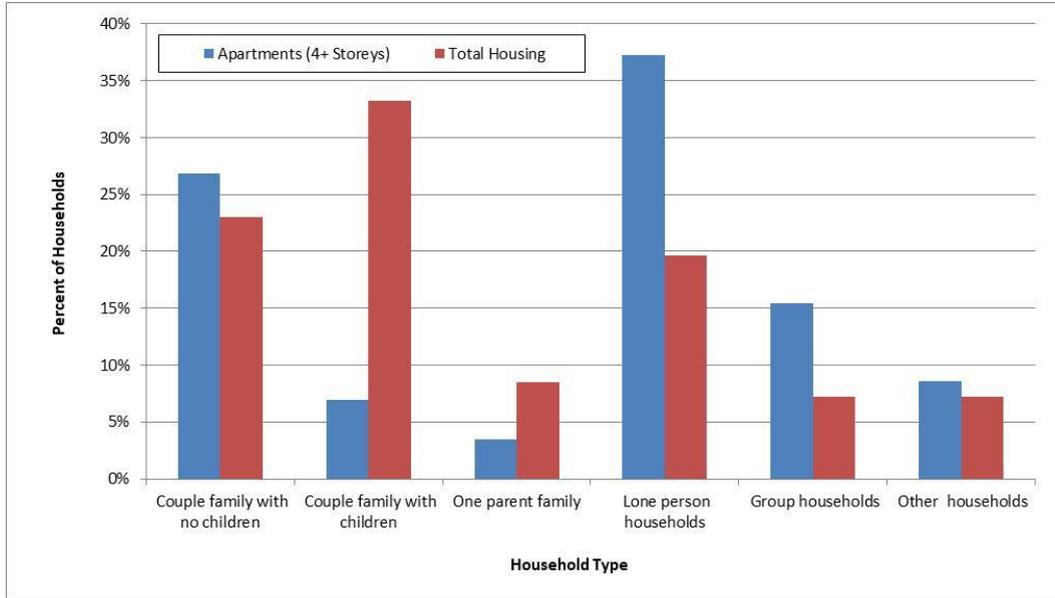
While Plan Melbourne provides broad direction for the future growth, there is a role for Councils to interpret the broad directions provided by Plan Melbourne at a local level based upon their own characteristics and development opportunities.

Plan Melbourne aims to facilitate affordable housing that is accessible to employment opportunities. Given the metropolitan context of Plan Melbourne, the role of the CBD and other employment clusters is naturally a key focus. Similarly, the need for increased employment opportunities in outer metropolitan areas is also a key element of Plan Melbourne. Essentially, this represents a two pronged approach of ‘locating workers close to jobs’ as well as ‘locating jobs closer to workers’.

Higher density residential development such as apartments is identified by Plan Melbourne as a means of providing increased accessibility to employment opportunities within inner Melbourne. Census data indicates that the number of Melbourne households living in apartment blocks of four levels or more has increased from 44,192 in 2006 to 106,546 by 2016. However of these additional 62,354 households, only 4,329 or 6.9% were ‘couple families with children’, despite this group representing 33% of Melbourne households (refer Figure 13).

This indicates that while higher density apartments may provide housing for younger couples without children and singles close to the CBD where they may work, traditional families face increased travel times and costs in travelling to their workplace as they are forced to reside in more affordable outer suburban locations. Municipalities such as Glen Eira may therefore play an important role in providing employment opportunities for not only its own residents but also those residing in the next ring of municipalities that do not have the same opportunity to attract employment opportunities, particularly white collar office jobs.

Figure 13: Melbourne - Household Mix of Additional Occupied Dwellings (2006-2016)

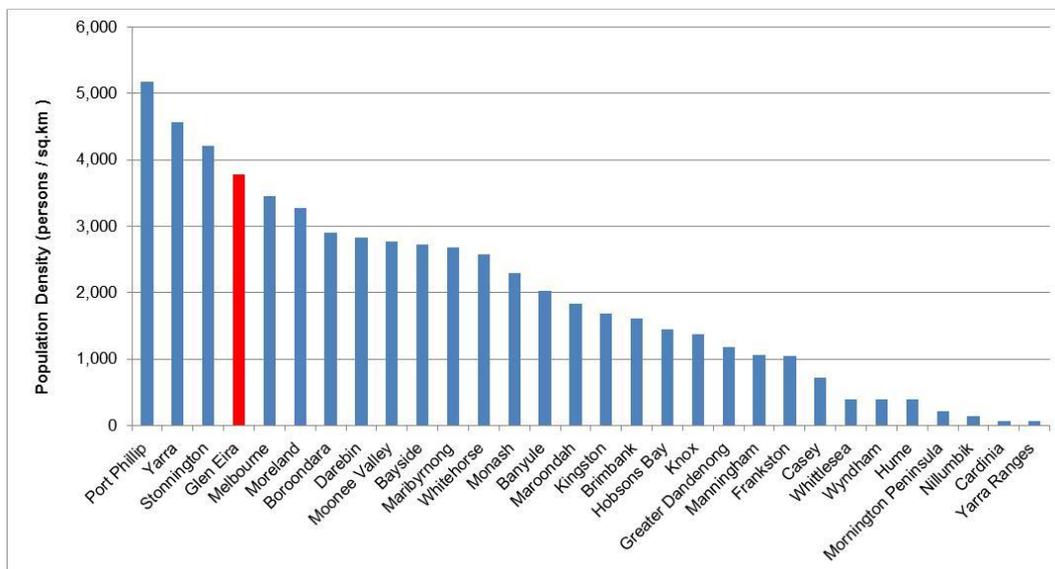


Source: ABS Census 2016, BWEC

The City of Glen Eira must balance housing Melbourne’s growing population with the need to provide accessible employment opportunities for existing and future residents. Both of these are key objectives of Plan Melbourne. Determining what this mix may be will be dependent upon the existing provision of housing and employment opportunities and the characteristics of potential development sites.

Glen Eira’s population density is one of the highest in metropolitan Melbourne, ranking fourth across the 31 municipalities, and only exceeded by the inner city areas of Port Phillip, Yarra and Stonnington (refer Figure 14). With 3,781 residents per square kilometre, Glen Eira’s density is notably higher than the adjacent municipalities of Bayside (2,723), Monash (2,298) and Kingston (1,690).

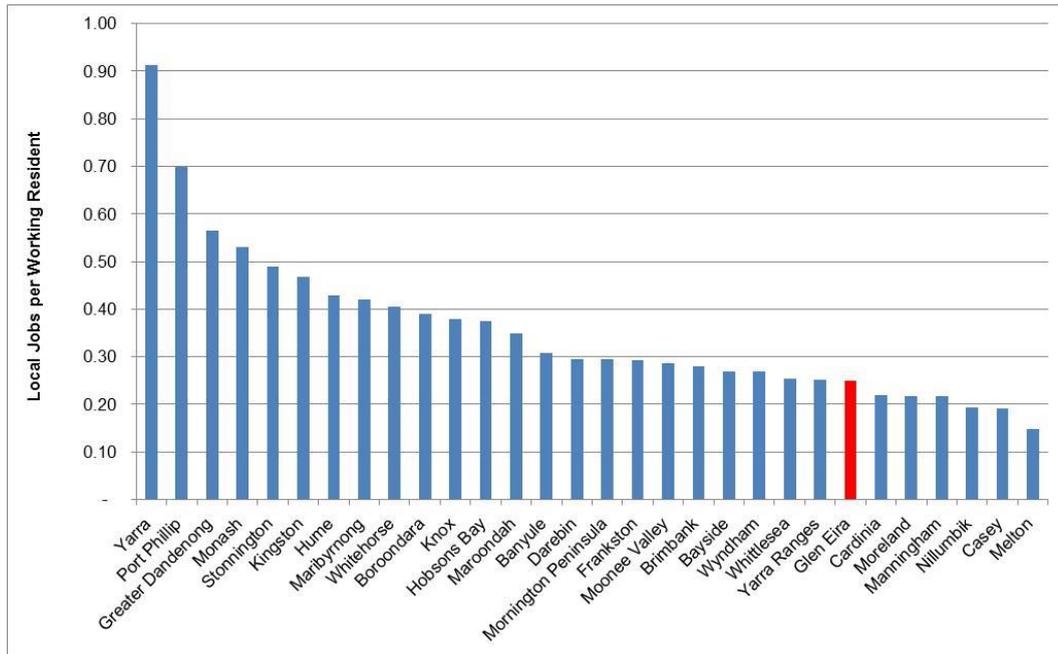
Figure 14: Population Density by LGA 2015



Source: ABS Cat No. 3218.0

Glen Eira’s high population density reflects both a relatively large proportion of housing accounted for by non-detached dwellings (apartments and townhouses) as well as the limited supply of employment land. The latter has resulted in Glen Eira having one of the lowest number of local jobs per resident in Melbourne. This level of jobs provision is comparable to many outer metropolitan municipalities such as Cardinia and Whittlesea and well behind comparable inner metropolitan municipalities (refer Figure 15). This suggests an imbalance between residential development and employment opportunities within Glen Eira relative to other municipalities.

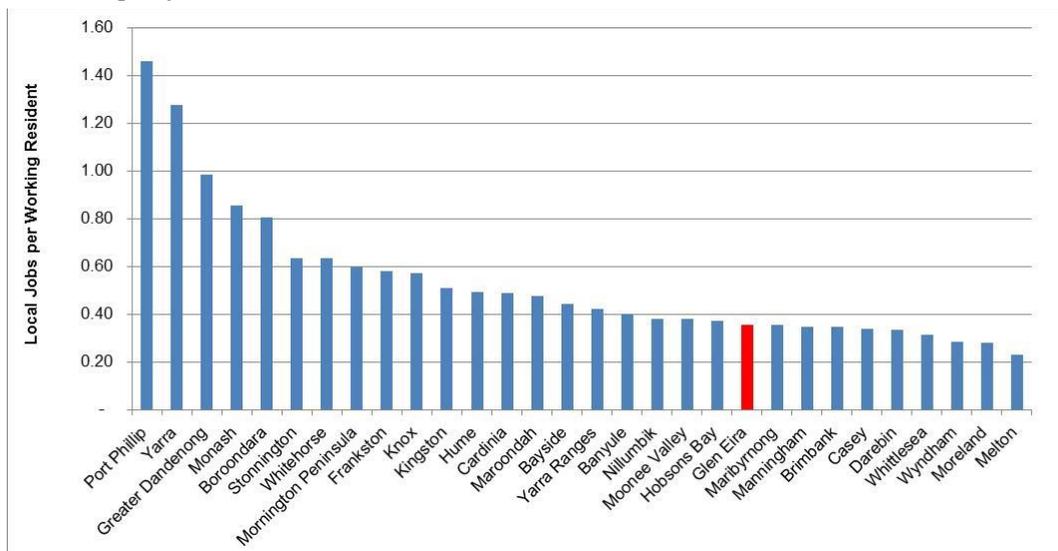
Figure 15: Glen Eira - Local Jobs per Working Resident 2011 (Excluding City of Melbourne)



Source: ABS Census

This imbalance is also highlighted by Glen Eira having a relatively low number of local jobs in the Professional, Scientific and Technical Services sector (being a measure of office employment) compared to the number of Glen Eira residents employed in this sector (Refer Figure 16).

Figure 16: Glen Eira - Professional, Scientific and Technical Services Sector: Local Jobs per Working Resident 2011 (Excluding City of Melbourne)



Source: ABS Census

It also highlights the increasing need for employment opportunities to be more widely dispersed across Melbourne, as was previously the case when there was greater manufacturing employment. Doing so would address housing affordability through creating jobs closer to more affordable housing opportunities.

Supporting office development within Glen Eira would not only provide easily accessible employment for local residents but also for residents within the adjoining municipalities via public transport services. Similarly, residents within inner municipalities may also use public transport to access office employment in Glen Eira thereby back-filling peak hour train services.

New office employment opportunities within Glen Eira will provide households with an alternative to working in the CBD and therefore expand the range of convenient housing locations. For example, the Melbourne CBD is 30 minutes from Bentleigh by train. If office workers had the opportunity to work in Bentleigh they could live in Carrum and still be a 30 minute train trip from their workplace. The median price of houses in Carrum was \$745,000 in 2016 compared to \$1.38 million in Bentleigh. Therefore much more affordable housing offering the same access to employment would be an option for workers.

Similarly, Elsternwick is serviced by the Sandringham line and the Glen Huntly Road tram, as well as the Nepean Highway all of which are already used by a significant number of commuters working in inner Melbourne. All of these commuters would benefit from more convenient office employment opportunities within Elsternwick. Office employment opportunities within Carnegie would provide similar benefits in terms of expanding housing options available to workers.

Glen Eira therefore has the opportunity to indirectly increase access to more affordable housing within convenient commuting distance of employment opportunities. This may occur through facilitating office development on sites where it does not have to compete with apartment development, being Commercial 2 zoned sites and Council owner car parks.

While suburban office buildings is typically of a physically smaller scale than apartment developments, the total amount of employment generated is around the same as the number of apartment residents. An average sized apartment of 70 m² would typically accommodate around 1.5 persons which equates to approximately 45 m² per person. This compares to an average of 10-15 m² per person for office floorspace, which is around three times more intensive than apartment floorspace. Hence a three storey office building would accommodate the same number of people as a nine storey apartment building. Office development may therefore deliver a wider range of benefits whilst also being more acceptable for residents in adjoining residential areas.

The implication of the above analysis is that Glen Eira has the capacity to provide new office employment opportunities which:

- Reduce the travel burden for local residents that currently need to travel outside the municipality.
- Provide employment opportunities for workers that may now consider more affordable housing locations without increasing travel times and costs.
- Provide a means of connecting employment and housing affordability which is more acceptable to local residents.

4.4 Office Development Opportunities

The changing nature of working arrangements is reflected in an increasing diversity of office space formats with the growth of co-working spaces is just one example. Similarly, continued growth in small professional services businesses will see continued demand for office suites.

The experience of the employment precincts referred to above highlights the commercial viability of developing office space where there is a Commercial 2 zoning in place. Through restricting residential development, underlying land values are maintained at levels that ensure the viability of commercial development. Within Glen Eira's activity centres, Council owned sites also offer a realistic opportunity for office development.

The key opportunities for office development within Glen Eira are:

- The East Village precinct;
- Council owned car parks within the Bentleigh, Carnegie and Elsternwick activity centres; and
- Commercial 2 zoned sites along the Nepean Highway in Elsternwick and Moorabbin.

There may be some opportunity for office development to occur within the Carnegie Activity Centre along Dandenong Road west of Koornang Road. This precinct is zoned Commercial 1 and is primarily occupied by bulky goods retailers. However, as it is somewhat separated from the centre's retail core it is likely that any apartment development will comprise either ground floor showrooms or offices.

Office development would be expected to be office suites rather than large scale corporate offices. Office suites will provide the flexibility to accommodate a wide range of small to medium sized businesses, without relying upon larger corporations whose accommodation requirements may change in the future. The expected types of office activities would be similar to that found within the profiled office developments above and will include, among others, professional services, information technology, engineering consultants, health services and creative professionals.

The socio-economic profile of residents within Glen Eira as well as adjacent municipalities such as Bayside will be a key driver of demand for office space. It is well known that where a managing director or business owner lives has a major influence upon business location decisions. This has already been demonstrated by office precincts in Bay Street Brighton and the Bayside Business and Employment Area, both of which would have been supported by business owners and managers living in the bayside suburbs of Brighton, Hampton and Sandringham. Glen Eira's increasingly affluent residents as well as those within neighbouring Bayside would be expected to have a similarly strong influence upon where the businesses they either own or manage choose to locate.

4.5 Employment and Activity Generator

Co working spaces increase the level of activity and employment within a retail centre. The benefits extend well beyond local employment;

- The multiplier effect of generating local economic activity;
- Patronage of local traders;
- Increasing place making opportunities through collaboration;
- Building a sense of community and local connection;
- Increasing perceptions of safety;
- Re cycling underutilised and re activating disused buildings

The idea and practice of place making underpins the way retail strips perform and the contribution they make to community wellbeing. In essence the availability of co working space is a critical component required to complete the retail 'jigsaw'.

4.6 A New Economy and Workforce

A multiplicity of factors is contributing to economic and workforce change that combine to increase demand for co working space. It is anticipated that freelancers will occupy 40% of the job market by 2020. The notion of the 'sharing' economy and the 'gig' economy is commonplace. These trends demand greater collaboration, information sharing and flexibility.

Technology is among the most pervasive forces shaping workforce change. Digital disruption is commonplace. Uber is the major disrupter for transport. Air bnb occupies a similar position in accommodation. The effect in the office accommodation market is less pronounced but gathering pace. The dramatic growth of co working spaces highlighted in this section is a demonstration of the change underway.

Local employment is dominated by professional services, particularly in the inner city and it is this sector that is most amenable to the adoption of co working as a model for growth. Economy ID notes that for Glen Eira in particular there are more professionals than any other occupational category. On average the number of professionals was approximately 50% above the Melbourne metropolitan average in the 2011 Census. It is expected this trend will continue in the most recent Census.

4.7 Plan Melbourne

Plan Melbourne has promoted the notion of 20-minute neighbourhoods where local activity areas will not only cater for shopping and leisure but also be a source of employment. Melbourne is forecast to grow to up to 8 million people by 2050. The availability of flexible workspace close to home not only reduces travel times but also reduces car congestion. Walking, cycling and public transport are more likely to be travel modes of choice reducing car dependency. Living and working locally is more consistent with environmental sustainability

4.8 The Dimensions of Co Working

Co working is a multi-dimensional phenomenon. It ranges from Council run facilities, such as Realm in Ringwood to boutique private operators such as The Park Street Collective in North Carlton or Nest in Thornbury. Co working spaces often include business incubators, mentoring, wellbeing and other professional development services. Supply is not limited to the inner city. Waterman (waterman.com.au), with locations at Chadstone, Narre Warren and more recently Caribbean Park is an example of an operator extending supply away from the CBD and raising the standard. Regional co working is also growing. The recently opened Synergise Hub (synergizehub.com.au) in Bendigo is an example.

There are a host of web portals that facilitate the growth of co working particularly in the creative arts industry. The creative spaces online model (creativespaces.net.au) developed by the City of Melbourne and licenced to the Cities of Sydney and Brisbane is a significant example Growth has also been fuelled by the entry of international operators such as WeWork who have announced the opening of two sites in Melbourne's CBD.

There is evidence that co working may become a dominant mode of office accommodation. National Australia Bank has entered the space with the establishment of 'The Village' (nab.com.au/business/the-village) at Docklands offering members access to co working spaces, meeting facilities and regular events. Activity Based Working, as practised by Medibank in its Melbourne headquarters is further indication that the distinction between traditional office and co working space is being blurred. Further examples are listed below.

4.9 The Growth of Co Work Spaces

Co working is a worldwide phenomenon and Australia is a world leader in per capita terms. Recent research by Knight Frank estimates that there has been a 62% increase in supply in Melbourne over the past 12 months. Knight Frank identified a total of 152 Co working spaces in Melbourne. The majority of space is contained in the following areas.

- City Fringe 42%;
- North and West 24%;
- CBD 21%;
- Inner East 8%

Richmond is a dominant provider of space in the city fringe and this reflects, in part, the availability of suitable building stock to convert to shared office space. A location that is close to home, the CBD and public transport further reinforce the position of Richmond. Footscray is also an emerging player with major spaces coming on to the market such as The Dream Factory in the former Lonely Planet Headquarters. A visit to this facility indicates that there is currently a large amount of vacant space to accommodate more co-workers.

The supply of co working space in the inner east is smaller by comparison at 8%. Knight Frank identified 12 spaces with over half located in Prahran.

Based on the above analysis and desk research there doesn't appear to be a lot on offer in Glen Eira in and around the suburbs of Bentleigh, Carnegie and Elsternwick. An absence of suitable co working spaces can be a strategic disadvantage and result in both lost business and employment growth.

4.10 The Advantages of Co Working Spaces

The advantages of co-working vary according to the nature of the tenancy and the requirements of the member. What is apparent is the rapid evolution of the marketplace and the huge variety of benefits offered in a competitive market. Benefits cited include:

- Networking

Co-locating with like-minded professionals can remove the sense of isolation experienced by sole practitioners particularly when operating from home.

More importantly in a 'gig' economy working closely with other people can accelerate learning and development and often provide the next opportunity. Access to networking opportunities can be a springboard for business growth and professional development.

No matter how connected we are via technology there is a need to feel a social connection and co working fills the void.

- Flexibility

A major advantage is the ability to occupy a space quickly to capture an opportunity. Business can be scaled down just as quickly or moved to another geographic location as opportunities emerge in other locations.

More agile work practices including activity based working are becoming the norm. Knight Frank note that ABW provides different types of spaces to allow for concentration, collaboration, interaction and community.

- Financial

87% of small businesses employ less than 4 people and there is evidence that some operators are choosing to relocate to co working spaces to take advantage of lower costs. At the same time the flexibility of co working means they aren't tying themselves up with a long-term lease.

Small businesses also have the opportunity to locate in co working spaces that feature a variety of attractions that wouldn't be available for a solo tenancy at an affordable price. Central locations, great views, open plan and state of the art fit outs are some of the attractions on offer.

- Access to Facilities

Shared facilities including meeting rooms, board rooms, reception, conference facilities, digital studios and catering can feature as part of a co working offer.

Lifestyle amenities including gym facilities, yoga classes and child minding services are further ways that co working offers attract tenants.

Launch Pad (launchpadcentre.com/main/) has a W Class Tram onsite that acts as a meeting room and backdrop for events. The York Butter Factory (yorkbutterfactory.com) offers a barista grade coffee facility.

- Freelance

People have an increasing ability to choose how they work and when they work. For many there is a sense of empowerment. It is estimated that 40% of the workforce will be made up of freelancers by 2020.

- Technology

High speed internet, multi media studios, digital production facilities and a host of other technology is a further attraction where the costs can be shared

4.11 Examples of Co Working Spaces

Set out below are additional examples of Australian co working spaces that are either in operation or are planned. The examples are chosen to demonstrate the sheer variety of co working spaces and associated benefits on offer. The upshot is that the marketplace is competitive and recruiting membership requires a strong marketing effort and effective engagement.

- The Dream Factory

dreamfactory.org.au

The Dream Factory, managed by Inspire9, and owned by the Impact Group (impact-group.com.au) is located in Melbourne's inner west in the former Lonely Planet headquarters. The spaces are focused on design, technology and social change. Also located in the co-working space is a separate women focused co working space. The large space has been able to accommodate large tenants as well such as Engineers without Borders. The co-location offers the possibility of more network connections.

- Nest

nestcoworking.com.au/en

Nest is a small private owned co working space located in the High Street Thornbury offering a range of pricing from 8 hours per month for \$99 to an unlimited tenancy for \$500. Innovative options such as barter and pro bono memberships are also offered. Nest demonstrates how co working can effectively occupy a retail shop front.

- We Work

wework.com

We Work is one of the largest global players in the provision of co working spaces and has recently announced the opening of two locations in the Melbourne CBD. A suite of services is offered including learning events, mentoring and potential investors, networking events and wellness sessions. Wework offers member access to their global network of offices and is a growing attraction in a global economy.

- 330 Park Street Collective
dezeen.com/2016/10/30/330-park-street-collective-melbourne-co-working/
This is another example of a small retail space located in close proximity to Nicholson Street North Carlton that provides a limited number of tenancies. A group of like-minded professionals with a focus of architecture have combined space requirements and developed a supportive community around their operations. The facility is located adjacent to the capital city bike trail.
- Realm
www.realm.vic.gov.au
Realm is owned and operated by the City of Maroondah in Ringwood adjacent to the Eastland Shopping Centre in Ringwood. The facility was completed as part of the \$665 million redevelopment of the Eastland Shopping Centre. The co working space is co-located with a council service centre and public library. Networking events, meeting rooms, digital lab, and creative content studio.
Council aims for Realm to be “at the forefront of innovation, unlocking new ways of working, imaging and responding to the needs of our community and will be pivotal in positioning the eastern region of Melbourne as the innovation and knowledge capital of Australia.”
- Melbourne Innovation Centre
melbourneinnovation.com.au
Melbourne Innovation Centre is a private entity and operates at multiple Melbourne locations including the former Northcote Council Depot leased from the City of Darebin and the former Northcote Police Station.
- One Roof Women
oneroofwomen.com
One-roof women is a women focused co working space located in Southbank focusing providing services to female entrepreneurs. An extensive incubator service is offered to members.
- Happy Hubbub
happyhubbub.com.au/
Hubbub is a small Preston based co working space focusing on women in the work force by offering shared work space combined with childcare facilities.
- Fishburners
fishburners.org/
Fishburners is a not for profit Sydney based co working space listing 176 companies and over 350 members that focuses on catering for start-up businesses in the technology space. It boasts access to Australia’s largest start up community including investors, mentors, funding sources, media contacts and potential customers. Membership of one location provides access to sister facilities in Shanghai and Brisbane.

The analysis presented above demonstrates the growth of co working and the contribution it is making to local economic development. It would be safe to say that there is a significant demand for co working space and/or incubator spaces in Glen Eira particularly around the retail activity centres of Bentleigh, Carnegie and Elsternwick. The reason why supply has not been made available at the same rate is likely to be due to a multiplicity of reasons that could include:

- A lack of suitable building stock by comparison with city fringe areas, such as Cremone and Footscray, where former industrial buildings make ideal conversions for co working;
- The strong growth of apartment building in and around retail activity centres that is seen as more profitable and an easier undertaking than office space;
- A lower concentration of creative industries and professional niches likely to foster the growth of

collective arrangements;

- The lack of availability of Council owned buildings that could incorporate co working space;
- The relative high cost of constructing new facilities;

The examples cited above are almost entirely run by the private sector with the exception of Realm in Ringwood. There may be a special case for Council to own and operate a co working and or incubator space. It is more likely, however, that Council would find it more practical and economical to lease a space to a private operator in the event that the market wasn't supplying sufficient co working space.

There is a bona fide case for the establishment of co working space in the centres of Bentleigh, Carnegie and Elsternwick. To examine the feasibility in more detail the following should be examined including:

- Economics and Co Location
 - A comprehensive survey of the supply and performance of existing co working spaces in and around Bentleigh, Carnegie and Elsternwick;
 - A survey of potential sites for co working space;
 - An economic analysis of the income potential from a co working space;
 - An examination of the capacity to co locate Council services such as Library facilities with a co working space?
- Market Research
 - Survey current residents who are tenants of co working spaces outside Glen Eira
 - Visit examples of co working spaces;
 - Consult with existing co working providers;
 - Consult with local agents and research agencies;
 - Run a focus group with co working providers and current/would be members of co work spaces; and
 - Build a virtual co working community by running events, creating an online space and generating discussion on the local possibilities as a pre cursor to the provision of a physical space.

5. Car Park Redevelopment Opportunities

The Concept Plans for Bentleigh and Elsternwick identify the opportunity for a number of Council car parks to be redeveloped for ‘employment and diverse housing’. The previous section provided an overview of the office market while the housing market context is initially reviewed in this section. This is followed by an assessment of the development opportunities for each of the identified Council car parks.

5.1 Housing Context

It is understood that Council is seeking to encourage apartment development that is suitable for owner occupiers and families. The latest census data indicates that within Glen Eira the number of households living in apartments within developments of the three storeys or more increased by 2,479 over the period 2006-2016. Couples with children, and one parent families, however only account for 335 households, or 13% of the total number of households living in these apartments (refer Figure 17). Couples without children and lone person households together accounted for 64% of households, while group households account for a further 14%.

It is notable that of the 883 additional apartments in developments of three or more storeys, only 85 (9.6%) are occupied by couples with children or one parent families.

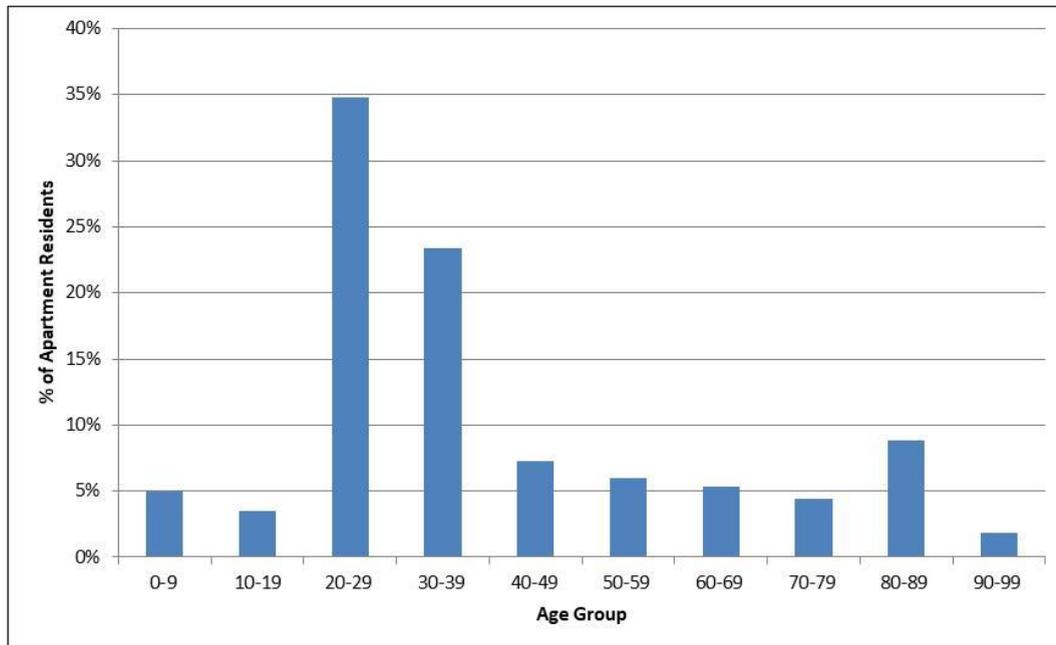
Figure 17: Glen Eira – Change in Household Type by Apartment Scale 2006-2016 (No. Households)

	Couple family with no children	Couple family with children	One parent family	Other family	Total	Lone person households	Group households	Other households	Total
Three storeys	535	188	62	40	815	442	197	143	1,596
Four or more storeys	253	50	35	14	353	340	140	48	883
Total	788	238	97	54	1,168	782	337	191	2,479

Source: ABS 2016 Census Time Series Community Profile

While the necessary census data is not yet available, the 2011 Census shows that within apartment blocks of three storeys or more, the 20-29 age group account for 35% of residents and the 30-39 age group a further 23% (refer Figure 18). It should be noted that the increase for the 80-89 year age groups is due to the inclusion of apartments in aged care facilities.

Figure 18: Apartment Resident Age Profile (Developments of 3 Storeys or More) 2011



Source: ABS 2011 Census

*includes apartments in aged care facilities

The under representation of families and older households reflects a mismatch between the housing preferences of these groups and the focus of the majority of apartment developers upon ‘investment grade’ projects that have to date been readily marketed through financial intermediaries to local and overseas investors. As a result, Glen Eira’s stock of medium and higher density apartments typically only addresses the housing needs of a relatively small segment of the population, being younger couples and singles.

Many of Glen Eira’s traditional family homes are occupied by households without children, and therefore are largely underutilised. In 2011, 23% of separate houses in Glen Eira were occupied by ‘couple families with no children’ and a further 17% by ‘lone person households’. Similarly, 17% of these houses were occupied by only one person and a further 28% of only two people indicating that nearly half of Glen Eira detached houses are under-utilised.

Encouraging these smaller households to downsize into apartments therefore offers an effective means of increasing the supply of housing within the municipality. That is, the development of an apartment that meets the needs of potential downsizers may make available a dwelling that could accommodate a family of perhaps four or five new residents. Conversely, the continued development of ‘investment grade’ apartments only results in an additional one or two new residents being accommodated. This suggests that in theory the same level of population growth may be accommodated with around half the number of new apartments.

Council’s objective of encouraging a greater diversity of housing to meets the needs of downsizers and families has a strong strategic basis. While it may have limited influence over apartment projects that are supported by the existing zoning, Council may have greater control over sites that either owns or which require a rezoning to allow residential development.

As families and downsizers generally prefer detached housing and townhouses, apartments need to offer

a realistic alternative to lower density housing. This will require larger apartments of typically 120 -140 m² offering higher levels of amenity, ventilation and light. Importantly, apartments need to offer a higher level of amenity including access to parks and other open space within the immediate area or otherwise be located within an existing residential area. This influences the location and scale of development that is most likely to be attractive for these groups.

These groups will also have a preference for smaller apartment projects with a higher proportion of owner occupiers, rather than investment apartments occupied by younger transient renters. Larger scale apartment projects have a greater reliance upon demand from investors in order to achieve the necessary pre-sales required for financing. The resulting increase in the proportion of apartments occupied by tenants may then discourage owner-occupiers and younger families from purchasing within the development, either initially or when re-sold.

Apartments projects primarily aimed at investors will also be designed and constructed to a price point and rental yield that enables the apartment product to compete against other projects when marketed to investors. The specification and quality of these apartments therefore often does not meet the expectations of families and downsizers.

Delivering apartment projects that meet the needs of families and downsizers is reliant upon more astute and experienced developers that recognise the strategic opportunities offered by this segment of the market. Such developers recognise the greater financial capacity of this group of potential purchasers, understand their housing requirements, and leverage off the strength of the local housing market to develop a more tailored form of development. As already indicated, apartments for the investment market are primarily aimed at delivering a 'financial product' at a price point that competes with other projects at a metropolitan level, rather than being priced relative to the local detached housing market.

Developers of apartment projects aimed at the families and downsizers will however need to compete with the majority to aim to achieve economies of scale in both construction and marketing phases. The use of planning controls to limit development to a smaller scale may therefore enable developers of apartments for families and downsizers to more effectively compete, thereby increasing the supply of apartments for these households.

Council's ownership of the two car park sites provides the opportunity to influence the scale of development and size of individual apartments in order to meet the needs of downsizers and families. While this may impact upon the underlying market value of the site, this may be outweighed by the social benefits and broader housing outcomes that may be achieved. These include providing opportunities for existing households to downsize within their local area, thereby maintaining the existing social networks and well as addressing the 'market failure' that has resulted in a shortage of apartments for families and downsizers.

5.2 Bentleigh Activity Centre

The Draft Concept Plan's for Bentleigh identifies the opportunity for:

- Office space and diverse housing opportunities above ground floor retail and cafes on the existing Vickery Street car park between Bent Street and Godfrey Street.
- Ground floor retailing with 3-4 levels of car parking above, on the car park east of Godfrey Street.

5.2.1 Offices

From a location point of view, the car park sites represent an opportunity for office space given the retail amenity offered by the centre, proximity to public transport and the high socio economic profile of households within the surrounding region. The car park sites do not however offer a significant level of exposure or presence, although this may improve as a result of the proposed Eat Street precinct and development elsewhere upon the car park.

The development of offices would be expected to increase the daytime population of the Bentleigh Activity Centre and in particular provide support for the proposed Eat Street precinct. In addition, local office employment opportunities would enable Glen Eira residents to work closer to home, thereby reducing travel time and costs as well as improving their quality of life.

As already indicated, apartments typically represent a higher and better use than offices from a developers' perspective and therefore may require Council to use planning controls or place a condition on the sale of land to facilitate office development.

5.2.2 Apartments

The Concept Plans for Bentleigh identify the potential for the Bent Street car park to be redeveloped as a 'green space'. Similarly, the car park sites are identified in the Concept Plans as being strategic sites with higher levels of 5-6 storeys, and up to 6-8 storeys if uses that represent a community benefit are included. This scale of development would be expected to primarily appeal to investors rather than families or downsizers due to:

- The availability of open space being limited to the proposed 'green space'.
- The scale of development relying upon investors to achieve the necessary level of pre-sales.
- The activity centre environment providing a lower level of amenity to that available within residential areas, although this may be improved as a result of the proposed green space on the Bent Street car park site.

5.2.3 Retail

Assuming that the Coles supermarket remains as part of any future mixed-use development upon the car park, there will be sufficient demand to support a range of smaller specialty stores within such a development. This will however be expected to shift the focus of specialty retailing from Centre Road towards those retailers that will be located adjacent to the supermarket, which may result in increased vacancies within Centre Road.

There is the risk that the performance and vibrancy of the Centre Road retail strip will be negatively impacted given the strong representation of fresh food retailers within the retail core immediately to the east of Vickery Street. Council should therefore consider integrating any future supermarket redevelopment with the existing Centre Road shopping strip.

Potentially, the Coles supermarket may form part of a mixed-use development further to the east, which may require developing over Godfrey Street in order to provide:

- The opportunity for the existing Coles supermarket to continue operating while a new store is being developed, thereby continuing to attract shoppers to the centre.

- Direct pedestrian access to Centre Road via Godfrey Street.
- The opportunity for retailers to open to the rear of properties in order to integrate with a new Coles supermarket.
- More convenient access from Jasper Road via Horsley Street.
- More land to be devoted to the proposed Eat Street precinct east of Vickery Street, thereby allowing the opportunity for a Town Square similar to the Eltham Activity Centre.
- The opportunity for more open space adjacent to the proposed park on the Bent Street car park which may then potentially support a greater diversity of apartments for families and downsizers.

An existing Woolworths supermarket is located on a site of approximately 5,000 m² on the south-eastern corner of Centre Road and Jasper Road. This older format supermarket would be expected to be redeveloped at some stage as part of a mixed-use development. While Woolworths may potentially relocate onto the Vickery Street car park, this may be limited by the opportunities offered by the existing site which includes being able to accommodate a new full-line supermarket, and the site's high level of exposure and accessibility to both Centre Road and Jasper Road.

As shown in Figure 19 below, there will still be the opportunity for additional development either side of a new Coles supermarket. This may allow the development of a multilevel car park as identified in the Concept Plans with ground floor retail, and apartments and/or offices above. The combined area of these two sites is approximately 4,500 m² which equates to approximately 20-30 new ground floor retail tenancies.

Figure 19: Vickery Street Car Park – Strategic Property Opportunities



5.2.4 Economic Impacts

Assessing the potential impacts of any additional retail floorspace needs to consider:

- The form of any retail space with smaller tenancies for specialty retailers expected to have a much more significant impact than perhaps a larger format retail such as an Officeworks store which would represent an additional anchor for the centre.
- Increased competition from any new retail centres such as that proposed at Ormond Station and East Village, and the opportunity for additional retail floorspace in Bentleigh to improve the competitiveness of the centre through offering a wider range of retailers.
- The future population of Bentleigh which is projected to increase by 18% from 17,318 residents to 20,423 by 2036⁴.

In addition, there are a number of related issues including:

- The higher rate of return for smaller retail tenancies than for larger format retail, which would allow a greater financial contribution to the cost of developing a multilevel car parking.
- The extent to which existing and future retail space is integrated with the Coles supermarket.

Therefore assessing potential economic impacts of this additional retail space requires an understanding of its likely form and context. As result, Council may wish to identify any additional retail space as being subject to further investigation. Nevertheless, for the purpose of structure planning for the Bentleigh Activity Centre, Council should investigate opportunities to:

- Locate any future Coles supermarket closer to Centre Road and establish pedestrian linkages to the strip and the proposed Eat Street precinct.
- Attract another major retail anchor for the centre.
- Clarify what development is likely to occur in competing locations.

5.3 Elsternwick Activity Centre

The Elsternwick Concept Plans identifies the potential for ‘employment and diverse housing’ on two of Council’s car parks located on:

- Orrong Road opposite the Coles supermarket.
- Stanley Street, east of Riddell Parade.

⁴ Id Consultants

Figure 20: Elsternwick Concept Plans



5.4 Offices

Both of the identified sites provide excellent opportunities for office accommodation given their location within an activity centre, access to public transport and major arterial roads such as Nepean Highway. As already indicated for Bentleigh, Council may need to use planning controls or conditions on the sales of any site to ensure that office development occurs.

5.5 Retailing

There may be the opportunity to support additional retail space upon the Orrong Road car park site. This will be largely due to the redevelopment of the existing Coles supermarket increasing the number of shoppers visiting the centre.

Any additional retail space would however be limited to around three smaller retail premises along the Orrong Road frontage of approximately 18 metres. An arcade format is not recommended as these typically struggle with the arcade linking Elsternwick to Horne Street being one example of this occurring.

Alternatively, a larger format retail use such as the existing Officeworks store in Glen Huntly Road may potentially occupy the site, although the number of other potential retailers will be quite limited. The opportunity for retail floorspace may also be limited by any car park entrance/exit on Orrong Road. The economic impact of any additional retail floorspace will be limited given the amount of specialty retailing that may be potentially developed upon the site.

The Stanley Street site is not considered appropriate for retail uses given its isolation from the Glen Huntly Road shopping strip.

5.6 Housing

The Stanley Street car park site identified by Council offers access to public open space being Elsternwick Plaza, although this offers limited recreational opportunities. Council is exploring the opportunity for open space on the existing library's car park which would enhance the opportunity for apartments on the Orrong Road site. The location of both sites on the fringe of the Elsternwick Activity Centre may also provide a more residential context for each development.

Any apartment project upon the either of these sites will need to compete with smaller scale developments within residential locations that provide a greater sense of residential amenity. Alternatively, a larger scale of development would be expected to comprise primarily investment grade apartments which would not address Council's objective of providing a greater diversity of housing.

6. Carnegie Market Hub

The concept plans for Carnegie identify the potential for a ground floor market upon the Shepparson Avenue car park site together with multi-level car parking. Council is seeking to identify:

- Potential economic impacts upon existing retail traders within Koornang Road.
- Benefits for existing specialty retailers to relocate to the proposed market.
- Types of 'market spaces' that would minimise the impact on existing traders.
- Potential retail uses.

6.1 Fresh Food Market

The concept of a 'market' is most widely interpreted as relating to fresh produce with Melbourne offering a number of traditional fresh food markets including Queen Victoria Market, South Melbourne Market and Camberwell Market. Fresh food markets have the ability to attract visitors from across a wide catchment due to the large number of traders and the quality of produce available. The reputation of Melbourne's markets for offering high-quality produce has been established over many generations, provides a strong competitive advantage, and largely prevents the establishment of new fresh food markets.

Traditional fresh food markets have a long history in the Melbourne and are highly valued for their authenticity which makes them difficult to replicate. There is still however the opportunity to establish smaller markets such as the 'Extra Fresh' market in Bentleigh, albeit servicing a much smaller catchment area. As a result, they do not generally provide any significant additional economic benefit above that offered by individual fresh food traders spread through a strip.

There are a number of factors associated with the operation of a more traditional fresh food market that limits its ability to be located adjacent to residential areas. Deliveries typically commence earlier than other retailers at around 4-5 am, and are more frequent due to the high turnover of low value-added produce. Similarly, fresh food markets generate a large amount of waste which requires more frequent rubbish removal and often attracts rats and other vermin.

A traditional fresh food market within Carnegie would directly compete with the Oakleigh Market located 3 km to the south-east. Similarly, there will also compete with existing fresh food traders within Koornang Road, although there may be opportunity for these traders to relocate into a market.

6.2 Gourmet Food / Lifestyle Market

The concept of a 'food market' has also evolved over time to include contemporary markets offering a food-related lifestyle experience with a focus upon gourmet food as well as ancillary activities such as cooking classes, homewares, cafes etc.

An example of the extent of demand for gourmet food is highlighted by LaManna Supermarket at Essendon Fields which occupies around 10,000 sqm at Essendon Fields, and functions as a 'destination activity' with an extensive trade area. Key departments under one roof are fruit and vegetables, butcher, seafood, deli, cafe, patisserie, bakery, groceries, liquor, dairy, frozen foods, flowers and gifts, and a yoghurt and juice bar.

The Oasis Bakery on North Road in Murrumbeena is an example of an ethnic themed bakery / supermarket that appeals to shoppers from across the wider population through focusing upon a niche

segment of the food market. Although only occupying around 1,000 m², it would also attract visitors from a considerable trade area.

The James Street Market in Brisbane's Fortitude Valley and its sister store the Ferry Road Market at Southport on the Gold Coast both have a floor area of approximately 2,600 m². Both offer a unique food / entertainment precinct with a gourmet food offering from fresh fruit and vegetable, bakery, seafood, meat, deli, florist, wine, homewares and health and well-being. The success of the James Street Market has been so significant that it has acted as a catalyst for the revitalisation of the surrounding area.

These businesses have been profiled below as case studies to demonstrate what may be supported within Carnegie.

6.2.1 Case Study: James Street Market Brisbane

The James Street Market was developed on a former industrial site in 2002 as a 'destination lifestyle' precinct with a range of fresh food, dining and homewares outlets within an indoor/outdoor retail environment. Essentially, it marries a number of elements that together provide a strong lifestyle theme. This is also a focus of its marketing statement being:

'Located in New Farm's popular James Street, James St Market offers a unique urban food retail experience. James St Market offers everything one needs, to entertain or be entertained.'

Details:

Website: jamesstmarket.com.au

Location: 22 James Street, Fortitude Valley QLD

Year of Completion 2002

Project Owner/Developer Calile Malouf Investments

Land Area: 4,105sqm approximately

Internal Area Ground floor 1,833 sqm / First Floor 233 sqm

Courtyard Area 370m² approximately

No of storeys 1 storey + Mezzanine



Traders

The concept of the James Street Market is also reflected in the mix of traders and how each markets themselves to customers. These have been listed below.

Change the Essence

Change the Essence offers a holistic approach to health, beauty & wellness. Spa treatments, skin care products, vitamins + supplements, books and more.

Cru Bar + Cellar

Changing the way Brisbane thinks about food & wine. Cru is an award winning wine bar, wine store, restaurant and function venue, all under one roof.

Fine Fruit On James

The freshest fruit & vegetables and the highest level of personalised customer service in Brisbane.

Flowertrap

Stunning arrangements and fresh cut flowers for corporate offices, hotels, restaurants and home.

French Twist

French Twist offers a terrific selection of fresh breads, pastries and tarts.

Fresh Fish Co

Premium quality fresh seafood direct from the ocean to you. Fresh sushi plus a selection of cooked seafood also available.

James St Cooking School

Be inspired to reach your culinary potential. Learn to cook restaurant quality meals at home. Private classes + tuition are available catering for functions and events.

Prime Specialty Meats

Top end Private Selection and MSA approved meats including the finest cuts from the best regions in Australia. Expert advice and recipes to create the perfect meal at home.

Quench

Fresh gelati, sorbet, juices, smoothies, sandwiches, wraps and salads. All made fresh daily using ingredients from market tenants.

Spoon

Spoon offers a unique dining and deli experience with a stylish eating solution for every occasion — dining out, eating at home, and catering for special events, parties and gifts.

The Nut Market

A large range of premium quality nuts and specialty products including dried fruits, chocolate coated nuts and berries, snack foods, herbs and spices, grains and seeds and quality chocolate.

Wheel and Barrow

A selection of exclusive homewares from around the world. Staff have knowledge in the areas of cooking, serving and entertaining, making Wheel and Barrow the homeware store for more than just the ingredients.

Development Concept

An interview with the developer of the James Street Market⁵ provides an insight into the concept of the market

“Michael Malouf sits in Vroom at James Street and sips a coffee as he talks about how his company, Calile Malouf Investments redeveloped the site, with particular focus on the James Street Market “ which opened in 2002.

We were involved in some restaurants in Brisbane and we got an understanding of food, and just by travelling and seeing other cities and their amazing food markets, we thought that Brisbane needed somewhere to buy fresh produce, he says.

We could get amazing fish delivered to the back door of the restaurant but we couldn't buy it in a retail outlet so we started to think about bringing a market to Brisbane.

The philosophy was to avoid the bland experience of a supermarket. You see European markets where people go down and talk to their green grocer and their fish monger and their butcher and accumulate great product and stop off and have a cup of coffee or an ice-cream.

We are trying to reacquaint people with their local food providore. Michael says the next step is to develop James Street, which boasts some 150 retailers, into its own brand.

We've tried to make it more of a lifestyle precinct he says.”

6.2.2 Ferry Road Market:

The Ferry Road Market is the sister to the James Street Market with a similar profile and mix of activities.

ferryrdmarket.com.au

Developer: Calile Malouf Investments

Completed, 2005-2007

Architect: Cox Architecture

Contractor / Builder: CMF Projects

Cost: \$5,400,000

Gross Floor Area: 2,787m²

⁵ <http://www.visitbrisbane.com.au>

Assessment of the Economic Impacts of Transformation Concepts on Activity Centres:
Bentleigh, Carnegie & Elsternwick



BREADS BY THE STANDARD MARKET COMPANY



DELI BY THE STANDARD MARKET COMPANY



FLEURUS



FRUIT BY THE STANDARD MARKET COMPANY



MEATS BY THE STANDARD MARKET COMPANY



MERLO TORREFAZIONE



PROVIDORE



QUENCH



REEF SEAFOOD & SUSHI



SPENDELOVE BISTRO & BAR



THE SOURCE BULK FOODS



THE TEA CENTRE



WHEEL&BARROW



6.2.3 LaManna Supermarket

LaManna Supermarket occupies around 10,000 sqm of retail floorspace at Essendon Fields where it offers fresh fruit and vegetables, meat, deli, seafood, bakery, patisserie and groceries. The supermarket attracts shoppers from a very wide catchment with only a limited local population. The following article published in 2013 provides a good overview of LaManna's market niche.



Supermarket of the future is here

11/27/2013

One of the best examples we've seen of a supermarket of the future in our own backyard is LaManna Direct at Essendon Fields in Melbourne. This one-off mega-supermarket creates a unique shopping experience that locals love and non-locals travel to. The LaManna family have a long history in fresh food and their deep knowledge and passion, as well as their ability to connect with the shopper stands out well.

So why is it different?

- ★ There is the emphasis on "special" products either imported (mostly from Italy) or local niche products that may not be available in major retailers. New products are featured and ranged all the time.
- ★ Presentation of meat and deli products – pre-packed but with an extensive range of prepared cuts and Italian deli meats and cheeses
- ★ Market-style fresh produce areas – a large selection of fruit and vegetables and a good offering of cut flowers, mimicking produce markets. All of it is 100% Australian grown, abundant and high quality
- ★ Chef in a box – high quality prepared meals; these guys have done this properly, the meals are varied, interesting and fresh.
- ★ In-house patisserie – with an Italian influence, including gelato.
- ★ High quality café – the La Manna café offers high quality coffee and food which makes it a meeting place and keeps shoppers in the store for longer.

Prices are comparable to the major retailers for some items, and there are often comparisons made in-store on price, this is not a just high end gourmet offering. The store is massive, and at 7,500 square metres the largest supermarket in Australia, with 250 workers, 15 butchers and 35,000 products.

LaManna combines the feeling of going to a food market or a range of specialty stores but with the convenience of everything being under one roof. While for most of us going to the supermarket is a necessary chore, LaManna has managed to make its store a destination where people are happy to meet and even linger – even the kids want to come shopping when LaManna is the destination!

The question is – would a format like this be repeatable? Trust and authenticity is at the heart of this story. A quick look at LaManna's Facebook profile provides a stark contrast to that of the majors. In contrast to the complaining and cynicism aimed at Coles and Woolies – nothing but love for LaManna! New and interesting products are profiled with smartphone happy-snaps rather than slick ads, inquiries are responded to in quick time and with a personal tone. If this model can be replicated with the same attention to detail and authenticity it would seem to have a ready market here.

In the meantime, LaManna's mantra "for the love of food" seems to ring true for devoted shoppers who flock there.

Source: <http://www.freshagenda.com.au/supermarket-of-the-future-is-here/>

6.2.4 Oasis Bakery

The Oasis Bakery (oasisbakery.com.au) in Murrumbeena is an excellent example of an ethnic food outlet establishing a very strong niche food offering which attracts visitors from a wide area. The business, which is located in an otherwise traditional industrial estate fronting North Road Murrumbeena, offers a middle-eastern bakery, gourmet grocery store and cafe. It also offers cooking classes twice a week.

Key business principles that have supported the success of the Oasis Bakery are:

- Inclusion of a number of activities (i.e. bakery, cafe, groceries) that have strong synergies with each other under one roof.
- Offering a 'key point of difference' to traditional supermarkets through focusing upon a niche segment of the food market.
- Incorporating a personalised service element through offering cooking classes.

The following review of Oasis Bakery by *broadsheet.com.au* provides an insight into the factors influencing its success.

Defying the concrete guise of its industrial estate surrounds, Oasis has emerged as a culinary sanctuary in Melbourne's southeast.

The bakery, cafe and grocery belongs to Emad and Marwa Makool, who took over what was a fledgling business back in the late 1990s. Enthusiastically supported by three generations of their family, they've managed to reinvent Oasis to become one of the city's finest Middle Eastern food stores.

Marwa's freshly baked breads, Lebanese pizzas and handmade savoury pastries come daily from the kitchen. But perhaps most popular is the decadent sweet selection, which includes baklava, rosewater and almond Turkish delights, pistachio-filled shredded pastries with orange blossom sugar syrup, and ricotta and jam cigars. The cafe menu features more substantial meals, including crowd-pleasers like shawarma, Lebanese omelettes and homemade tajines.

Patrons can survey the adjoining, colourfully appointed grocery store while they're waiting on their meal. It's stocked with hundreds of herbs and spices, nuts, beans, pulses and specialty ingredients, many of which are featured in Marwa's cooking demonstrations and online recipe board. Inspiration is never far away at Oasis, with the aromas of roasting meats and baking pastries intermingled with a suitably Middle Eastern soundtrack.

Source: <https://www.broadsheet.com.au/melbourne/shops/oasis-bakery>



6.3 Non-Food Market

Any market which does not have a strong focus upon food would need to compete with a wide range of other centres ranging from local strips up to Chadstone Shopping Centre. Such a market would face difficulty in identifying a niche within which it is able to establish a point of difference and competitive advantage. As result, a non-food market is not recommended as an option for the Carnegie Activity Centre.

6.4 Development Opportunities

As noted earlier in this section, there are a number of potential conflicts between the operation of a traditional fresh food market and the residential area immediately to the east of the Shepparson Avenue car park site. Furthermore, creating an authentic fresh food market on a scale that attracts visitors from beyond the immediate area will be difficult.

Hence there is merit in considering the concept of the market with a greater focus upon higher value - adding activities such as gourmet food retailing, which may also be complemented by entertainment, eating out and other ancillary activities similar to the James Street Market and Ferry Road Market which are profiled above.

A key driver of demand for gourmet foods and associated entertainment activities will be the socio - economic profile of residents within the surrounding region. Residents of suburbs such as Malvern, Malvern East and Glen Iris are notably wealthier than those within Carnegie and Glen Eira generally. The proportion of households earning over \$3,000 per week in these suburbs is notably higher than suburbs south of Dandenong Road (refer Figure 21), with the proportion in Malvern and Glen Iris residents in this group double the metropolitan average. This suggests considerable opportunity to support a gourmet food market.

Figure 21: Household Income Indicators – Percent of Households

Household income	Less than \$650 gross weekly income (%)	More than \$3,000 gross weekly income (%)
Malvern	13.4	36.2
Malvern East	18.9	32.9
Glen Iris	12.8	36.3
Murrumbeena	18.1	22.1
Bentleigh	17.1	27.3
Carnegie	20.3	18.9
Elsternwick	16.2	29.3
Melbourne	18.4	17.9

Source: QuickStats

A gourmet food market would be expected to complement rather than directly compete with existing traders in Koornang Road. While there may be the opportunity for some retailers to relocate into such a market, there may be some benefit in attracting new traders with experience in providing high quality products and services.

Such a market will potentially represent a new anchor for the centre to complement the existing Woolworths supermarket on the western side of Koornang Road. There may also be the opportunity to provide a linkage between these two anchors via the Carnegie Arcade and the creation of a new walkway through one of the retail properties on the eastern side of Koornang Road. This would effectively create a ‘dumb bell’ configuration similar to that used for privately managed shopping malls.

6.5 Economic Impact

6.5.1 Fresh Food Market

A fresh food market would offer the opportunity to strengthen the Carnegie Activity Centre’s existing role as a weekly shopping destination, thereby providing greater exposure to potential customers for other non-food retailers. While this may also draw shoppers away from other centres within Glen Eira, any impacts are likely to be spread across a number of centres and therefore minimal.

Traditional fresh food markets typically only operate four days per week. This will limit the potential benefits that may flow to other retailers within Carnegie. In addition, these trading hours may not suit existing fresh food retailers within Koornang Road which are currently open at least six days per week. Hence, there is likely to be a split between fresh food retailers between any fresh food market and the remaining retailers within Koornang Road.

Considering the level of competition from existing fresh food markets at Oakleigh, South Melbourne and Camberwell, as well as existing traders that remain within Koornang Road, the potential scale of any fresh food market within Carnegie is likely to be limited. This will weaken the concept of a market which is to concentrate traders into a single location in order to attract visitors from a wider area.

Any relocation of the existing fresh food retailers from Koornang Road may potentially limit the centre's role as a weekly shopping destination, particularly given that any fresh food market will most likely only operate four days per week.

Overall, it would be expected that a fresh food market will be potentially disruptive to the functioning of the Koornang Road shopping strip without significantly increasing the number of visitors to the centre.

6.5.2 Gourmet Food/Lifestyle Market

Three of the case studies provided above, being the Oasis Bakery, James Street Market and Ferry Road Market are indicative of the type of market that may be potentially supported within Carnegie.

A gourmet food/lifestyle market would be expected to complement, rather than directly compete with, the existing Koornang Road traders. Such a market would attract visitors from across a much wider area, including higher socio-economic households north of Princes Highway. As a result, the number and profile of visitors to the Carnegie activity centre is likely to be expanded, thereby adding new opportunities for existing traders as well as the centre generally.

A gourmet / lifestyle market would not directly compete with existing traders in Koornang Road. Any loss of sales would however be expected to be offset by an increased number of shoppers being attracted to the centre.

While there may be the opportunity for some existing Koornang Road traders to relocate into such a market, they would need to contribute to its overall theme and quality. It would not be expected that many of the existing traders would meet this requirement.