

Economic expert witness statement

Glen Eira Planning Scheme Amendment C155 (East Village)

Prepared for
Griffith Avenue Pty Ltd, Fordtrans Pty Ltd and Make 246 EBRB Pty Ltd (“Landowners”)

21 November 2019



Deep End Services

Deep End Services is an economic research and property consulting firm based in Melbourne. It provides a range of services to local and international retailers, property owners and developers including due diligence and market scoping studies, store benchmarking and network planning, site analysis and sales forecasting, market assessments for a variety of land uses, and highest and best use studies.

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Document Name

Landowners report - Glen Eira Am C155 East Village - Economic expert witness statement - J Ganly - 21 Nov 19

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This report should be read in its entirety, as reference to part only may be misleading.

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Introduction

- 1.1 Background**
- ⁰¹ I have been instructed in this matter by Planning & Property Partners (“PPP”), acting on behalf of Griffith Avenue Pty Ltd, Fordtrans Pty Ltd and Make 246 EBRB Pty Ltd (“Landowners”) in relation to Amendment C155 (“Am C155”) to the Glen Eira Planning Scheme (“Planning Scheme”).
 - ⁰² Am C155 seeks to facilitate land use transition at *East Village*, a site of approximately 25 hectares in East Bentleigh in which the Landowners have a majority ownership.
 - ⁰³ East Village is currently occupied predominately by low density commercial and industrial activities but has been identified for many years as a strategic redevelopment site where a more intensive land use mix is appropriate.
 - ⁰⁴ The proposed planning controls to be introduced via Am C155 implement the vision for the East Village site as set out in the East Village Comprehensive Development Plan (“East Village CDP”) prepared by the Victorian Planning Authority (“VPA”) in collaboration with Glen Eira Council (“Council”) and the Landowners.
 - ⁰⁵ The East Village CDP was informed by technical reports commissioned by Council and the VPA that relate to retail and commercial development opportunities and employment outcomes.

1.2 Instructions

⁰⁶ Initial instructions in this matter were received from PPP on behalf of the Landowners on 22 August 2019 as follows:

As a preliminary matter, you are instructed to review the material provided, and as necessary, conduct further research.

Upon confirmation of your ability to provide evidence in this matter, you are directed to:

- *Review the background documents contained in your electronic brief;*
- *Consider and formulate your own opinions, within the limits of your expertise, with respect to the appropriateness of the Amendment in relation to all relevant economic considerations; and*
- *Prepare a Statement of Evidence which sets out the conclusions which you have reached, and clearly state the basis upon which you have arrived at that conclusion, including any facts you have relied upon or assumptions which you have made which form part of the reasoning by which you reach your conclusions.*

⁰⁷ Further instructions were received on 7 November as follows:

Further to the instructions provided on 22 August 2019, we instruct you to prepare an expert witness statement which:

- *Considers the VPA East Village background documents and Glen Eira Planning Scheme Amendment C155 exhibited documents, as relevant to your expertise.*
- *Considers the SGS Economics Net Community Benefit assessment for East Village (prepared for the VPA) and Glen Eira Housing and Local Economy Growth Assessment, and any other strategic documents.*
- *Provides a response to submissions received from Ritchies Stores Pty Ltd, as well as any other submissions of relevance to your expertise; and*
- *Formulates your own opinions, within the limits of your expertise, with respect to the appropriateness of the Amendment in relation to all relevant economic considerations.*

1.3 Approach

⁰⁸ I have formulated my evidence after:

- Reading and considering the exhibited Amendment documentation, including the proposed ordinance and incorporated documents.
- Reading and considering the East Village SP.
- Reading and considering the technical reports relevant to my expertise.
- Reading and considering the submissions relevant to my expertise, in particular Submission 64 by Ritchies Stores Pty Ltd which relates to retail planning matters.
- Undertaking my own independent analysis of retail floorspace need and potential trading impacts.
- Forming my overall opinion on the appropriateness of the Amendment with respect to matters within my expertise.

1.4 Expert witness details

⁰⁹ The following expert witness details are provided as required in Planning Panels Victoria's *Guide to Expert Evidence*.

Name and address of expert

Mr Justin Ganly
Managing Director
Deep End Services Pty Ltd
Suite 304, 9-11 Claremont Street
South Yarra Victoria 3141

Expert's qualifications and experience

- Graduate Diploma of Applied Finance & Investment, Securities Institute of Australia.
- Bachelor of Engineering (Chemical) (First Class Honours), University of Melbourne.
- Managing Director of Deep End Services since 2003.
- Retail and property consultant for KPMG, Coopers & Lybrand and Coles Myer from 1993 to 2003.

A full CV is included at Appendix 1.

Expert's area of expertise to make report

- Demographic analysis.
- Population and market demand forecasting.
- Feasibility analysis for property owners and developers of all forms of property.
- Need analysis and economic impact assessments in the context of planning hearings.
- Expert evidence for planning jurisdictions across Australia.
- Thorough understanding of retail and commercial land use and development patterns throughout Victoria.

Instructions that defined the scope of the report

My instructions were received from PPP as detailed in Section 1.2.

Facts, matters and assumptions upon which the report proceeds

- Stated in relevant sections of my report.

Documents, materials and literature used in preparing this report

- Stated in relevant sections of my report.

Assisting staff

- I was assisted in the preparation of this statement by Matthew Lee (Principal), John Deane (Senior Associate) and Nadav Alon (Analyst).

Summary of the opinions of the expert

- East Village is a large urban site with remnant industrial uses which is ripe for urban renewal, with significant benefits associated with retail and commercial development.
- Am C155 facilitates redevelopment of the site for a high density mixed use outcome including commercial offices, a retail town centre, community and education uses and residential dwellings.
- If developed in accordance with the CDP, I estimate that East Village would accommodate a total of around 4,590 local jobs, representing an uplift of around 3,000 jobs compared to current employment levels.
- Commercial office development is an appropriate use for the major road frontages given the significant opportunity for knowledge-related employment growth identified in the region.
- The retail component is appropriate for the site as it provides local services to the community at East Village and responds to an existing lack of available supermarket provision in Glen Eira.
- A retail town centre of around 8,000 sqm, incorporating 5,500 sqm of supermarket floorspace, is appropriate to reflect the East Village vision.
- I support the indicative retail floorspace outcome of 12,000 sqm set out in the East Village CDP, and consider that the remaining 4,000 sqm (i.e. in addition to the 8,000 sqm within the retail town centre) would be appropriate as a combination of small-scale retailing in the mixed use sub-precinct and some restricted retail development along the North Road frontage.
- Development at this scale would respond to the current under provision of supermarket floorspace within Glen Eira generally, and in the region immediately surrounding the site in particular.
- My analysis shows that the trading impacts arising from this development would be within acceptable limits, and would not threaten the ongoing viability of centres in the surrounding area.
- The development would therefore result in a significant positive net community benefit for the local region.

Provisional opinions not fully researched

- None.

Questions outside the expert's expertise

- None.

Report incompleteness or inaccuracies

- None.

2

Am C155

2.1 The Amendment

- ¹⁰ Am C155 has been prepared by Glen Eira City Council and applies to a site of approximately 25 hectares in East Bentleigh known as *East Village*.
- ¹¹ The Amendment implements the vision for the East Village site, which seeks to facilitate land use transition from low density commercial and industrial activities to a more intensive land use mix containing commercial, retail, residential and other uses.
- ¹² It seeks to achieve this by making various changes to the Planning Scheme, including:
- a. Rezoning the land to the Comprehensive Development Zone and inserting Schedule 2 (“CDZ2”) to the Planning Scheme;
 - b. Introducing the Development Contributions Plan Overlay – Schedule 1 (“DCPO1”);
 - c. Introducing the East Village Comprehensive Development Plan (“East Village CDP”) and the East Village Development Contributions Plan (“East Village DCP”) as incorporated documents;
 - d. Making various changes to the Municipal Strategic Statement (“MSS”) and the Local Planning Policy Framework (“LPPF”) to update references to the precinct; and
 - e. Updating Clause 72.08 to include the East Village SP as a Background Document.

- ¹³ The underlying basis for the Amendment is described in the Explanatory Report as follows:

The Amendment intends to enable the use and development of the land in line with State policy which seeks to deliver new employment and housing at strategic redevelopment sites across metropolitan Melbourne. By rezoning the land to CDZ2, the amendment seeks to facilitate development in a manner that properly considers the CDP (which will be an incorporated document listed in the Schedule to Clause 72.04).

The Amendment provides a net community benefit through the delivery of a planning framework for a mixed-use neighbourhood, that offers a high level of amenity for future residents, workers and the surrounding local community. In this regard, the Amendment responds to Action 16 of Plan Melbourne 2017-2050 which calls for a pipeline of urban renewal projects across Melbourne that deliver high amenity, mixed-use neighbourhoods.

- ¹⁴ With respect to the anticipated environmental, social and economic effects from the Amendment, the Explanatory Report goes on to state:

The Amendment is likely to have a positive economic and social effect on the community through the rezoning of the land to encourage more employment intensive development on the site, driven largely by office and retail development. This will have a positive effect on public and private sector investment in services and facilities to cater for the additional population. The proposed mix of employment generating uses will provide job opportunities for residents of the existing, surrounding areas along with new residents within East Village.

2.2 East Village SP

- ¹⁵ Council prepared the East Village Structure Plan 2018-2031 (“East Village SP”) in 2018.
- ¹⁶ The structure plan establishes a Vision for East Village at 2031 which reads as follows (p8):

East Village will be a sustainable mixed-use precinct with a focus on innovative employment and education opportunities. Enhanced by green spaces and places for people, it will be supported by a diverse range of high quality housing and retail that caters for all.

- ¹⁷ This Vision is consistent with that expressed in Glen Eira’s *Activity Centre, Housing and Local Economy Strategy* (“ACHLE Strategy”) which nominates East Village as an emerging ‘Health, Education and Innovation Precinct’.
- ¹⁸ This is consistent with the vision that is expressed in the East Village CDP.

2.3 Planning controls

East Village CDP

- ¹⁹ The East Village CDP is a long term plan to facilitate redevelopment of the East Village Precinct and provides the underlying basis for application of the CDZ2.
- ²⁰ My review of the CDP is based on the exhibited version of December 2018, noting that various changes have been proposed by the Landowners for consideration by the Panel during the Am C155 hearing. I have reviewed those proposed changes and consider that they do not have specific relevance to economic issues and therefore do not change my opinions on this matter.
- ²¹ Section 1.1 of the CDP sets out the Vision for the site, which is the same as contained in the East Village SP (refer my earlier paragraph 16). The CDP goes on to state:

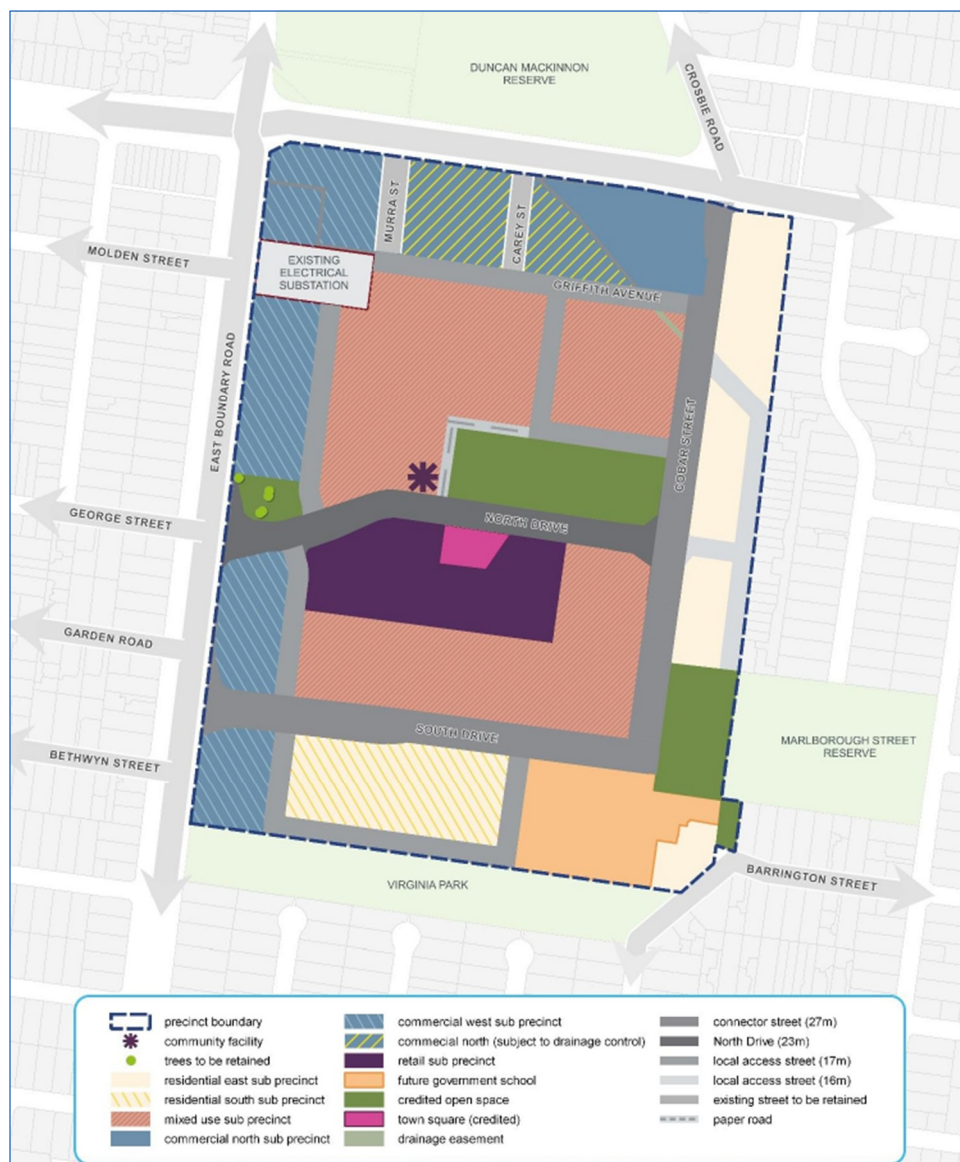
The heart of the village will be a vibrant town centre focused around a dynamic town square and central park, with quality local shopping, dining and entertainment options that meet the daily needs of residents and workers, and encourage social and recreational experiences.

- ²² Section 1.2 of the development objectives for East Village includes:
- *To create a mixed-use precinct which provides jobs, housing and community and retail services that contribute to day and night-time activity.*
 - *To create a precinct which is conducive to a range of businesses and industry sectors including office, local manufacturing and emerging commercial enterprises.*
 - *To establish and visually reinforce the precinct's employment and retail focus through built form design.*

23 Figure 1 below reproduces Plan 1 – Future Urban Structure from the CDP, which identifies a retail sub-precinct on the southern side of North Drive, surrounded by a proposed mixed use sub-precinct, and with the commercial north and commercial west sub-precincts sleeving the precinct along the major external road frontages.

Figure 1—East Village Future Urban Structure

Source: East Village CDP (exhibited, Dec 2018), Plan 1 (p6)



²⁴ Under Section 2.1 (Land Use) the CDP sets out requirements and guidelines with respect to various aspects of design and development. These are as follows:

R1: Applications incorporating residential development within sub precincts designated as Mixed Use, Retail, Residential East or Residential South must demonstrate a diversity of dwelling sizes, including a mix of one, two and three bedroom apartments and town houses.

G1: Subdivision within the Commercial and Mixed Use sub precinct should cater for a diversity of commercial uses.

G2: Development fronting the central park and town square should incorporate commercial, retail and / or community uses within podium levels of buildings.

G3: Dwellings are encouraged at upper levels within the Retail and Mixed Use areas.

G4: Land uses which encourage on-street activity, such as restaurants incorporating outdoor dining, are encouraged within the Retail sub precinct along North Drive and within the town square.

G5: Commercial uses are encouraged at ground level within the Mixed Use and Retail sub precincts.

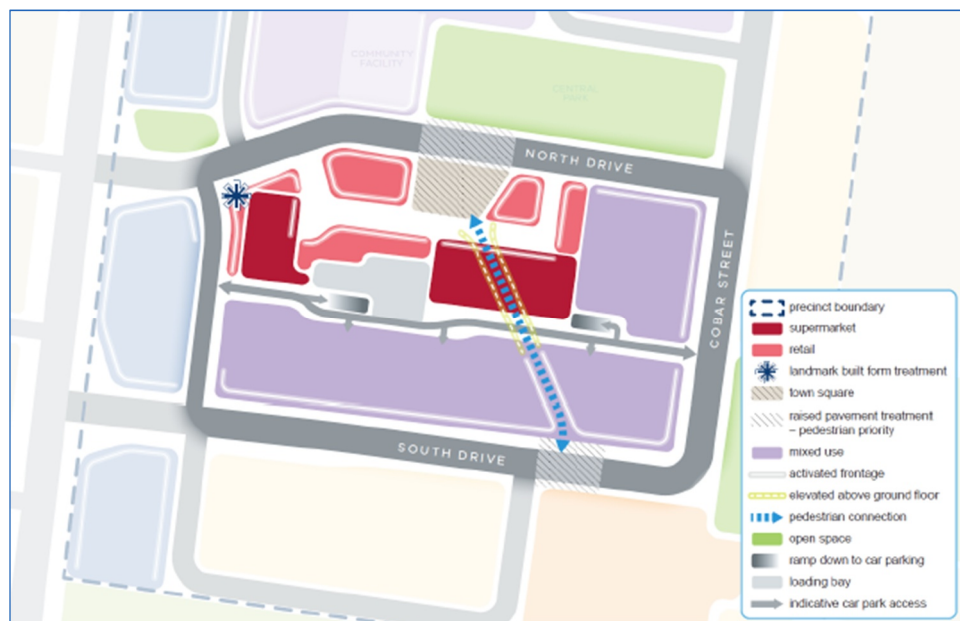
²⁵ The effect of these guidelines is generally to focus activity at street level and particularly around the proposed town square and park, while otherwise enabling diversity in housing opportunity and commercial development outcome.

²⁶ I note that the guidelines have the effect of limiting the opportunities for residential development at ground level. Although I recognise the value of ensuring active uses at ground level to encourage pedestrian traffic, improve safety, and create other urban amenity outcomes, I observe that there can be unintended consequences when less attractive premises (e.g. away from major retail or pedestrian routes) remain vacant with little interest from prospective tenants.

- 27 Section 2.2 relates to 'Built form & landscape' and provides additional guidance on development outcomes. Of most relevance with respect to my expertise is the Town Centre Concept Plan at p10 which sets out the preferred form of development within the retail sub-precinct and the southern part of the mixed use precinct. I have reproduced the concept plan as Figure 2 below.

Figure 2—Town Centre Concept Plan

Source: East Village SP (Dec 18), p10



- 28 As shown in the concept plan, the East Village Town Centre is anticipated to include two supermarkets, one of which is larger than the other, along with a range of other retail tenancies set around the town square.
- 29 Mixed use development is anticipated to surround the retail core to the south, as well as extend to the north around the central park (although this part is shown 'greyed out' in the town centre concept plan).
- 30 Section 3 of the CDP provides a land budget across the site as a whole, specifying that 1.5 hectares (net developable area, or NDA) is set aside for retail uses.
- 31 This is sufficient to accommodate a neighbourhood shopping centre supported by one large and one small supermarket, as indicated in the town centre concept plan, and consistent with the background advice on retail potential provided by MacroPlan Dimasi, which I review in Section 2.4 later in this statement.
- 32 A table of assumptions is presented on p22 indicating a total of 12,000 sqm of retail floorspace (gross leasable floor area, or GLFA) to be accommodated across the site. I consider that this is consistent with the vision for East Village and the types of retail elements envisaged for the town centre sub-precinct and elsewhere across the site.

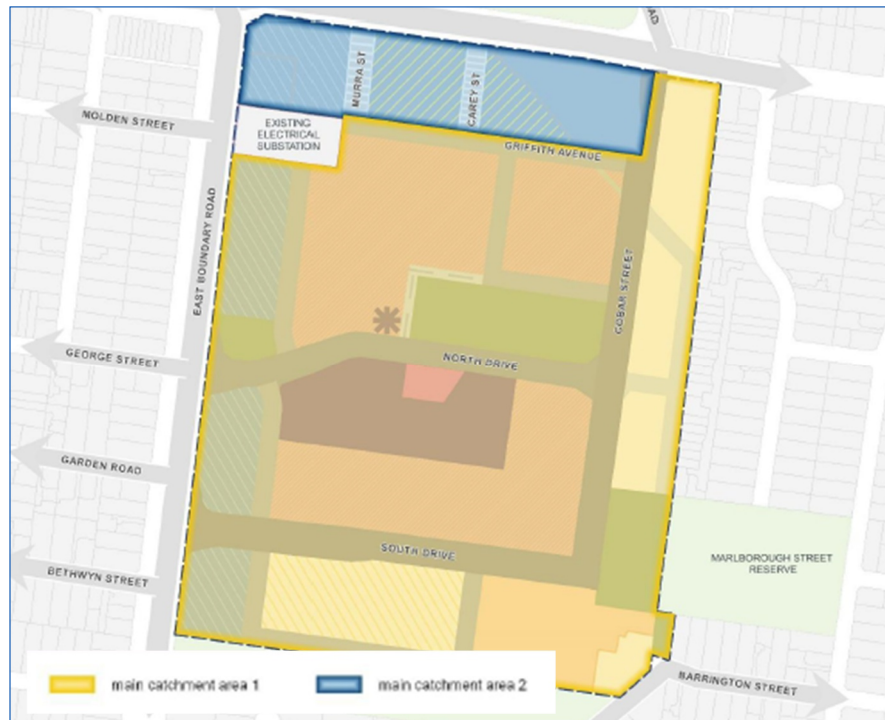
East Village DCP

- 33 The East Village DCP was prepared by VPA in collaboration with Council and sets out the financial contributions to be made by future developments towards identified infrastructure projects.

³⁴ Cost apportionment is based on two charge areas as set out in Plan 3 of the East Village DCP (refer Figure 3 below). I note that the heading and legend for Plan 3 are incorrectly labelled ‘Main Catchment Areas’ rather than ‘Main Charge Areas’.

Figure 3—DCP Charge Areas

Source: East Village DCP (Oct 18), Plan 3, p11



³⁵ The East Village DCP sets out the distribution of development as an input for cost apportionment as follows:

Figure 4—MCA Apportionment

Source: East Village DCP, Table 2 (p10)

CHARGE AREA	Label	Units	Measure
MCA1	Residential	3,000	dwelling units/lots
	Commercial	70,000	m2 gross leasable floorspace
	Retail	12,000	m2 gross leasable floorspace
MCA2	Commercial	10,000	m2 gross leasable floorspace

³⁶ Of relevance to my evidence is that the East Village DCP anticipates that 12,000 sqm of retail development (GLA) is to occur within Main Charge Area 1. I note that this total level of retail floorspace is consistent with the recommended GLA across the whole site as indicated in the East Village CDP.

CDZ2

- ³⁷ The vision for the East Village site is proposed to be implemented through application of the CDZ2 and the inclusion of the CDP and DCP as incorporated documents at Clause 72.08.
- ³⁸ The following aspects of the proposed CDZ2 are relevant to my expertise, noting that my commentary is made with respect to the exhibited version from December 2018.
- ³⁹ The purposes of CDZ2 are set out as follows:
- To facilitate a transition in land use from industrial to mixed use.*
 - To encourage high quality urban design and architecture that is environmentally sustainable, responsive to its environs, improves local accessibility and permeability through the precinct, and provides active edges throughout the precinct.*
 - To create a vibrant, safe, diverse and attractive public environment.*
 - To encourage the intensive development of the land for a mix of uses including retail, residential, office, education, community and civic.*
 - To ensure that new sensitive uses do not unreasonably impact on the ongoing operations of existing industrial uses as the land use mix within the precinct transitions*
- ⁴⁰ The above uses are consistent with the Vision for East Village and the underlying guidance from the CDP.
- ⁴¹ With respect to permissible development shown in the Table of Uses under section 1.0, I make the following comments with respect to the use controls applying to retail development.
- ⁴² Use of land as a retail premises, other than as an adult sex product shop or trade supplies, is proposed to be allowed as-of-right where it is located within the retail sub-precinct. There is no floorspace limitation attached to this condition.
- ⁴³ The absence of floorspace limitation is consistent with the commercial zone reforms which removed the ability to introduce a cap on 'Shop' floorspace within metropolitan Melbourne under commercial zones. I also note that a significant portion of the East Village site is currently within the Commercial 1 Zone and therefore allows shop development as-of-right with no floorspace limit.
- ⁴⁴ The CDZ2 also enables use of land as retail premises (other than as an adult sex product shop or trade supplies) as-of-right within the mixed use sub-precinct with the condition that the leasable floor area does not exceed 150 sqm.
- ⁴⁵ This is ambiguous to the extent that it may be inferred that the total combined leasable floorspace does not exceed 150 sqm. The wording should be amended to state that individual premises should not exceed 150 sqm.

2.4 Background documents

- ⁴⁶ As I describe in Section 2.4 below, the MacroPlan Dimasi report also recommends that provision for large format retail / bulky goods (*'Restricted retail'* according to Victorian land use definitions) should be made along the North Road frontage within the commercial north sub-precinct.
- ⁴⁷ It would be helpful for 'restricted retail' to be identified within the Table of Uses as a permitted use within the commercial north sub-precinct to provide certainty for this outcome.
- ⁴⁸ Several technical reports were prepared on behalf of Glen Eira City Council and VPA with respect to retail and economic issues. I review these in the following paragraphs.

SGS – Glen Eira Housing and Local Economy Growth Assessment (Final Dec 2018)

- ⁴⁹ This report was prepared on behalf of Glen Eira City Council to examine the implications arising from the Glen Eira ACHLE Strategy in terms of the extent to which the strategy accommodates anticipated growth in demand for housing, commercial and retail floorspace.
- ⁵⁰ The study was undertaken on a municipal-wide basis, with various assumptions made for development at East Village based on draft land use plans available at the time.
- ⁵¹ Initial sections of the SGS report provide analysis of the context in terms of population growth and local employment trends. The conclusions set out on p11 include the following relevant paragraph:
- Local employment trends reveal Glen Eira is a well-connected, highly skilled and employed municipality. Analysis of where employees live revealed that a relatively high proportion of local jobs are held by local residents. However, the proportion of residents of Glen Eira who work in the municipality is one of the lowest in Victoria. These two trends suggest there would be strong demand for additional local jobs. In particular, there would be demand for office based jobs which is currently the largest employment sector.*
- ⁵² SGS assesses future commercial floorspace demand by applying an in-house model to forecast growth in employment within industry sectors that generate demand for office provision, and converting to floorspace by applying average employment densities. This process is described in section 6.1 of the SGS report.
- ⁵³ I am not able to analyse the modelling process in detail as the report does not set out all of the steps used.
- ⁵⁴ However, I support the underlying contention that there is significant demand for local office floorspace in Glen Eira – this is a result of the well-educated local workforce, a high degree of business ownership, and a location within inner Melbourne where workforce access is excellent and attractive local amenity can be provided.

- ⁵⁵ According to the tabulated data in Table 9 of the SGS report (p43), a total of 276,400 sqm of additional commercial office floorspace is required to meet demand over the period 2016 to 2036. Of this, SGS has assumed that 48,050 sqm of net additional commercial office floorspace (i.e. over and above the current office provision at East Village) would be developed at East Village over this period. With respect to provision at East Village, SGS estimate current office provision of 9,600 sqm, with this modelled to increase to 57,650 sqm by 2036.
- ⁵⁶ I note that the SGS analysis anticipated that 35,500 sqm of office floorspace demand would occur outside of activity centres, including 16,000 sqm within 'Bentleigh East (remainder)'. I am unsure what form of development this implies and do not agree with this aspect of the SGS analysis. It is likely, in my view, that a greater amount of the modelled commercial floorspace demand would be directed into activity centres and redevelopment sites (including East Village) rather than largely residential areas where there would be little policy support for commercial offices.
- ⁵⁷ This is consistent with my view that the commercial office development rate at East Village could be more rapid than indicated in the SGS report. For example, SGS assumes that 57,650 sqm of commercial floorspace will be constructed by 2036, indicating an average of 3,840 sqm per year for a 15 year development period commencing 2021.
- ⁵⁸ In my opinion nearly all of the indicative 80,000 sqm of office floorspace at East Village could be developed by 2036, implying a more plausible absorption rate of around 5,000 to 6,000 sqm per year.
- ⁵⁹ With respect to retail development, SGS project demand for an additional 128,300 sqm of retail floorspace between 2016 and 2036 for the City of Glen Eira, with 19,100 sqm of this additional retail floorspace provision assumed to be located at East Village.
- ⁶⁰ This figure for retail development at East Village is based on SGS's interpretation of information presented in the JLL report titled 'East Bentleigh Village Employment Assessment (October 2017) which I review below. It does not appear to reflect the intended amount of retail development at East Village, and nor is it consistent with the MacroPlan technical report on retail opportunity or with the floorspace guidance in the East Village CDP.
- ⁶¹ Nevertheless, whilst I have some concerns with the methodology used by SGS, the underlying conclusion with respect to the appropriateness of commercial and retail development at East Village is sound.

JLL – East Bentleigh Village Employment Assessment, October 2017

- ⁶² This report was prepared on behalf of the VPA to examine the likely future use and development at East Village under the existing planning controls, and comparing this outcome against the development scenario if rezoning were to occur. The report also considers the potential land use mix and employment generation under the rezoning scenario.

⁶³ The key findings are described in the following extract from the report's Executive Summary (p3):

The site is better rezoned than not as existing improvements, infrastructure, layout and design cannot propel the site into the desired employment catchment as-is. Re-development is required and will take approximately 10 years (potentially more dependent upon development appetite, resources and funding). JLL finds that all of the proposed office space may not be supportable by current dynamics and that a scaled back vision of office between 60,000 and 80,000 sq. mts is more supportable for the Site, given the broad South East Suburban office competition landscape and office demand characteristics.

The economic uplift from the re-development is such that the site would move to a mixed use development with office, retail, residential, educational and health related services. JLL depict that jobs within the Site would range between 3,565 and 4,300 fully developed and is ultimately dependent upon density of office space as occupied and office space actually built. These factors alone determine how many jobs can be held within the Site over a long term sustainable period.

⁶⁴ The conclusion with respect to commercial development opportunity has been adopted for the purposes of the CDP (i.e. up to 80,000 sqm of commercial office floorspace).

⁶⁵ Although the JLL report does not present a typical demand-supply assessment, I agree with the underlying conclusion that up to around 80,000 sqm of commercial office floorspace is appropriate at East Village.

SGS – East Village as an employment hub (July 2017)

⁶⁶ This report was prepared for the VPA to provide employment forecasts for East Village under the current zoning and compare against the outcomes if redevelopment of the site was facilitated.

⁶⁷ SGS concludes that East Village would accommodate a total of 3,762 jobs in 2036 if rezoned for mixed use development, against a base-case scenario of 961 jobs without rezoning. The employment uplift is therefore estimated to be +2,800 jobs.

⁶⁸ The SGS analysis is based on a modelling exercise which assumes that rezoning of the site would allow Glen Eira to capture a greater share of metropolitan employment growth, with East Village itself increasing its share of municipal employment growth.

⁶⁹ In my opinion this is a somewhat academic exercise that does not account for the likely local uses that would be provided at East Village.

⁷⁰ My own broad estimate of employment generation at East Village is provided in Table 1 below, based on the mix of uses identified in the East Village CDP and the conclusions on retail and town centre development identified in the MacroPlan report.

⁷¹ These calculations assume that a total of 12,000 sqm of retail floorspace would be developed across the East Village site.

- ⁷² I have adopted a figure for retail floorspace within the town centre sub-precinct of 8,000 sqm based on the MacroPlan conclusion that a retail component of 7,700 sqm is appropriate in the town centre, which I have simply rounded to 8,000 sqm.
- ⁷³ For the remainder of the East Village site I have broadly distributed the remaining 4,000 sqm as follows:
- a. An allowance of 1,000 sqm for the types of fine-grained retail uses encouraged by the CDP within the mixed use sub-precinct; and
 - b. An allowance of 3,000m sqm for potential restricted retail uses along the North Road frontage, consistent with the MacroPlan analysis.

⁷⁴ For each of the use types I have identified for the site, I apply an appropriate employment density measure to calculate employment outcomes, with the result that I estimate East Village will generate a total of approximately 4,590 jobs when fully developed, as shown below in Table 1.

Table 1—East Village employment generation estimates

Source: Deep End Services; East Village CDP; MacroPlan; JLL

Use	Floorspace (sqm)	Average floorspace per job (sqm/job)	Estimated employment (jobs)
Town centre retail			
Supermarkets	5,500	25	220
Specialty shops	2,500	40	65
Total town centre shops	8,000		285
Other retail			
Small retail uses in mixed use sub-precinct (e.g. food & drink)	1,000	30	35
Restricted retail	3,000	70	45
Total retail	12,000		365
Non-retail uses			
Town centre (medical, banks post office, etc)	1,350	45	30
Child care			25
School			50
Home office			120
Commercial office	80,000	20	4,000
Total			4,590

⁷⁵ Note that the calculations in Table 1 are presented as an indicative estimate of employment, based on typical averages for each type of use.

⁷⁶ For home-based employment I apply an assumption that 4% of all households have one person working from home, which is similar to the average indicated by Census data.

⁷⁷ My conclusion is that there will be a more significant uplift in the number of jobs provided at East Village compared to both the current situation and the development scenario modelled by SGS. With a current employment base of approximately 1,500 jobs, my estimate is that the uplift would be in the order of +3,000 jobs.

MacroPlan Dimasi – Assessment of retail potential, January 2018

⁷⁸ This report was prepared on behalf of the VPA to provide an independent assessment of the potential for retail development at East Village. The report uses a well-accepted methodology based on analysis of population and spending within a defined catchment from which most trade would be derived.

⁷⁹ The key elements are:

- An assessment of retail floorspace need; and
- Analysis of the potential economic impacts likely to arise from retail development, including competitive trading effects on nearby centres.

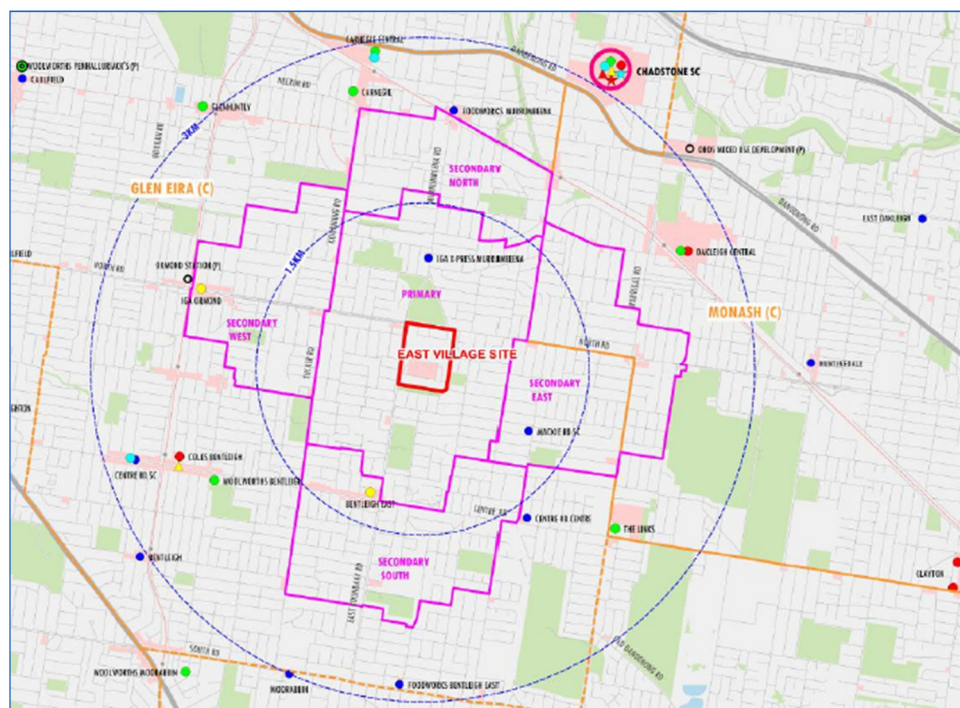
⁸⁰ I review these in turn in the balance of this sub-section of my report.

Need assessment

- 81 MacroPlan’s retail need assessment is based on a catchment that extends generally 1½ to 2 km around East Village as indicated in Figure 5.

Figure 5—East Village catchment (MacroPlan)

Source: MacroPlan Dimasi, Jan 2018



- 82 In my opinion the catchment should be extended slightly to reflect ease-of-access and the existing lack of supermarket facilities in the area. I make these adjustments in my own retail-economic analysis (refer Section 3.3 of this statement).
- 83 The catchment is estimated to have a population of 48,000 in 2017, which is expected to increase to 57,000 in 2026.
- 84 I note that MacroPlan assumes that residential development within East Village (3,000 dwellings) would be completed by 2026. This is an unrealistic expectation and I have modified it when undertaking my own independent analysis.
- 85 MacroPlan highlights the relative affluence of households within the catchment, leading to retail spending rates that are higher than the average for metropolitan Melbourne.
- 86 Retail spending by catchment residents, forecast for the period to 2026, is then converted to floorspace demand by applying average trading levels for each spending category.
- 87 There are various ‘moving parts’ to this analysis, with key inputs being the assumed trading levels and the expectations of annual growth in average sales per sqm over the period 2017 to 2026.
- 88 The resulting floorspace demand projections can be tested by converting into a simple relationship between floorspace and catchment population.

- ⁸⁹ According to MacroPlan, the catchment population generated demand for retail floorspace at a rate of approximately 2.24 sqm per capita in 2017 and this is forecast to remain about the same until 2026.
- ⁹⁰ In my opinion this is reasonable. It generally accords with the accepted view that average floorspace provision in Australian capital cities is in the order of 2.2 sqm to 2.4 sqm per capita.
- ⁹¹ MacroPlan then applies a market share approach to generate an indicative estimate of the share of retail demand likely to be directed to East Village, recognising that retained spending would be higher in food and other convenience-related categories, and would be higher in the Primary sector than in the secondary sectors further away from the site.
- ⁹² Based on this methodology, the indicative supportable floorspace at East Village is approximately 9,000 sqm at 2026 (refer MacroPlan, Table 3.3, p34). I observe that this figure is a 'stepping stone' in the analysis, rather than a recommendation on the eventual size of a centre at East Village.
- ⁹³ A refinement in the analysis is presented in section 4 of the MacroPlan report, in which the amount and type of floorspace development opportunity at East Village is analysed with consideration given to different store types and centre composition benchmarks.
- ⁹⁴ With respect to the potential for a discount department store ("DDS"), the finding is that there would be little appetite from operators, and the site is not well suited to the typical demographics of DDS shoppers. I agree with this conclusion.
- ⁹⁵ With respect to potential for supermarkets, MacroPlan highlights the current lack of supermarket provision, particularly larger full-line stores. The estimated average per capita provision rate of 70 sqm per 1,000 residents within the catchment in 2017 is significantly lower than the 320 sqm per 1,000 residents averaged across metropolitan Melbourne.
- ⁹⁶ The conclusion is that East Village has potential to accommodate two supermarkets, consisting of a larger full-line store of 4,000 sqm and a smaller store of 1,500 sqm. According to MacroPlan this would increase the average supermarket floorspace provision rate to around 175 sqm per 1,000 residents if the supermarkets were constructed by 2021.
- ⁹⁷ I provide my own review of supermarket floorspace provision in Section 3.3 of this statement, which confirms MacroPlan's key conclusions with respect to need:
- The surrounding region has a lack of supermarket provision
 - The site is an appropriate location to accommodate new supermarket floorspace
 - With the inclusion of two supermarkets at East Village there would still be an under-provision of supermarket floorspace.

⁹⁸ The MacroPlan report then considers the typical composition of supermarket-anchored shopping centres to recommend that the East Village centre contain:

- One full-line supermarket of 4,000 sqm
- One smaller supermarket of 1,500 sqm
- A mini major of 500 sqm
- A range of retail specialties totalling 1,700 sqm.

⁹⁹ Total retail floorspace would therefore be 7,700 sqm.

¹⁰⁰ A range of non-retail businesses containing around 1,350 sqm would also be appropriate, with the centre therefore containing a total of 9,050 sqm of floorspace.

¹⁰¹ In my opinion the most relevant aspect is the retail components, noting that other uses such as commercial offices, food and beverage, etc, are encouraged by the CDP to locate both within the centre and in the surrounding mixed-use precinct.

¹⁰² In addition to these traditional retail formats, MacroPlan also identifies the possibility to accommodate large format retail (also termed ‘bulky goods’, but generally consistent with the land use term ‘restricted retail’) within the commercial precinct along North Road.

¹⁰³ The recommendation is that the types of uses should be smaller-format tenancies of around 1,000-2,000 sqm rather than larger trade supplies stores such as Bunnings or other restricted retail tenancies such as Harvey Norman.

¹⁰⁴ I agree that restricted retail is an appropriate use for the North Road frontage, either in the form of large format tenancies with associated parking, or showrooms as part of mixed use developments.

¹⁰⁵ I note that MacroPlan does not provide a recommendation on the amount of floorspace associated with large format/restricted retail uses. In my earlier calculations on employment generation I have broadly estimated that around 3,000 sqm of restricted retail development may be appropriate along North Road to reflect this opportunity.

Economic impacts

¹⁰⁶ Positive economic implications arising from development at East Village are assessed in terms of the additional choice and accessibility of retail and other services, the creation of a focal point for the community, and the ongoing local retail employment opportunities.

¹⁰⁷ MacroPlan identifies potential for 310 ongoing retail jobs at the town centre. This accords well with my own assessment that I have set out at Table 1 in this statement, which indicates 285 jobs at town centre shops, plus other town centre employment associated with food & beverage and non-retail uses.

¹⁰⁸ Section 5.2 of the MacroPlan report considers the potential trading impacts on existing centres, using a well-accepted methodology that forecasts sales performance for East Village, and examines how the introduction of the centre would change existing expenditure flows, leading to a redistribution of sales away from existing centres.

¹⁰⁹ The analysis concludes that the most significant one-off impact on sales would be a 10.7% reduction in sales at Bentleigh East, with lower impacts on other centres in the region. The impacts are not considered sufficient to threaten the ongoing viability of any of the surrounding centres, particularly given the additional demand for retail services generated from future residents living within the East Village site.

¹¹⁰ My own analysis of retail impacts (as presented later in this statement at Section 3.3 in the context of my response to submissions) comes to the same conclusion.

2.5 Summary

¹¹¹ Amendment C155 provides an appropriate basis for the redevelopment of the East Village site as a more intensive mixed use precinct.

¹¹² The amendment is supported by significant technical research which demonstrates support for the proposed retail and commercial components that are included within the CDP.

¹¹³ From an economist's perspective, the nominal allocation of 8,000 sqm of neighbourhood-level retail uses within the Town Centre, along with an allowance of 1,000 sqm for small-scale uses in the mixed use precinct and 3,000 sqm for restricted retail type uses towards the northern end of the site, is entirely appropriate given the nature of development proposed and the local context.

3

Review of submissions

3.1 Introduction ¹¹⁴ Am C155 was exhibited from 5th September 2019 to 9th October 2019.

¹¹⁵ A total of 158 submissions were made. Although many of the pro forma submissions refer generally to over-development of the site, only Submission 64 from Planology on behalf of Ritchies Stores Pty Ltd makes direct reference to economic issues of relevance to my expertise.

¹¹⁶ I provide a review of Submission 64 in Section 3.2 below, with my detailed response in the form of an independent retail-economic analysis presented in Section 3.3.

3.2 Summary of submission 64 ¹¹⁷ Submission 64 is from representatives of Ritchies Stores Pty Ltd, operator of the Ritchies Supa IGA in the East Bentleigh neighbourhood activity centre (“NAC”).

¹¹⁸ Submission 64 contends that Am C155 has the potential to lead to adverse impacts on East Bentleigh NAC which is an identified neighbourhood centre support by existing planning policy. Specifically,

The introduction of a major retail centre, unless carefully managed, will threaten the ongoing economic well being of the East Bentleigh NAC and such an outcome will not be consistent with Council’s long standing planning policies (Submission 64, p1).

¹¹⁹ Submission 64 identifies various concerns with the proposed CDZ2 and CDP, particularly with respect to the drafting of the Table of Uses section and the fact that the schedule does not include a floorspace limitation on retail or supermarket floorspace.

¹²⁰ The submission contends that the CDP does not reflect the conclusions set out in the background reports, particularly with respect to the number and size of supermarkets.

¹²¹ Further, the submission raises the concern that the background analysis assumes that the residential component of East Village would have been fully developed at the time that the centre is constructed, which may not be realistic.

¹²² Overall:

Ritchies believes that the economic impacts on the east Bentleigh NAC will be significant if the floor area of 'Retail premises', and in particular 'Supermarkets', are not restricted, and the staging of such development is not carefully controlled.

3.3 Retail-economic analysis

¹²³ Submission 64 asserts that the potential economic impacts on the East Bentleigh NAC arising from development at East Village would threaten the ongoing viability of that centre.

¹²⁴ I address this issue by presenting my own analysis of the need for additional supermarket floorspace in the region surrounding East Village, along with an assessment of the potential trading impacts on existing centres.

¹²⁵ My assessment is based on an expectation that East Village Town Centre would be developed as a neighbourhood centre consistent with the advice contained in the MacroPlan technical report and the CDP, comprising the following elements:

- Supermarket #1: 4,000 sqm
- Supermarket #2: 1,500 sqm
- Specialty retail: 2,500 sqm
- Total centre (retail): 8,000 sqm.

¹²⁶ For the purposes of my analysis I assume that the centre would be operational in 2023.

¹²⁷ My impact assessment concentrates on these town centre uses. In my opinion, the potential for around 1,000 sqm of small-scale uses within the mixed use sub-precinct and 3,000 sqm of restricted retail floorspace on the North Road frontage would have little or no impact upon the operations of a NAC such as East Bentleigh and I have therefore not considered these elements as part of my analysis.

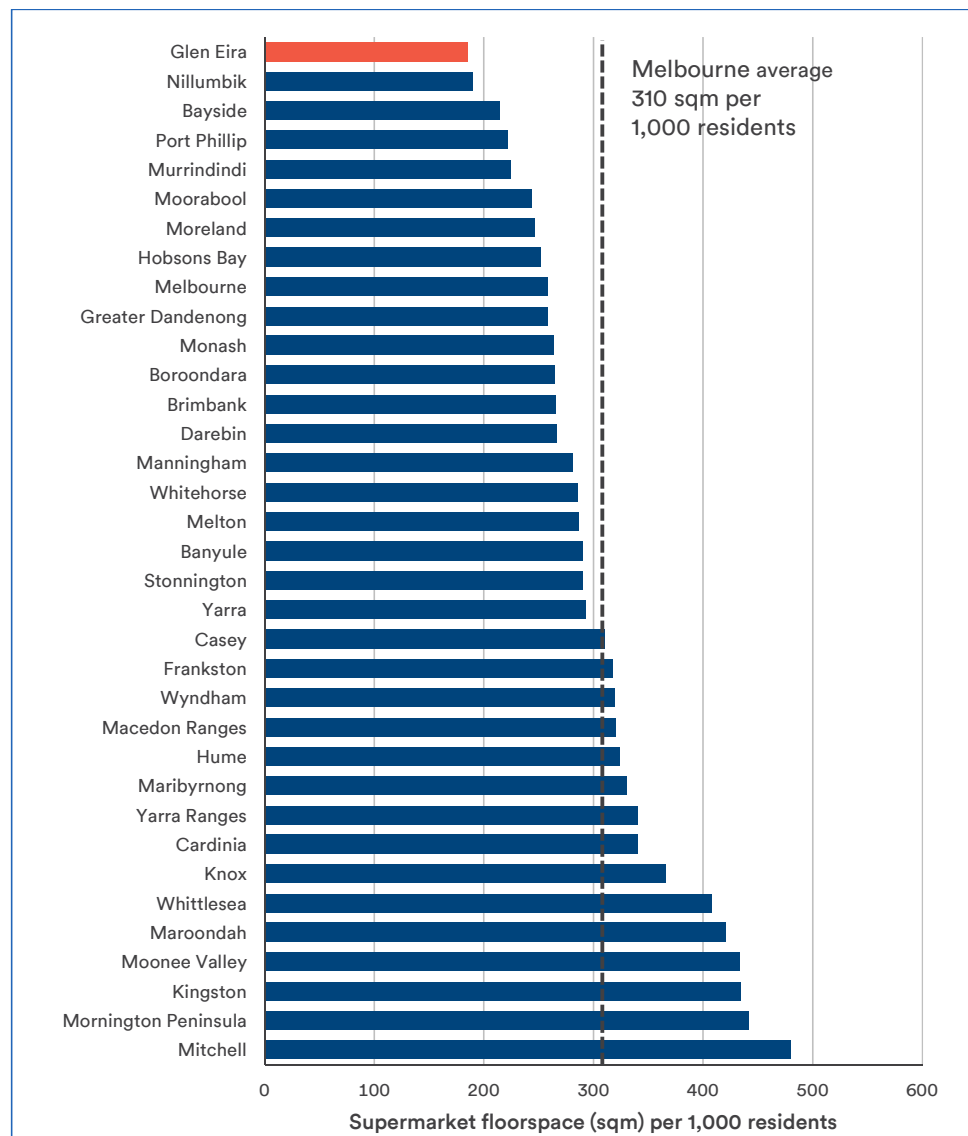
Analysis of supermarket need

- 128 MacroPlan examines supermarket need with reference to the average provision of supermarket floorspace per 1,000 residents. I have replicated this analysis for individual LGAs in metropolitan Melbourne, with the results shown in Figure 6.
- 129 For this analysis I include all supermarkets that are more than 400 sqm in size – smaller supermarkets are essentially corner stores or convenience stores and simply don’t compete for a share of weekly grocery shopping.
- 130 As demonstrated in Figure 6, the supermarket provision rate in Glen Eira is the lowest in Melbourne, with an average of 186 sqm of supermarket floorspace per 1,000 compared to my estimate of around 310 sqm per 1,000 across all metropolitan LGAs – that is, 40% below the average.

**Figure 6—
Supermarket
provision by LGA
2019**

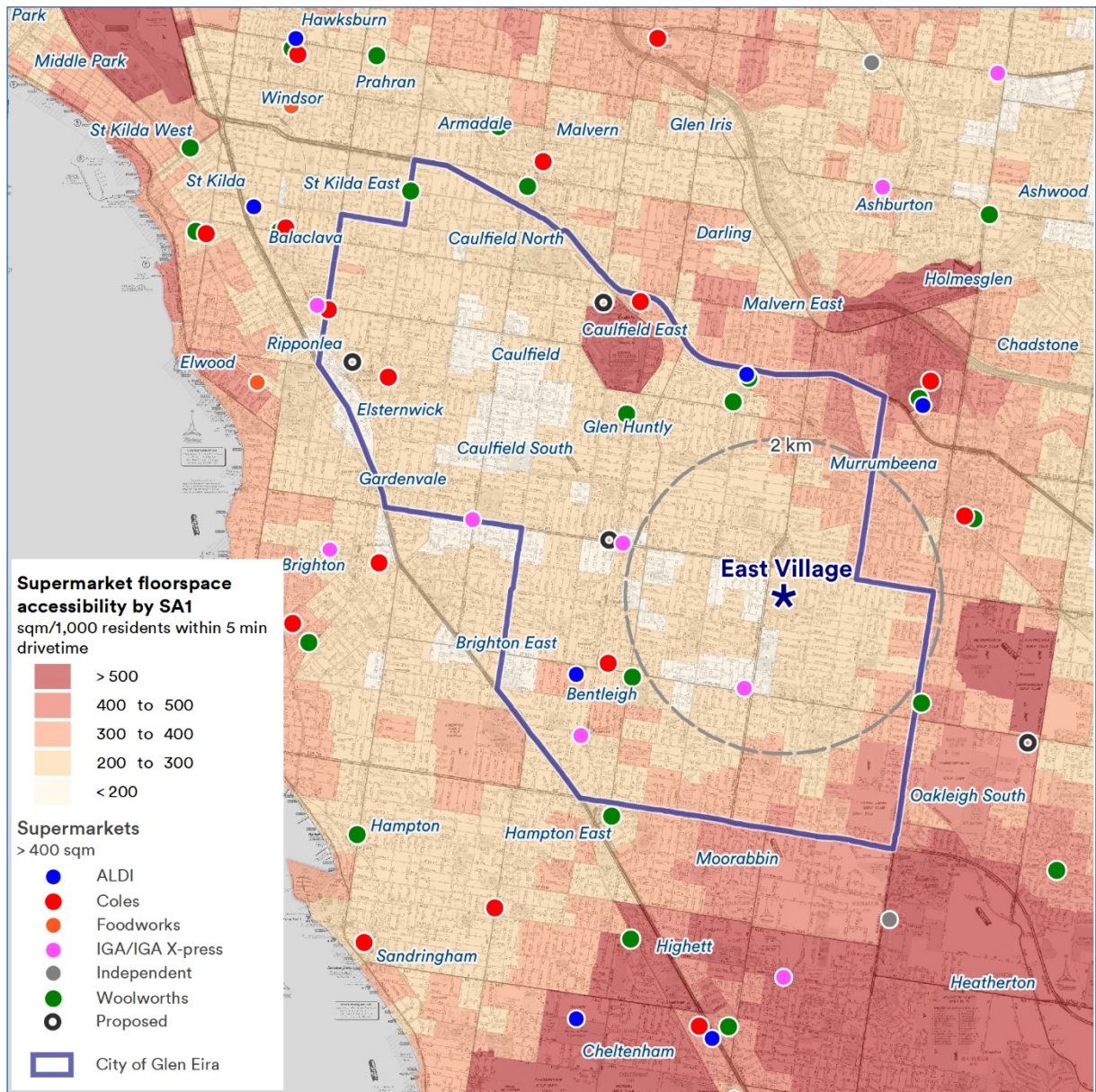
Note: supermarkets
>400 sqm

Source: Deep End
Services



- ¹³¹ I have also considered the effect on average supermarket provision if all proposed new supermarkets in Glen Eira are developed. These proposed stores include the following which are at various stages of planning:
- East Village (x2): development at the subject site with two stores containing a combined 5,500 sqm of supermarket floorspace.
 - Ormond Station: a supermarket has been proposed as part of a mixed use development above the station; although I understand the planning status is currently 'dormant', I consider that a supermarket of 4,000 sqm is likely to eventuate
 - Caulfield Village: the existing Coles at Caulfield Central will be enlarged and relocated to the Caulfield Village site; this is likely to involve a net additional 900 sqm of supermarket floorspace
 - Elsternwick (ABC studios): this site has been purchased by Woolworths and is expected to be redeveloped to incorporate a new supermarket of 4,000 sqm.
- ¹³² If all of these proposals proceeded by 2023, and with Glen Eira's population increasing to around 163,600 persons at that time, the supermarket provision rate would increase to 266 sqm per 1,000 residents.
- ¹³³ This would still be nearly 15% below the metropolitan average provision rate.
- ¹³⁴ Overall it is clear that there is a significant under provision of supermarket floorspace in Glen Eira. The development of two new supermarkets at East Village would only partly meet the demand for additional supermarket floorspace.
- ¹³⁵ I have also undertaken an analysis of supermarket accessibility at the local area level, including in the area surrounding East Village, as shown in Figure 7.
- ¹³⁶ The analysis in Figure 7 provides a thematic representation of the amount of supermarket floorspace provision per resident available within easy access at the local level.
- ¹³⁷ Instead of these calculations being made for each municipality as in Figure 6, the calculations are based on the population and amount of supermarket floorspace within a 5 minute drive time from each Statistical Area 1 geography (SA1).
- ¹³⁸ The map shows that local access (i.e. within 5 minutes' travel) to supermarket floorspace is poor across most of Glen Eira.
- ¹³⁹ East Village sits in a pocket of low access to supermarket floorspace, with particularly poor local accessibility occurring in the neighbourhoods close to North Road and Centre Road.
- ¹⁴⁰ The introduction of new supermarkets at East Village, along with the establishment of Kaufland further to the east in Oakleigh South, will help to improve access to local supermarkets.
- ¹⁴¹ Another area of poor provision is in Caulfield close to Hawthorn Road. Proposals at Elsternwick, Ormond and Caulfield Village will help to improve access in this area.

Figure 7—Supermarket accessibility



Source: Deep End Services; Ausway; MapInfo

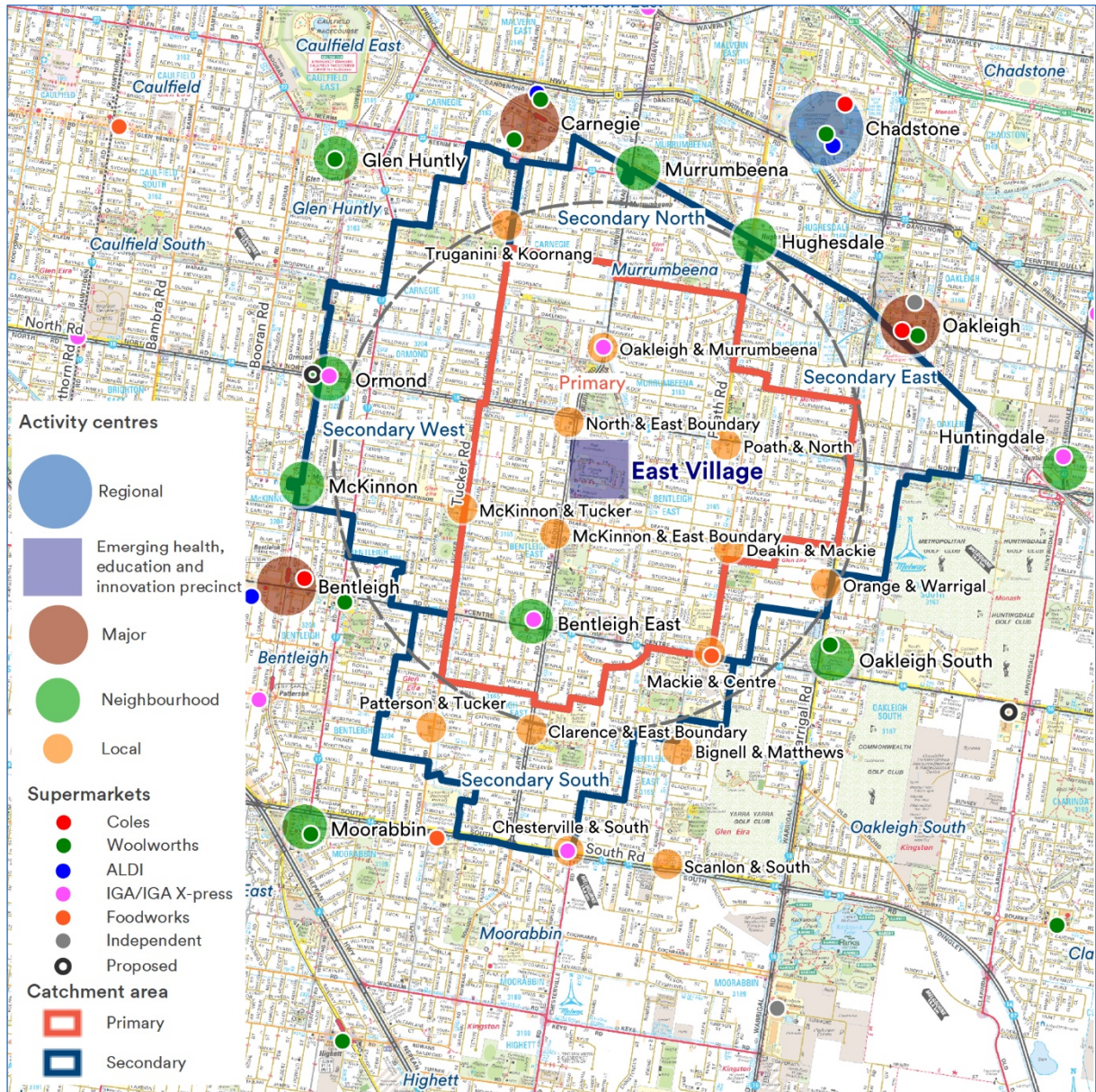
Analysis of trading impacts

- ¹⁴² My assessment of the potential trading impacts arising from the proposed town centre development at East Village is based on the following approach:
1. Identify an appropriate catchment including primary and secondary sectors.
 2. Prepare estimates and forecasts of the catchment population and retail expenditure levels.
 3. Prepare a forecast of likely sales potential for the retail development at East Village, based on the market share achievable within each catchment sector, and allowing for sales to workers and other people who live beyond the catchment.
 4. Examine how the sales at East Village would represent the redirection of sales that would otherwise be captured by existing centres.
 5. Estimate trading impacts at other centres by comparing the sales that each centre would have achieved in the absence of development ('base case') against the sales that would be achieved following the redirection of some sales to East Village.
- ¹⁴³ This methodology is similar to that used in the MacroPlan technical report.
- ¹⁴⁴ I have undertaken my analysis on the basis that the retail components of the town centre would be constructed in 2023.
- ¹⁴⁵ Importantly, I assume that residential development at East Village only commences in 2023 with 300 residents moving into East Village in that year. Subsequent population growth within East Village (continuing at around 300 persons per year) would have the effect of supporting improvements in retail performance at East Village as well as creating additional spending that may be captured at other nearby centres.

Catchment

- ¹⁴⁶ The catchment adopted for my analysis is shown in Figure 8, extending around 2km from East Village and reflecting a travel time of approximately 5 minutes. A Primary sector generally describes a 3-minute travel time, extending further along North Road and East Boundary Road to reflect the tendency to shop 'in-board'.
- ¹⁴⁷ The use of travel times is an appropriate method by which to help define catchments for the purpose of retail-economic analysis.
- ¹⁴⁸ The catchment extends slightly further to the north-east and south compared to the MacroPlan catchment but, in my opinion, better reflects the likely usage of supermarkets at East Village, especially given the current poor provision of supermarket options and the ease of access via local roads.

Figure 8—East Village catchment



Source: Deep End Services; City of Glen Eira; Ausway

Catchment population

- ¹⁴⁹ As shown in Table 2, the catchment has a total estimated population of 66,285 persons in 2019, including 26,815 people living within the Primary sector.
- ¹⁵⁰ Population growth over the last 8 years since 2011 has been relatively strong, driven by widespread infill projects and some larger apartment developments within and on the edge of activity centres.
- ¹⁵¹ Population forecasts are based on projections by .id consulting prepared on behalf of the City of Glen Eira, and similar projections prepared for Monash City Council for parts of the catchment to the east and northeast that are within that municipality.
- ¹⁵² An adjustment has been made to account for residential development within East Village, commencing construction in 2022 and with the first residents arriving in 2023.
- ¹⁵³ According to these projections, the total catchment population is expected to be close to 70,000 persons in 2023 when the retail development is assumed to occur, with 28,245 people living within the Primary sector.

Table 2—East Village catchment population 2011-2031

Source: Deep End Services; .id consulting

<u>Catchment area sector</u>	<u>2011</u>	<u>2019</u>	<u>2023</u>	<u>2027</u>	<u>2031</u>
<u>Population</u>					
Primary	23,463	26,815	28,245	30,334	32,272
Secondary North	5,660	6,573	6,882	7,094	7,283
Secondary East	8,544	9,545	10,076	10,795	11,360
Secondary South	7,250	8,059	8,370	8,623	8,826
Secondary West	13,285	15,291	15,861	16,283	16,657
Total	58,202	66,285	69,435	73,129	76,397
<u>Population growth (No. per annum)</u>					
Primary	-	419	357	522	484
Secondary North	-	114	77	53	47
Secondary East	-	125	133	180	141
Secondary South	-	101	78	63	51
Secondary West	-	251	142	106	94
Total	-	1,010	787	924	817
<u>Population growth (% per annum)</u>					
Primary	-	1.7%	1.3%	1.8%	1.6%
Secondary North	-	1.9%	1.2%	0.8%	0.7%
Secondary East	-	1.4%	1.4%	1.7%	1.3%
Secondary South	-	1.3%	1.0%	0.7%	0.6%
Secondary West	-	1.8%	0.9%	0.7%	0.6%
Total	-	1.6%	1.2%	1.3%	1.1%

Catchment spending

- ¹⁵⁴ Retail spending by catchment residents is estimated with reference to *MarketInfo*, which is a data source that provides modelled estimates of local variations in retail spending propensity at a commodity level, based on the ABS Household Expenditure Survey, Census data and other sources. I then project this data forward using Deloitte Access Economics forecasts of consumption expenditure.
- ¹⁵⁵ Table 3 presents a summary of estimated and forecast retail expenditure by broad category type for each catchment sector over the period 2011 to 2031.
- ¹⁵⁶ Total current annual catchment retail spending is estimated at just over \$1 bn, of which \$606 m is spent on food, which is the most relevant commodity category for the proposed supermarket-based centre at East Village.
- ¹⁵⁷ Catchment spending is forecast to increase as a result of population growth and increases in per capita spending. By 2023, total retail spending is forecast to be \$1.19 bn, of which \$689 m will be spent on food items.

Table 3—East Village catchment retail spending 2011-2031

Source: Deep End Services; MDS MarketInfo; Deloitte Access Economics

Spending category	2011	2019	2023	2027	2031
Food					
Primary	171.9	242.7	277.4	330.5	390.6
Secondary North	44.0	63.3	72.1	82.5	94.3
Secondary East	61.9	85.4	97.7	116.1	135.6
Secondary South	52.7	72.3	81.5	93.2	105.9
Secondary West	100.1	142.4	160.6	183.2	208.5
Total catchment	430.6	606.1	689.3	805.4	934.9
Non-Food & Services					
Primary	143.7	189.8	203.2	234.3	264.6
Secondary North	34.9	46.4	49.4	54.6	59.3
Secondary East	49.7	64.0	68.6	78.8	88.0
Secondary South	44.8	57.8	61.0	67.6	73.5
Secondary West	83.3	109.9	115.8	127.5	138.1
Total catchment	356.4	467.8	497.9	562.8	623.6
Total retail					
Primary	315.6	432.4	480.5	564.8	655.2
Secondary North	78.9	109.7	121.4	137.1	153.6
Secondary East	111.5	149.4	166.3	194.9	223.6
Secondary South	97.5	130.1	142.5	160.7	179.4
Secondary West	183.4	252.3	276.4	310.6	346.6
Total catchment	787.0	1,073.9	1,187.2	1,368.2	1,558.5

East Village sales

- ¹⁵⁸ Sales forecasts for the East Village Town Centre are summarised in Table 4 by tenancy type and by broad product category.
- ¹⁵⁹ The projected sales are \$68.9 m in 2023, representing an overall trading level of \$8,610 /sqm, which is considered an acceptable level for a supermarket-based centre of this type.
- ¹⁶⁰ Total supermarket sales are estimated at \$52.5 m, representing an average of approximately \$9,545 / sqm.
- ¹⁶¹ The projected sales for other specialty tenants is \$16.4 m, which is based on the typical distribution and performance across individual specialty retail types.
- ¹⁶² My estimate of sales performance for the centre as a whole is slightly higher than that presented in the MacroPlan technical report, which estimated total sales of \$62.9 m for a centre opening in 2022.

Table 4—Forecast East Village Town Centre sales by tenancy and retail category, 2023

Source: Deep End Services

Tenancy	Floorspace (sqm GLA)	Sales (\$m)	Trading level (\$/sqm)	Sales by category (\$m)		
				Food	Non-food & Services	Total retail
Smkt 1	4,000	36.5	\$9,114	32.8	3.6	36.5
Smkt 2	1,500	16.0	\$10,683	14.4	1.6	16.0
Other tenants	2,500	16.4	\$6,560	10.9	5.5	16.4
Total retail	8,000	68.9	\$8,610	58.1	10.7	68.9

- ¹⁶³ Table 5 provides additional details on the derivation of the sales forecasts, showing the anticipated market share performance by broad retail category across the catchment sectors.
- ¹⁶⁴ The analysis shows that the highest market shares are achieved in the Food product category, reflecting the influence of the two supermarkets, with the highest market shares in the primary sector close to East Village. Sales to workers and other people living beyond the catchment are forecast to account for 18% of total sales.

Table 5—East Village Town Centre market share summary 2023

Source: Deep End Services

Catchment area sector	Spending (\$m)			Market share (%)			Turnover (\$m)		
	Food	NF & services	Total Retail	Food	NF & services	Total Retail	Food	NF & services	Total Retail
Primary	277.4	203.2	480.5	13.1%	3.3%	8.9%	36.3	6.7	43.0
Secondary North	72.1	49.4	121.4	3.1%	0.8%	2.2%	2.2	0.4	2.6
Secondary East	97.7	68.6	166.3	2.2%	0.6%	1.5%	2.1	0.4	2.5
Secondary South	81.5	61.0	142.5	3.9%	1.0%	2.6%	3.2	0.6	3.7
Secondary West	160.6	115.8	276.4	2.4%	0.6%	1.7%	3.9	0.7	4.6
Total catchment area	689.3	497.9	1,187.2	6.9%	1.8%	4.8%	47.7	8.8	56.5
Beyond trade area (18%)							10.5	1.9	12.4
Total							58.1	10.7	68.9

Impact assessment

¹⁶⁵ The approach by which I have assessed trading impacts is similar to that adopted by MacroPlan, and involves the following steps:

1. Estimate current (2019) retail sales at centres within and beyond the catchment that may be affected by the introduction of the East Village Town Centre.
2. Project forward the sales performance at competing and nearby centres to 2023 by growing their sales performance in line with market growth (i.e. assuming a constant market share), and then incorporating impacts from other known developments, including the proposed Kaufland at Oakleigh South and the proposed supermarket at Ormond Station, with these assumed to be in place by 2023. Sales at 2023 in the absence of East Village is adopted as the 'Base case'.
3. Adopt the projected sales at East Village from the analysis in Table 4, and distribute these sales as impacts on nearby and other affected centres, based on these centres' market share performance, their competitive relevance (especially as a location for weekly grocery shopping), relative distance and accessibility, the types of shopping trips they attract, and other relevant factors.
4. Calculate the impact as a nominal loss of sales (i.e. in dollar terms) and as a percentage of sales compared to those that would otherwise have been achieved under the 'Base case'.
5. Provide impacts for the broad 'Food' and 'Non-food & services' product categories, noting however that it is not the role of this assessment to determine impacts on individual operators but to consider whether the scale of the impact would result in significant adverse consequence on the operation of the centre as a whole, such as significant increase in vacancies or economic and retail 'blight'.

¹⁶⁶ The impact assessment has been informed by visits to each centre to obtain local area floorspace estimates, and to inform my assessment of likely current trading performance.

¹⁶⁷ Given that a focus of this assessment is the potential impact on East Bentleigh, I provide the following comments with respect to the role and trading performance of this centre:

- East Bentleigh operates as a neighbourhood shopping strip underpinned by the Ritchies Supa IGA supermarket which I estimate to be approximately 1,850 sqm in size. A separate liquor store of around 200 sqm is also operated under the Ritchies Supa IGA banner.
- The supermarket appears to be trading well and is likely to achieve above average sales performance (in terms of \$ sales per sqm) for an IGA store of this size given staffing levels, store activity and car park usage.
- The centre has total retail floorspace of approximately 9,330 sqm, which is relatively large for a neighbourhood centre, especially for one anchored by a mid-sized supermarket rather than one of the major full-line brands. However, only 6% of the NAC's floorspace is vacant, well below the double digit vacancy levels observed in many Melbourne strips.

- A large proportion of centre floorspace is associated with a strong café and restaurant offer. The centre also has significant provision of local retail services such as hairdressers and beauty salons.
 - The centre is emerging as a mixed use precinct with several recent or underway apartment projects that contain ground level retail or other commercial uses.
- ¹⁶⁸ In my opinion an important point is that the Ritchies Supa IGA does not provide a full-line supermarket offer, and so residents undertaking weekly car-based shopping trips are likely to bypass this centre for other larger stores in the region such as those at Bentleigh, Carnegie or Oakleigh.
- ¹⁶⁹ On the other hand, the Ritchies store is likely to have a loyal customer base in the immediate area for whom the supermarket is readily accessible and is an attractive location to shop at daily or combine with a visit to a café or other businesses.
- ¹⁷⁰ These factors are relevant when assessing the competitive relevancy of East Bentleigh in the context of assigning impacts.
- ¹⁷¹ Table 6 presents my analysis of impacts on individual centres both within and beyond the catchment. The key results are presented as follows:
- The largest impacts in dollar terms are on Bentleigh, Carnegie, Oakleigh, Ormond, and Chadstone, which are larger centres with full-line supermarkets that would directly compete with a new full-line store at East Village.
 - The highest impact in percentage terms would be on East Bentleigh, at a loss of 7.1% in total sales, but with a higher 10% impact on food-related retailers (principally the Ritchies Supa IGA supermarket).
 - Given the healthy trading levels at East Bentleigh, and the supermarket in particular, I do not consider that this impact would have any deleterious ongoing affect on the role or operation of this store.
 - I note that East Bentleigh will also be affected by the proposed new supermarket at Ormond, and may also experience a small effect from the Kaufland at Oakleigh South. I estimate that the cumulative impact from these developments combined with the effects from development at East Village would be in the order of a 12% loss of sales.
- ¹⁷² My overall conclusion that that none of the centres in the area are likely to be sufficiently impacted that their ongoing viability is under threat.
- ¹⁷³ This is also my conclusion with respect to the Ritchies Supa IGA. This store is likely to experience a decline in turnover compared to the situation if East Village does not occur, but not to the degree that the store is likely to close.
- ¹⁷⁴ On the other hand, development at East Village will provide residents in the catchment with improved access to a wider range of supermarket options, with benefits in terms of choice, reductions in travel time to more distant larger supermarkets, price competition and additional brand opportunities.

¹⁷⁵ With respect to the submission that timing and staging of development should be carefully managed, I note that my analysis above is made on the ‘bullish’ assumption that the retail centre would be developed by 2023, and further I have assumed that the residential component would only just have commenced at that time. My analysis therefore represents a conservative analysis of potential trading impacts, as these impacts would lessen as further population and spending growth occurs within the catchment.

Table 6—Estimated trading impacts on individual centres due to development of the East Village Town Centre, 2023

Centre	Sales without East Village (\$m)			Sales with East Village (\$m)			Impact (\$m)			Impact (%)		
	F	NF & S	Total	F	NF & S	Total	F	NF & S	Total	F	NF & S	Total
East Village Town Centre sales	-	-	-	58.1	10.7	68.9	58.1	10.7	68.9	-	-	-
Neighbourhood Activity Centres												
Bentleigh East	49.4	29.3	78.7	44.4	28.7	73.1	-5.0	-0.6	-5.6	-10.0%	-2.1%	-7.1%
Ormond	92.0	28.8	120.7	85.7	28.2	113.9	-6.3	-0.6	-6.9	-6.8%	-2.1%	-5.7%
Murrumbeena	14.6	6.9	21.5	14.3	6.9	21.2	-0.3	0.0	-0.3	-2.0%	-0.6%	-1.6%
Hughesdale	14.2	7.0	21.3	13.8	7.0	20.8	-0.4	-0.1	-0.5	-3.0%	-0.8%	-2.3%
McKinnon	10.4	5.8	16.3	10.2	5.8	16.0	-0.2	0.0	-0.3	-2.4%	-0.8%	-1.8%
Local Activity Centres												
Chesterville & South	7.7	2.3	10.0	7.6	2.3	10.0	-0.1	0.0	-0.1	-0.7%	-0.1%	-0.5%
Deakin & Mackie	5.8	2.3	8.1	5.6	2.3	7.9	-0.2	0.0	-0.2	-3.0%	-0.8%	-2.4%
Oakleigh & Murrumbeena	4.5	2.0	6.5	4.2	2.0	6.2	-0.2	0.0	-0.3	-5.2%	-1.8%	-4.2%
McKinnon & East Boundary	3.6	1.4	5.1	3.5	1.4	4.9	-0.2	0.0	-0.2	-4.3%	-1.7%	-3.6%
Mackie & Centre	2.5	1.0	3.5	2.4	1.0	3.4	0.0	0.0	-0.1	-1.6%	-1.0%	-1.4%
North & East Boundary	2.1	1.7	3.8	2.0	1.7	3.6	-0.1	0.0	-0.1	-4.6%	-2.7%	-3.7%
Patterson & Tucker	2.6	0.3	2.9	2.6	0.3	2.9	0.0	0.0	0.0	-0.6%	-0.2%	-0.6%
McKinnon & Tucker	2.4	0.6	3.1	2.4	0.6	3.0	-0.1	0.0	-0.1	-3.0%	-1.4%	-2.7%
Orange & Warrigal	2.2	0.4	2.6	2.2	0.4	2.6	0.0	0.0	0.0	-0.8%	-0.2%	-0.7%
Clarence & East Boundary	1.1	1.1	2.3	1.1	1.1	2.2	0.0	0.0	0.0	-1.0%	-0.6%	-0.8%
Truganini & Koornang	2.3	0.0	2.3	2.3	0.0	2.3	0.0	0.0	0.0	-1.1%	0.0%	-1.1%
Poath & North	0.8	0.2	1.1	0.8	0.2	1.0	0.0	0.0	0.0	-3.6%	-1.3%	-3.0%
Total catchment	218.2	91.3	309.5	205.1	89.8	294.9	-13.1	-1.5	-14.6	-6.0%	-1.7%	-4.7%
Beyond catchment centres												
Chadstone	441.0	1,941.6	2,382.6	436.9	1,939.1	2,376.0	-4.1	-2.5	-6.6	-0.9%	-0.1%	-0.3%
Oakleigh	181.2	74.8	256.0	175.0	74.1	249.1	-6.2	-0.7	-6.9	-3.4%	-0.9%	-2.7%
Bentleigh	201.0	81.8	282.8	186.8	80.3	267.1	-14.2	-1.5	-15.7	-7.1%	-1.8%	-5.6%
Carnegie	180.4	63.2	243.6	171.7	62.4	234.1	-8.7	-0.8	-9.5	-4.8%	-1.2%	-3.9%
Oakleigh South	52.7	53.6	106.3	49.6	52.7	102.3	-3.1	-0.8	-3.9	-5.9%	-1.5%	-3.7%
Glen Huntly	65.2	34.7	99.9	62.8	34.3	97.1	-2.4	-0.3	-2.7	-3.7%	-0.9%	-2.8%
Huntingdale	16.8	5.6	22.4	16.5	5.6	22.1	-0.3	0.0	-0.3	-1.6%	-0.4%	-1.3%
Total beyond	1,138.4	2,255.1	3,393.5	1,099.3	2,248.5	3,347.8	-39.1	-6.6	-45.7	-3.4%	-0.3%	-1.3%
Total	1,356.6	2,346.4	3,703.0	1,304.4	2,338.3	3,642.7	-52.2	-8.1	-60.3	-3.8%	-0.3%	-1.6%
Other							-5.9	-2.6	-8.6			

Source: Deep End Services

3.4 Summary

¹⁷⁶ In my opinion, the concerns of submitter 64 are unwarranted.

¹⁷⁷ The proposed development of retail facilities at East Village – based upon a Town Centre integrated within a Mixed Use Precinct – will deliver the existing and future local residential and business community with needed retail options.

¹⁷⁸ The employment, convenience and other benefits will more than offset the sustainable one-off sales impacts on other centres and therefore generate a positive net community benefit.

4

Conclusions

- ¹⁷⁹ East Village is a large urban site with remnant industrial uses which is ripe for urban renewal, with significant benefits associated with retail and commercial development.
- ¹⁸⁰ Am C155 facilitates redevelopment of the site for a high density mixed use outcome including commercial offices, a retail town centre, community and education uses and residential dwellings.
- ¹⁸¹ If developed in accordance with the CDP, I estimate that East Village would accommodate a total of around 4,590 local jobs, representing an uplift of around 3,000 jobs compared to current employment levels.
- ¹⁸² Commercial office development is an appropriate use for the major road frontages given the significant opportunity for knowledge-related employment growth identified in the region.
- ¹⁸³ The retail component is appropriate for the site as it provides local services to the community at East Village and responds to an existing lack of available supermarket provision in Glen Eira.
- ¹⁸⁴ A retail town centre of around 8,000 sqm, incorporating 5,500 sqm of supermarket floorspace, is appropriate to reflect the East Village vision.
- ¹⁸⁵ I support the indicative retail floorspace outcome of 12,000 sqm set out in the East Village CDP, and consider that the remaining 4,000 sqm (i.e. in addition to the 8,000 sqm within the retail town centre) would be appropriate as a combination of small-scale retailing in the mixed use sub-precinct and some restricted retail development along the North Road frontage.

- ¹⁸⁶ Development at this scale would respond to the current under provision of supermarket floorspace within Glen Eira generally, and in the region immediately surrounding the site in particular.
- ¹⁸⁷ My analysis shows that the trading impacts arising from this development would be within acceptable limits, and would not threaten the ongoing viability of centres in the surrounding area.
- ¹⁸⁸ The development would therefore result in a significant positive net community benefit for the local region.
- ¹⁸⁹ In arriving at my conclusions, I have made all the inquiries that I believe are desirable and appropriate and no matters of significance which I regard as relevant have, to my knowledge, been withheld from the Panel.



Justin Ganly
Managing Director
21 November 2019

Appendix A Curriculum vitae for Justin Ganly

Current Position:	Managing Director, Deep End Services Pty Ltd
Previous Positions:	<p>Associate Director, KMPG February 1999 – June 2003</p> <p>National Real Estate Analyst, Coles Myer January 1998 – February 1999</p> <p>Managing Consultant, Coopers & Lybrand Consultants August 1993 – December 1997</p> <p>Senior Consultant, Andersen Consulting January 1990 – July 1993</p>
Academic Qualifications:	<p>Graduate Diploma of Applied Finance and Investment Securities Institute of Australia, 2003</p> <p>Bachelor of Chemical Engineering (First Class Honours) University of Melbourne, 1989</p>
Professional Affiliations:	<p>Board Member, MAB Corporation Advisory Board</p> <p>Member, Property Council of Australia</p> <p>Associate Member, Large Format Retail Association</p> <p>Member, Victorian Planning & Environmental Law Association</p>
Skills / Attributes:	<ul style="list-style-type: none"> • Experienced economic expert • Well developed modelling and forecasting skills • Clear and thorough communicator in both written and verbal presentations • Experience in dealing with all major retailers in Australia and New Zealand • Detailed knowledge of all major property classes within Australia and New Zealand • Developing knowledge of markets in Asia, USA and the Middle East • Well known in the business community via involvement with clients and through commentary in newspapers and on television programs.

Professional
Experience:

Managing Director, Deep End Services (July 2003 – current)

- Justin established Deep End Services in July 2003 and now employs twelve staff based in Melbourne and one based in Sydney
- Deep assists clients with a common requirement - the need to quantify the effects of the location of their business or property on sales, profitability, growth and income. “DEEP” represents three core service areas:
 - Demand Evaluation
 - Economics
 - Planning
- Within each of these three areas, Deep End Services provides consulting advice to retailers, property owners, property developers and others such as financial institutions, infrastructure providers and industry associations. The products offered included:
 - Store network planning and sales forecasting
 - Acquisition due diligence
 - Feasibility analysis
 - Economic impact assessment
- Deep’s property clients include:
 - AMP, Aventus Property, Axiom Properties, Brookfield Multiplex, Cbus Property, Charter Hall Retail REIT, Dennis Family Corporation, Hamton, Harvey Norman, ISPT, Lend Lease, MAB Corporation, Macquarie Bank, Mirvac, Orica, Pellicano, Places Victoria, Stockland, Villawood, Walker Corporation and Westfield
- Deep’s retail clients include:
 - ALDI, Anaconda, Baby Bunting, Beacon Lighting, Clark Rubber, Coles, Costco, Gazal Group, Harris Scarfe, Noni B, Officeworks, Oroton, Petbarn, Pillow Talk, Spotlight, The Good Guys and Woolworths
- Deep’s other clients include:
 - Archer Capital, InterContinental Hotels Group, Development Victoria, Large Format Retail Association, Medibank, Melbourne Racing Club, Newcastle Permanent Building Society, NSW Department of Planning & Environment, Reading Entertainment and Victorian Planning Authority

Professional
Experience (cont):

Associate Director, KPMG (February 1999 - 2003)

- Based in Melbourne, but working on assignments throughout Australia and New Zealand, Justin worked closely with Bernard Salt, Australia's leading business demographer, to provide consulting services to clients requiring independent assistance on retail, property, demand and/or demographic issues.
- Services and clients at KPMG and Coopers & Lybrand Consultants included:
 - Planning & litigation support (AMP, Coles, Myer, Macquarie CountryWide)
 - Shopping centre development (AMP, Gandel, Leda, Macquarie CountryWide)
 - New location feasibility studies (Bunnings, Melbourne Museum, Reading Cinemas)
 - Store location network strategies (Freedom Furniture, Barbeques Galore, Rebel Sport)
 - Demand analysis (Strandbags, Just Jeans, Jeans West)
 - Specialty store micro-siting (Australia Post, Terry White, Strandbags).

National Real Estate Analyst, Coles Myer (January 1998 - 1999)

- Employed as Coles Myers' National Estate Analyst in a position within the Shared Services team based at Tooronga in Melbourne.
- The key responsibilities in this position were the development of store sales forecasting models for all major Coles Myer brands (including Myer Grace Bros, Kmart, Target, Coles and Bi-Lo) plus delivery of sales forecasts for proposed new or refurbished stores for use in capital allocation decisions.

Managing Consultant, Coopers & Lybrand Consultants (August 1993 - December 1997)

- Employed as a Managing Consultant in C&LC's Property Group, which comprised up to 40 staff located in offices in Melbourne, Sydney, Brisbane, Adelaide and Canberra.
- The Melbourne operation was responsible for providing consulting advice to clients involved in retail, property ownership and property development in Australia, New Zealand and South East Asia. This group transferred to KPMG in early 1998.

Senior Consultant, Andersen Consulting (January 1990 - 1993)

Employed as a Senior Consultant in the Systems Integration Group in the Melbourne office and was involved in systems installation such as the design and installation of a retail property management system in Auckland.