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Mt Atkinson Holdings Pty Ltd

Hopkins Rd Business Precinct

Assessment of Potential and Scale

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Table of Contents

Section 1- Introduction.....3

Section 2- Covid 19.....3

Section 3- Summary of Conclusions.....3

Section 4- Planning Issues.....4

Section 5- Population Growth and Distribution.....5

Section 6- Trade Area.....7

Section 7- Large Format Retail Sales Levels.....9

Section 8- LFR Sales per sq.m.....10

Section 9- LFR Floorspace Requirement-Melton Region.....10

Section 10- Potential Mt Atkinson LFR Demand.....13

Section 11- LFR Centre Formats.....14

Section 12- LFR Centre Characteristics.....16

Section 13-Mt Atkinson-Hopkins Rd LFR Centre.....18

Section 14 –Hopkins Rd LFR Land Capacity.....18

Attachment 1.....MT Atkinson & Tarneit Plains Precinct Structure Plan
Attachment 2.....Restricted Retail Premises
Attachment 3..... Trade area and suburbs map

Hopkins Rd Business Precinct
Large Format Retail Component
Demand Assessment

Section 1- Introduction

The purpose of this report is to provide an assessment of the likely future scale, composition and timing of construction for a Large Format Retail (LFR) centre to be developed on the appropriately designated land within the Hopkins Rd Business Precinct at Mt Atkinson, and thus to provide input for the preparation of an Urban Development Framework for this Precinct.

Section 2- Covid 19

The forecasts in this report use population, retail spending and other data which are based on, or were prepared before, the pandemic, without incorporating any medium to longer term effects of the virus on the economy.

Nobody at this stage can accurately predict the impact of the pandemic on economic recovery and growth, or its exact timing. The view taken here is that the Australian and Victorian economies are resilient and will recover reasonably quickly (but not immediately) and get back to where they would have been within 2-3 years.

In the worst case of slower growth, it is considered the forecasts in this report will be valid but may take longer to reach the levels indicated.

Section 3- Summary of Conclusions

Mt Atkinson is in the centre of a major growth sector of Melbourne. The population of the trade area available for an LFR centre at Mt Atkinson, noting that LFR retailers must, and do, serve wide trade areas, is forecast to be 314,000 people by 2026 increasing to 388,000 by 2031 and to 530,000 by 2041. This trade area as defined includes most of the City of Melton and part of Wyndham along Hopkins Rd to the south. However it is also the case that a proportion of customers to a major centre will come from outside the defined trade area including from other local government areas.

As a result of this large and increasing population, the levels of spending to be directed to all LFR retailers by Mt Atkinson trade area residents will be almost $1.12b. by 2026, increasing to $1.5b. by 2031 and to $2.1b. by 2041, all expressed in constant $2020. Retail spending directed to LFR retailers represents about 24% of all retail sales recorded in Victoria.

In turn, because LFR traders require a large floor space area and trade at low sales per sq.m., the Mt Atkinson trade area will require over 280,000 sq.m. of LFR floorspace by 2026 and 475,000 sq.m. by 2041 to accommodate this demand. The trade area currently has about 75,000 sq.m. of LFR floorspace in existing centres e.g. Burnside and East Melton, so that residents currently go outside the region for most LFR shopping. The need to plan for significant additional floorspace in the Melton region to satisfy both existing and future demand is substantial.

Mt Atkinson is an ideal, central and readily accessible location for a business precinct and an LFR centre, whilst it will also have the benefit of being connected to a major town centre.

In summary, the detailed analysis in this report forecasts that a strong LFR centre at Mt Atkinson would be capable of attracting retail sales of $246 million in 2026 and as a result will support LFR floorspace of 67,000 sq.m., plus some services. In addition floorspace demand at Mt. Atkinson is forecast to increase to 80,000 sq.m. by 2031 and to 105,000 sq.m. by 2041.

The need for LFR space, and the expected size of centres, cannot be compared with traditional type shopping centres because of the different space requirements of LFR retailers. A number of LFR precincts in Australia do exceed 100,000 sq.m. of floor space including Hoppers Crossing, Nunawading and Dandenong South in Melbourne. It is easy to underestimate the scale and importance of LFR retailing.

The land designated for LFR use in the Hopkins Rd precinct at Mt. Atkinson is large enough to accommodate 116,000 sq.m. of LFR floorspace in a one level centre, which would be adequate for the centre to 2041, but not beyond as population continues to grow after that date. The ultimate demand by say, 2051 would be 130,000 sq.m. which would require more land or a two level centre

With a floorspace of 66,000 sq.m. in 2026 Mt Atkinson would only be providing 47% of the additional LFR floorspace necessary to make the trade area self sufficient in LFR retailing by that time. This means that significant additional LFR floorspace will be required across the trade area in locations other than Mt Atkinson. Thus the forecasts for Mt Atkinson in this report assume that increasing LFR floorspace will be constructed at other existing or new centres apart from and in competition with Mt Atkinson.

Individual planned LFR one owner centres are also often large. The Springvale Homemaker Centre has 71,000 sq.m., with the IKEA store alone being 32,000 sq.m. and Harvey Norman 10,000 sq.m. LFR centres are best when they include and are based on at least one major trader, which immediately means a large total centre floorspace. Flexibility in planning to enable a centre to be designed and implemented in accordance with need and demand is vital to ensure good outcomes, including planning which enables the opportunity to implement a centre of adequate size to meet demand and to include a number of major retailers.

Section 4- Planning Issues

The Mt Atkinson-Tarneit Plains Precinct Structure Plan (PSP) prepared by the Victorian Planning Authority designates a significant Town Centre to be provided generally in the location of Hopkins Rd south of the western rail line at Mt Atkinson. Within this Town Centre an area of land fronting Hopkins Rd has been planned for “business/large format retailing” as shown in Attachment 1. (Page 8 PSP).

An Urban Development Framework (UDF) is now required for this area and a draft Hopkins Rd Precinct Masterplan has been prepared by NH Architecture for the Hopkins Rd Business Precinct south of Grand Boulevard (Attachment 2). This report is directed to determining the demand which will need to be met in this precinct and thus to provide input to the UDF.

The Hopkins Rd Precinct is designated as “business, business/large format retail and light industrial” under the PSP. It is also the case that in the Urban Growth Zone Clause 2.2. in the City of Melton Planning Scheme, the provisions of a Commercial Zone 2 will be applied to the Business, Business/Large Format Retail section of the Hopkins Rd Business Precinct and the provisions of an Industrial 3 Zone applied to the “light industrial” areas.

In turn in the Commercial 2 Zone, Restricted Retail Premises is a Section 1 use with no size restriction.

In terms of commercial uses, the land on the western side of the Hopkins Rd Business Precinct is nominated for business/employment purposes. The area of land available could accommodate a potential floor area of 50,000 sq.m. of commercial space (excluding the approved Hotel).

It is anticipated that the commercial floor space will accommodate a mix of office, office/warehouse, warehouse, factory/warehouse, store and associated business and commercial services to the nearby residential and retail areas.

An assessment of the future demand and need for the Large Format Retailing component at Mt. Atkinson is fundamental in assessing the required floorspace for the Hopkins Rd Precinct. In this report, as discussed above, LFR is taken to be covered by the planning land use terms of Restricted Retail Premises and Trade Supplies expected to be established in the "Large Format Retail" area within the Hopkins Road Business Precinct. This area includes the southern area designated for ''Light Industrial" where LFR can be considered under the applied zoning of the land.

Section 5- Population Growth and Distribution

The demand for floorspace required by LFR retailers within the Hopkins Rd Business Precinct will depend on:

- the number of people living in an appropriately defined trade which will be served by a substantial LFR centre,
- the amount of residents spending typically directed to LFR centres and
- the proportion of this spending likely to be directed to the Mt Atkinson Centre taking accessibility, centre composition, competitive centres in the region and other factors into account.

The population aspect is now addressed.

The City of Melton in which Mt Atkinson is centrally located has become a key growth area for Melbourne and is expected to remain so for many years to come. The City of Melton stretches from Burnside in the east through Mt Atkinson and Rockbank to Melton and on to Brookfield to the west, with similar distances in a north south direction.

The population of the City of Melton has increased from 52,830 in 2001 to a forecast 181,000 in 2021, at an average annual increase of 6,400 per annum. Growth more recently has been over 7,000 p.a.

City of Melton Population Growth — **Table 1**

Year	Population	Inc.	Inc p.a.
2001	52,830		
2006	80,895	28,065	5,613
2011	112,643	31,748	6,350
2016	141,420	28,777	5,755
2021 (est)	181,571	40,151	8,030
2026	235,048	53,477	10,695
2031	288,781	53,733	10,747
2036	341,186	52,405	10,481
2041	397,547	56,361	11,272
2046	447,716	50,169	10,034
2051	489,452	41,736	8,347

Source: ABS, City of Melton, Population id

Future population has been forecast by Population id, in conjunction with the Melton City Council and these forecasts are also shown in Table 1. Over the next 20 years the population of Melton City is expected to more than double with annual increases over 11,000 people per

annum reaching 235,000 in 2026 and growing steadily after that to reach 489,000 by 2051. It may be that, as discussed above, the effects of the pandemic will slow growth down for a period. However, if so, it is considered the effect is likely to be that the dates at which specific populations forecasts are reached will be delayed rather than stopped.

Whatever the effect of the pandemic it is clear that substantial population growth will occur in Melton and that extensive additional retail space, including Large Format Retailing space, will be required to service this growing population, including some growth areas adjoining the City of Melton to the south.

In terms of smaller areas, Population id also provide detailed forecasts of each suburb in the City of Melton as well as in adjoining Municipalities. However not all of the suburbs of Melton will be in the trade area for an LFR centre at Mt Atkinson, whilst parts of Wyndham to the south will be. Hillside and Taylors Hill are close to, and have direct access to Watergardens, whilst the northern parts of Melton including Plumpton, Diggers Rest and Toolern Vale are too far removed and on a different road access and are not included. The extent of the trade area is discussed further in the next section of this report but in the meantime the population forecast for each sector of Melton, apart from the areas excluded above, is shown in Table 2, together with the relevant parts of Wyndham to the south of Mt Atkinson.

The localities in Table 2 have been listed in terms of proximity and accessibility to Mt Atkinson and form the basis for trade area sectors defined and discussed in more detail below. Thus because of direct access along Hopkins Rd, some areas within the City of Wyndham, specifically parts of Tarneit and Truganina have been included in the trade area relevant to a Mt Atkinson LFR centre. The relevant small areas are shown in the suburbs map attached which also shows the defined trade area sectors (Attachment 4). It can be noted that in these forecasts Mt Atkinson itself is not forecast separately but is within the Truganina-Ravenhall sector.

Population in the Mt Atkinson trade area will increase from 164,000 in 2021 to 388,000 in 2031 and 533,000 in 2041. This is a very large population indeed. Very strong growth sectors include Truganina – Ravenhall, Deanside and Fraser Rise all of which include or are close to Mt Atkinson.

Mt Atkinson Large Format Retail Centre **Table 2**
Trade Area Sectors Population Growth

					Forecast Year			Change
Area	**2016**	**2021**	**2026**	**2031**	**2041**	**2046**	**2051**	**2016-51**
Aintree	155	6,808	11,261	14,589	15,435	15,220	15,021	14,866
Bonnie Brook	130	141	657	2,258	6,123	12,773	23,873	23,743
Deanside	216	443	5,962	14,424	30,533	34,937	35,353	35,137
Fieldstone	58	55	61	123	4,780	8,572	12,591	12,533
Fraser Rise	4,199	8,449	16,735	28,363	37,285	37,295	37,150	32,951
Grangefields	103	82	89	96	5,631	10,410	18,157	18,054
Rockbank	1,077	2,139	6,863	12,092	21,998	23,024	23,224	22,147
Thornhill Park	86	3,164	7,218	10,442	18,215	24,282	26,291	26,205
Truganina - R'hall	1,449	2,741	6,905	11,704	24,971	32,105	39,933	38,484
Primary	**7,473**	**24,022**	**55,751**	**94,091**	**164,971**	**198,618**	**231,593**	**224,120**
Burnside	4,943	5,850	7,034	7,166	7,044	6,988	6,953	2,010
Burnside Heights	6,431	6,501	6,476	6,404	6,223	6,190	6,157	-274
Caroline Springs	25,505	25,903	25,651	24,975	24,378	24,275	24,185	-1,320
Cobblebank	1,020	6,825	13,131	17,094	31,177	37,449	43,701	42,681
Secondary	**37,899**	**45,079**	**52,292**	**55,639**	**68,822**	**74,902**	**80,996**	**43,097**
Eynesbury	2,654	3,417	4,861	6,478	10,885	12,498	12,658	10,004
Harkness	9,119	12,324	13,415	13,721	17,146	20,049	21,419	12,300
Kurunjang	10,417	11,379	12,425	13,119	12,948	12,810	12,870	2,453
Melton	8,366	8,771	9,051	9,783	12,850	14,222	14,988	6,622
Melton South	10,010	10,950	12,391	13,537	13,679	13,666	13,656	3,646
Melton West	9,075	9,215	9,404	9,729	13,275	14,220	14,220	5,145
Southern Rural	278	278	294	308	343	363	381	103
Weir Views	905	4,778	9,733	12,928	14,820	15,055	15,114	14,209
Brookfield	9,509	11,336	13,598	15,549	19,036	21,956	22,024	12,515
Tertiary Melton	**60,333**	**72,448**	**85,172**	**95,152**	**114,982**	**124,839**	**127,330**	**66,997**
Tarneit (W'ham)	36,383	53,707	71,883	91,205	131,161	141,160	145,000	108,617
Truganina (W'ham)	21,749	37,574	48,644	52,220	52,803	52,803	52,803	31,054
Tertiary Total	**118,465**	**163,729**	**205,699**	**238,577**	**298,946**	**318,802**	**325,133**	**206,668**
Total	**163,837**	**232,830**	**313,742**	**388,307**	**532,739**	**592,322**	**637,722**	**473,885**

Source: ABS, Melton City, Population Id

Section 6 -Trade Area.

Unlike, say, a neighbourhood or a sub regional shopping centre an LFR centre requires a large trade area from which to draw customers. LFR traders are only competing for a proportion of total retail spending and as a result there are fewer centres serving larger trade areas than even many regional shopping centres do. LFR centres also need large floor areas on which to show and sell bulky items, such as beds and refrigerators. As a result, sales per sq.m. of floor space are much lower than for most traditional type retailers.

All of this means that an LFR centre at Mt Atkinson would not be supported by the population of Mt Atkinson itself but will need to serve a regional population across the City of Melton and adjoining localities if it is to be successful. It will also need to be of a big enough scale and with enough retailers, especially major retailers, to be capable of drawing customers across longer distances.

In Australia for example Bunnings have 374 stores which represents 1 store for every 68,000 people, noting that a proportion of these stores are older stores of smaller size. The now full scale Bunnings stores would typically require a population of 100,000 or so.

Harvey Norman, excluding Domayne and Joyce Mayne, has 166 stores across Australia which is 1 store for 180,000 people. Officeworks has one store per 100,000 people. In contrast Coles supermarkets have 821 supermarkets at a rate of 1 for every 31,000 people.

The distance people travel for LFR purchases was noted in the 2013 Melton Retail and Activity Centre Strategy Background Analysis where, from a resident survey, 33% of respondent residents of the City of Melton gave Watergardens as their most popular centre for furniture purchases with Highpoint at 12%, both located outside the City of Melton, whilst Woodgrove was at 13% and Melton township at 5%.

In terms of access, an LFR centre at Mt Atkinson will be extremely well located to attract LFR spending from across a wide trade area, especially with a strong centre including major retailers. The location is 500 metres from the Western Freeway off and on ramps to and from Hopkins Rd. This is a very important factor because there will never be an LFR centre with direct access from the Western Freeway, so that Hopkins Rd, with a full diamond interchange, will be about as close as it will be possible to get to the freeway from an exposure and access viewpoint. The Western Freeway provides a spine across the City of Melton from the Burnside/ Caroline Springs area to the Melton township itself and beyond.

Direct access to Mt Atkinson is also provided via Hopkins Rd from the Truganina and Tarneit areas to the south which are also strong future growth areas. Similarly Hopkins Rd, via a link to Sinclairs Rd, will also link directly to Deanside, and to a lesser extent, Fraser Rise north of the freeway. These are all key growth areas. Another major growth sector is Cobblebank – Strathtulloh located to the east of Melton south and this sector will have direct access to Mt Atkinson via Greig's Rd.

Overall a better location along the western corridor for an LFR centre than Mt Atkinson is difficult to envisage especially taking into account the future customer appeal of the Major Town Centre to which it will be connected.

On the basis of this discussion trade area sectors can be defined for an LFR centre Mt Atkinson in three components as shown in Attachment 4 namely:

- A primary trade area including Truganina – Ravenhall, Deanside, Fraser Rise, Rockbank, Bonnie Brook, Fieldstone, Grangefields and Aintree.
- A secondary trade area including Cobblebank – Strathtulloh to the west and Burnside. Burnside Heights and Caroline Springs to the east.
- A tertiary trade area comprising most of balance of the City of Melton including the Melton township as well as parts of Wyndham to the south. Again it can be noted that a strong LFR centre at Mt. Atkinson, including such retailers as IKEA and Harvey Norman, would draw customers and a proportion of total business from a wide area, including local government areas and localities outside the defined trade area.

The detailed forecast population in the defined trade area sectors was shown in Table 2 in the previous section dealing with population growth and is now summarised in Table 3.

The very high population across a broad trade area available for a substantial LFR centre at MT Atkinson is clear from the figures in Table 3, as is the rapid future increase in population growth, especially in the important primary trade area.

Mt Atkinson Large Format Retail Centre Trade Area Population Forecasts							Table 3
Sector	**2016**	**2021**	**2026**	**2031**	**2036**	**2041**	**2051**
Primary Trade Area	7,473	24,022	55,751	94,091	129,945	164,971	231,593
Secondary Trade Area	37,899	45,079	52,292	55,639	59,963	68,822	80,996
Tertiary Trade Area	118,465	163,729	205,699	238,577	272,829	298,946	325,133
Total Trade Area	**163,837**	**232,830**	**313,742**	**388,307**	**462,737**	**532,739**	**637,722**

Section 7 – Large Format Retail Sales Levels

Having assessed the trade area sector population forecast to be available to an LFR centre at Mt Atkinson, the next consideration is to estimate the amount of spending which residents of the trade area will direct to all LFR retailers now and in the future.

In this regard the recorded sales of retailers are considered to be the best basis for this assessment rather than the expenditure of residents on particular product groups such as furniture. This is because many products such as camping, outdoor and recreation goods, sports shoes etc, are sold by department stores, discount department stores and shoe shops as well as by specific retailers falling within the definitions of Restricted Retail Purposes and Trade Supplies. The actual sales of Restricted Retail and LFR stores is relevant in assessing demand for an LFR centre, rather than the total spending on say outdoor goods, shoes or sports shoes.

Data on retail sales by store type is available from the Australian Bureau of Statistics (ABS) in their Retail Trade series. In Table 4 the ABS data for Victoria in terms of retail turnover is provided for the year to the end of December 2019. Later data is available but is not considered reliable as a basis for assessing ongoing demand as a result of the pandemic, although in fact many LFR type traders have been experiencing above normal sales because of stay at home purchasing of electronic equipment and DIY products. Retail sales by store data is not available for Melbourne separately.

A proportion of the motor vehicles trader category sales is included in the LFR category because retailers such as Autobarn sell parts and equipment, but new or used motor vehicle retailers are not and fall more into a business/commercial category. Similarly for retailers in the “not elsewhere classified category” (nec) detailed information available shows that a proportion of the sales in this class goes to the Restricted Retail Premises category.

Victoria **Sales of Restricted Retail Premises Stores** **Floorspace Demand Generated** **Year to Dec 2019**			**Table 4**
Retail Store Type			**Sales $m.**
Motor vehicle parts & tyre retailing (Exc. Vehicles)			2,403
Furniture, floor coverings, houseware and textile goods			3,850
Electrical and electronic goods			5,849
Hardware, building and garden supplies			5,687
Other recreational goods	1,022		
Less Marine	254		768
Other nec	5,770	40% (est)	2,308
Total			**20,865**
Population			6,490,000
Sales Generated $ per capita			$3,215
Average T/O $ per sq.m.			$3,700
Floorspace Est.Total (sq.m.)			**5,639,187**
Average Floorspace (sq.m.per capita)			0.87

Source. ABS Cat 8501.0 Retail Trade, Australia, Jebb Consultants

Against this background the sales of LFR type retailers in Victoria in 2019, as defined, was just under $21 billion. This figure in fact represented 24.2% of all Victorian retail sales in 2019 ($86.2b).

As background, the Large Format Retail Association (LFRA) which has a high proportion of LFR retailers as members, states that "Large Format Retail comprises of a massive 25.2% or $81.8 billion per annum to 30th June 2019 of all Retail sales in Australia." This figure is consistent with the Victorian figure from the ABS derived above.

Section 8- LFR Sales per sq.m.

With LFR sales of $21b. and a population of 6.5m. in 2019, Victorians spent $3,215 per capita at LFR stores in2019.

If an average sales per sq.m. of floorspace at $3,700 per sq.m. is applied to determine the demand for LFR floorspace, Table 4 also shows that Victoria has 5.6m. sq.m. of LFR floorspace, at a rate of 0.87 sq.m. per person. Again the total demand for LFR space, particularly in the rapidly growing Melton region, and the Mt Atkinson LFR trade area, is readily apparent.

Moving to the Melton region, and to assess its LFR sales levels generated, it can be noted that average incomes are lower for all of Victoria than for Melbourne. However income levels in the Melton region are also below Melbourne and in parts similar to the Victorian average. Thus the Victorian average for spending at LFR stores is adopted here, with variations across trade area sectors to reflect local income levels.

Section 9- LFR Floorspace Requirement-Melton Region

On the basis of the preceding discussion, as shown in Table 5 below, estimates can be made of the demand for LFR floorspace likely to be generated by residents of each of the Mt Atkinson trade area sectors. In Table 5 it is forecast that spending per capita will increase in real terms as incomes grow in the future, but only at a slow rate of 1% p.a. from 2021-26, by 1.5% p.a. to 2031 and by 1% thereafter. Likewise it is forecast that average turnover per sq.m. will typically increase at 0.75% p.a.

Mt Atkinson Large Format Retail Centre **Table 5**
Trade Area Population and LFR Spending (Constant $)

Sector	2026 Pop	2026 LFR Spend $p.c.	2026 Total $m.	2031 Pop	2031 LFR Spend $p.c.	2031 Total $m.	2041 Pop	2041 LFR Spend $p.c.	2041 Total $m.
Primary Trade Area	55,751	3,685	205	94,091	3,873	364	164,971	4,071	672
Secondary Trade Area	52,292	3,501	183	55,639	3,680	205	68,822	3,867	266
Tertiary Trade Area	205,699	3,575	735	238,577	3,757	896	298,946	3,949	1,180
Total Trade Area	**313,742**	**3,582**	**1,124**	**388,307**	**3,774**	**1,466**	**532,739**	**3,976**	**2,118**
Avge Sales $per sq.m.			3,987			4,139			4,460
F'space req. (sq.m.)			**281,880**			**354,097**			**474,945**
F'space per cap (sq.m.)			0.90			0.91			0.89

Spending by trade area residents directed to LFR traders is expected to total $1.12 billion by 2026 and $2.1b. by 2041, with continuing increases after that.

Before assessing the amount of retail floorspace the spending levels will require, consideration of online retailing is relevant.

An increasing proportion of retail sales is being accounted for by online retailing. However whilst important and increasing, data for 2019 shows online retailing as being equal to 9.3% of all retail sales recorded in Australia or 9% of Australian retail sales plus overseas online sales. Of total online retail sales homewares represents about 20% but, of this total, about 90% is directed to Australian retailers of which in turn 60% are multi channel and 40% “pureplay” i.e. without a retail presence.

Thus LFR retailers with a physical presence in Australia account for a very high proportion of all LFR retail sales including online LFR retail sales. In turn the nature of homewares retailing is that goods are inspected and compared and then sold through a store, whether directly on site or subsequently online. It is considered in terms of LFR items that most sales will continue to be generated through a physical store presence with such stores basically combining both showroom and some warehousing functions. Some sales will also be generated online with delivery coming from a central warehouse.

Against this background, the increasing total LFR sales shown in Table 5 can be used to determine the required level of floorspace to service the market by applying average levels of sales per sq.m. applicable to LFR stores. Statistical data on turnover per sq.m. for LFR traders is not as readily available as for traditional traders because LFR retailers frequently do not report sales information.

In 2015 Deep End in conjunction with the LFRA reported in a submission to a competition policy review that Victoria then had 4,113,928 sq.m. of LFR floorspace with a turnover of $13,872m. at a sales per sq.m. therefore of $3,372 per sq.m. and thus floorspace of 0 .71 sq.m. per capita.

The types and scale of retailer in LFR centres can vary significantly from very large stores such as Bunnings trading at a relatively low rate per sq.m. to JB HIFi and smallish stores which have a higher rate per sq.m. Furniture and bedding stores tend to trade at quite low rates.

For example Bunnings have 374 stores in Australia with a total annual revenue of $13.16 billion. Bunnings do not quote their total floorspace but the Bunnings Property Trust has 75 stores with an average of 13,944 sq.m. per store. If the same average store size is applied to Bunnings generally then Bunnings average sales per sq.m. would be $3,371 per sq.m.

The company which owns Freedom, Fantastic Furniture, Snooze, Original Mattress Factory, and Plush (sofas) in a 2016 presentation indicated a revenue of $882m. from 478 stores in

Australasia with 576,000 sq.m. of floorspace. Sales were therefore some $1,532 per sq.m. for this group of large item retailers. A great majority of the stores were in Australia.

Conversely JB HIFi provide data indicating average sales of $24m. from 196 stores. With an average size of 1,350 sq.m. a turnover of some $17,876 per sq.m. is indicated. Harvey Norman can also be estimated to trade at a rate of over $5,000 per sq.m. Within this framework an estimate of a current average turnover for all LFR stores at the rate of $3,750 sq.m. is realistic.

Then, as also shown in Table 5 above, residents of the Mt Atkinson trade area would currently generate a need for 282,000 sq.m. of LFR space by 2026 and 475,000 sq.m. by 2041. The increase in population from 2021 to 2041 will alone create a need for some 273,000 square metres of additional LFR space.

In terms of existing LFR floorspace it has already been noted that a substantial proportion of demand for purchases from LFR stores is directed to traders outside the Melton region, especially to the Watergardens LFR centre component.

Melton currently has three LFR precincts, namely Bunnings in the Melton Township near the Woodgrove shopping centre, the Melton Homemaker Precinct, including the Gateway Centre and the Melton Industrial Estate to the east of the Melton township, and the Ballarat Rd Employment Precinct on the Melton Highway at Burnside.

The Melton Township Employment Precinct is located to the east of the Melton Town Centre and is mainly in the form of a land subdivision area with individual parcels of land being sold to retailers and others as required. It is thus a precinct rather than a planned integrated centre. A significant proportion of the traders in the overall precinct are not in the Large Format Retail category as applied in this (and other) reports. Many comprise motor vehicle sales outlets, engineering establishments, repairs and maintenance, steel fabricators, landscape designers, fitness centre and other uses.

At the same time the precinct, which has a total land area of 200 hectares, does include a significant LFR component. The Gateway Centre is part of the precinct and includes the Good Guys, Chemist Warehouse and Repco Autoparts. Other LFR type retailers are located in other parts of the precinct such as Middy's Electrical, Pet stock, Furniture and Mattress Depot and others. At the present time the floorspace of direct LFR traders in the total precinct can be estimated at 15,000 sq.m. There is currently no major retailer at the centre but a new Bunnings store is under construction and further expansion is likely over time taking the precinct to 35,000 sq.m. of LFR space.

The Melton Township Precinct also has a Bunnings in a partly mixed use area but with little in the way of supporting LFR retail.

Like the Melton Township Centre, the Ballarat Rd Employment Precinct at Burnside is mostly a subdivided mixed use area, apart from the Burnside Hub shopping centre and adjoining land owned by Ranfurlie, including the vacant ex Masters store. However the overall precinct includes Bunnings and a large format component housing Officeworks, Autobarn, Petbarn, Furniture Galore and Fantastic Furniture, amongst others. Deep End Services, quoting the LRFA directory, recently put the LFR floorspace at 41,000 sq.m. at Burnside including the Masters, the future use of which is to be determined, or about 30,000 sq.m. excluding the ex Masters.

Overall therefore the total LFR floorspace in the City of Melton can be estimated at about 75,000 sq.m. excluding the Masters but including the Bunnings under construction in Melton east. This figure can be compared with the need for an additional 130,000 sq.m. now and 280,000 sq.m. by 2026 to serve the Mt Atkinson Trade Area. This situation explains why much of the LFR purchases made by Melton residents is currently directed to centres outside Melton including particularly to Watergardens, which alone has 43,000 of LFR floorspace in its two super centres.

There will be a continuing and substantial demand for additional LFR floorspace in the Melton region and the Mt Atkinson trade area and a significant contribution to this need can potentially be provided at Mt Atkinson.

It is the case also that the extent of LFR space in the Melton region is limited at this stage in terms of demand and future competition.

Section 10- Potential Mt Atkinson LFR Demand.

Having considered the demand for LFR floorspace to be generated by residents of the Melton region, the intrinsic location advantages of the Mt Atkinson site and the limited strength of current and future competition, an estimate can now be made of the potential achievable sales for a Mt Atkinson LFR centre and the resultant supportable and required floorspace.

The trade area likely to be served by an LFR centre at Mt Atkinson has been identified earlier together with the levels of LFR sales generated by residents of each sector.

The market share of these sales levels achievable at Mt Atkinson will depend on the strength of the retailers included in any LFR centre and will be highest in the primary area, declining as the distance from Mt Atkinson increases and proximity of residents to alternative centres increases.

It is considered that, as the key LFR centre extremely well located for primary trade area residents, and assuming a strong major retailer representation in a substantial LFR centre, Mt Atkinson will be capable of attracting a 40% share of the spending of primary trade area residents directed to LFR retailers, declining to 20% in the secondary and 12% in the tertiary trade area. These market shares will decline over time as competitive centres strengthen. In addition, whilst the great majority of custom to a strong centre at Mt Atkinson will come from the wide total trade area as defined, some additional spending will also come from external residents. This factor is estimated as 16% of total sales, declining over time. On this basis sales potential and supportable space are shown in Table 6.

As then shown in Table 6 and based on the preceding discussion, a strong LFR centre at Mt Atkinson would be forecast to be capable of attracting retail sales of $246 million in 2026 and as a result supporting LFR floorspace of 67,000 sq.m., plus some services.

Demand and floorspace requirements will increase to 81,000 sq.m. by 2031 and 105,000 sq.m. by 2041.

Centres of this scale may seem large as compared with the size of traditional shopping centres but the extent to which LFR centres require extensive floorspace to display and sell bulky goods must be recognised and taken into account. In this regard the general size and composition of a range of LFR centres is now considered.

Mt Atkinson Large Format Retail Centre Potential Sales and Supportable Floorspace **Table 6**

Sector	2026 LFR Potential			2031 LFR Potential			2041 LFR Potential		
	Total $m.	Mt Atk Share	Total $m.	Total $m.	Mt Atk Share	Total $m.	Total $m.	Mt Atk Share	Total $m.
Primary Trade Area	205	40%	82	364	38%	138	672	35%	235
Secondary Trade Area	183	20%	37	210	18%	38	273	15%	41
Tertiary Trade Area	735	12%	88	896	12%	108	1,180	12%	142
Total Trade Area	**1,124**	**18%**	**207**	**1,471**	**19%**	**284**	**2,125**	**20%**	**418**
External (% of total)		16%	39		14%	46		12%	57
Total Trade Area			**246**			**330**			**475**
Sales $ per sq.m.			**3,700**			**4,087**			**4,515**
GLA sq.m.			**66,615**			**80,750**			**105,120**

Section 11- LFR Centre Formats.

As discussed previously, large format retailing (LFR) represents an important and growing component of Australian retailing generally, resulting in an increasing need for and provision of LFR centre floorspace. Traditionally bulk goods retailers typically located along main road frontages in suburban areas but, in more recent times, specific planned and integrated centres, based on large retailers such as Harvey Norman and Bunnings, have accounted for a significant proportion of new space being provided. Often these centres are located adjoining freestanding separately owned individual traders, such as Bunnings, to make very large combined centres.

In a recent submission to the NSW Productivity Commission the Large Format Retailing Association (LFRA) stated that "Large Format Retailers in Australia generated $81.7 billion in sales which accounts for a market share of around 25.1%" of total retail sales and that "The Large Format Retail sector occupies around 35% of all retail floor space in Australia". Given that the total retail floorspace in Australia generally represents about 2.3 sq.m. per person this outcome means that the space requirement for LFR measured from this viewpoint is about 0.8 sq.m. per person. This figure is consistent with the derived assessments of floorspace per capita from retail spending figures earlier in this report.

This figure of 0.8 sq.m. per capita alone illustrates the need for strong planning to recognise and provide for the LFR requirements which will be generated in a rapid population growth location such as the Melton region, especially at a key central location, as is the case at Mt Atkinson.

In terms of comparable LFR centres the Australian Property Report drawing on information from the directory prepared by the Large Format Retailing Association and by Deep End Services Pty Ltd recently stated that the 10 largest LFR precincts in Australia were as listed in Table 7 below.

Top Ten Largest Homemaker Precincts in Australia **Table 7**

Centre	City	Floorspace sq.m.
Osborne Park	Perth	141,092
Hoppers Crossing	Melbourne	135,340
Alexandria-Moore Park	Sydney	124,351
Joondalup	Perth	121,509
Underwood Slacks Creek	Brisbane	118,788
Nunawading-Blackburn	Melbourne	114,441
Cannington	Perth	111,198
Auburn	Sydney	106,031
Dandenong South	Melbourne	104,492
Penrith	Sydney	93,450

Source: LFR Directory 7th Edition & Deep End Services

These ten largest precincts are all agglomerations of traders typically along main roads rather than in planned integrated centres, but the size of the above precincts is important in demonstrating the scale of total LFR demand. They are also important in terms of demand, particularly with now tighter controls on retail frontages to major highways and freeways, because an increasing proportion of LFR space will be accommodated in planned centres and locations than in the past. This is especially the case in outer suburbs where limited access arterials or freeways can be the main traffic routes.

The largest precinct in Victoria, the Hoppers Crossing Precinct, includes Harvey Norman, Bunnings, BBQ's Galore, Fantastic Furniture, Good Guys, Anaconda, Mitre 10, Forty Winks, Rays, Beacon, Autobarn, Oz Design, JB Hi Fi, Supercheap, Repco, Autobarn, Tradelink, Amart Furniture and a number of other traders. In the future Mt Atkinson will be as good a location as the Hoppers Crossing Precinct and capable of being on the scale of, and with a similar retailer composition, as Hoppers Crossing.

In terms of integrated planned centres the 10 largest in Australia as at 2016 are illustrated in Table 8.

Top Ten Largest Homemaker Centres in Australia **Table 8**

Centre	City	Floorspace sq.m.
Springvale Homemaker Centre	Melb	71,264
Penrith HomemakerCentre	Sydney	63,162
Gepps Cross Home HQ	Adelaide	61,859
Kotara Home	Newcastle	57,948
Domain Central Townsville	Townsville	56,964
Crossroads Homemaker Centre	Sydney	55,379
Sydney Business Park	Sydney	55,394
Bunbury Homemaker Centre	Perth	54,558
Home Hub Castle Hill	Sydney	51,864
South Central Jandakot	Perth	49,386

Source: LFR Directory 7th Edition & Deep End Services

One feature of LFR centres is the fact that the ultimate scale of individual centres is very much determined by the representation of key major stores included in the centre, of which there is only a limited number in Australia. Examples include IKEA, Harvey Norman, Bunnings, and

possibly Costco in the future. The Springvale Super Centre is an example of a large integrated centre and, as shown in Table 9 below, it includes both IKEA and Harvey Norman.

Springvale Homemaker Centre Composition	**Table 9**
Tenant	**GLA sq.m.**
Ikea	32,005
Harvey Norman	10,176
Domayne	3,893
HN Big Buys	2,525
Anaconda	2,499
Nick Scali	1,995
JB HiFi	1,295
Focus on Furniture	1,267
Koala & Tree	1,005
Berkowitz	1,000
Other retailers (17)	13,936
Total	**71,596**

The scale of LFR centres in Australia, and the need to plan for a substantial range of such retailers in key regions with substantial existing or future populations, is readily apparent from these examples. Moreover at Marsden Park in Sydney (Sydney Business Park) Costco is now included in an integrated centre with over 100,000 sq.m. of retail and related space as is the case at the Crossroads Centre at Casula in Sydney. An LFR centre which combined IKEA, Harvey Norman, Bunnings and Costco could quickly reach 150,000 sq.m. of floorspace

Section 12- LFR Centre and Site Characteristics

By way of example relating to the characteristics of LFR centres including land take, number and size of stores, extent of parking and other aspects, information can be taken from the annual reports and other data for the publicly listed Aventus company. Table 10 below first summarises the overall metrics for the Aventus portfolio which includes a large representation of Australian integrated LFR centres

Aventus Portfolio Large Format Retail Centres 2019	**Table 10**
No of LFR Centres	20
Total GLA (sq.m.)	536,000
Avge GLA per centre (sq.m.)	26,800
Avge site area (sq.m.)	60,000
Total Site Area (ha)	119
Total Value $b	2.01
Avge Val per Centre $m	101
Avge Cap rate per Centre %	6.7%
Avge Val $per GLA sq.m.	3,769
Number of Tenancies	593
Avge Tenancies per Centre (no.)	30
Average rent $ per sq.m.	317

Source; AVN half year report 2020

It is clear that with an average size of 26,800 sq.m. indicated in this portfolio, which also includes some smallish centres, LFR centres are now a powerful force in the overall retail structure. The centre land take on average and values averaging over $100m. are also significant.

Apart from the overall picture for the portfolio as at the end of 2019, earlier data as at 2017 provided more detailed site specific information for a then slightly smaller portfolio as summarised in Table 11.

Aventus Portfolio : Large Format Centres **Table 11**
Key Data
2015

Centre		GLA sq.m.	Site Area sq.m.	GLA %	Floors	Car Spaces	Cars per 100 sq.m.	Catchment	Stores
Caringbah	Sydney	19,000	23,000	83%	2	593	3.1	300,000	26
Hills Super Centre	Sydney	52,000	60,000	87%	2	1,490	2.9	458,000	78
Kotara	Newcastle	60,000	53,000	113%	2	1,100	1.8	296,000	45
Tuggerah Super Centre	NSW	39,000	127,000	31%	2	758	1.9	206,000	36
Logan Super Centre	Brisbane	27,000	27,000	100%	2	600	2.2	309,000	30
Belrose	Sydney	37,000	44,000	84%	2	1,072	2.9	342,000	47
Epping Hub	Melbourne	22,000	60,000	37%	1	660	3.0	294,000	30
Highlands Hub	Mittagong	11,000	32,000	34%	1	270	2.5	51,586	14
Warners Bay Home	Newcastle	12,000	35,000	34%	1	370	3.1	225,000	12
Jindalee Home	Brisbane	27,000	72,000	38%	1	812	3.0	303,000	52
Peninsula	Mornington	33,000	85,000	39%	1	840	2.5	160,000	33
Ballarat	Wedouree	20,000	52,000	38%	1	571	2.9	134,000	15
Bankstown	Sydney	17,000	40,000	43%	1	350	2.1	632,000	23
Cranbourne	Melbourne	56,000	194,000	29%	1	1,758	3.1	180,000	38
McGregor Home	Brisbane	13,000	29,000	45%	1	168	1.3	455,070	8
Sunshine Coast Home	Mar'dore	27,590	69,000	40%	1	800	2.9	307,000	35
Mile End Home	Adelaide	34,000	71,000	48%	1	744	2.2	473,000	34
Midland	Perth	23,000	43,000	53%	1	350	1.5	238,000	18
McGath Hill Home	NSW	16,000	38,000	42%	1	350	2.2	89,000	9
Marsden Park Home	Sydney	20,000	40,000	50%	1	451	2.3	375,610	31
Total		**597,955**	**1,194,000**	50%		**14,107**	2.4	**5,828,266**	**614**
Per Centre	20	29,898	59,700	50%		705		291,413	31
One Level Centres		**331,590**	**860,000**	39%		**8,494**	2.6		**352**
Per Centre	14	23,685	61,429	39%		607			

Source: Product Disclosure Statement: Jebb Consultants

Relevant information to come from Table 11 is:

- There is a wide range of LFR centre sizes across Australia as indicated in the representative Aventus centre data as at 2015. Floorspace ranged from a low of 12,000 sq.m. at Warners Bay Newcastle to a high of 60,000 sq.m. at Kotara, also in Newcastle.
- It is also the case, as noted previously, that many of the planned centres, such as those owned by Aventus, form part of larger LFR or similar precincts. The Peninsula centre at Mornington for example has an adjoining, separately owned, full scale Bunnings store, as does Mile End in Adelaide and others.
- Most LFR centres are single level but in cases where land is in short supply, or very expensive in key locations, a number of centres have been constructed on two levels so that, as at Kotara for example, the leasable floor space exceeds the site area.
- Typically for single level centres, which are more readily financially viable than two level centres, the leasable floor space represents 35% to 45% of total site area.
- The average provision of car spaces per 100 sq.m. of floorspace is 2.4 for all of the Aventus centres and 2.6 for the one level centres. These figures confirm the low car park requirements of LFR centres as compared with typical large traditional shopping centres. This situation emerges because of the lower visitor numbers with higher average unit purchase prices, and hence lower parking need, for LFR centres.

Section 13-Mt Atkinson-Hopkins Rd LFR Centre

The previous discussion has indicated that Mt Atkinson-Hopkins Rd is an excellent site for an LFR centre being centrally located on a major road located close to a main regional freeway with an extensive and rapidly growing population base.

The available trade area will require and support substantial and increasing areas of LFR floorspace now and in the future. To be successful, and to meet residents needs, an LFR centre needs to be large and to incorporate a number of major retailers in order to reach a critical mass sufficient to offer a wide range of service and choice, and to become established as an important LFR destination.

Bearing these factors in mind a staged development programme for the development and expansion of an LFR centre at Mt Atkinson would be expected.

If major retailers such as IKEA, Harvey Norman, Bunnings and Costco are incorporated, Mt Atkinson could realistically support an LFR centre of 65,000 sq.m. or so open for trading for the year 2026. In addition some service facilities would need to be included such as banks and cafes suggesting a higher total floorspace. The centre could increase to about 80,000 sq.m. by 2031, to over 100,000 sq.m. by 2041 and expand further after that, depending on the land capacity made available.

It might seem that a retailer such as Bunnings, for example, might not locate at Mt Atkinson because they are already at Burnside and Melton. However it can be noted that by 2026 the Mt Atkinson trade area will have more than 310,000 people which, even at 100,000 people per store, would indicate 3.1 Bunnings stores by 2026 and more than 4.5 by 2031.

In terms of proximity it can be noted that to the south of Melbourne, Bunnings have recently opened a new store in a growth area at Clyde North, 4.5kms from their store in the Cranbourne Homemaker Centre straight along Thomsons Rd. This is about the same distance as from the Burnside Bunnings to Mt Atkinson and half the distance from the new east Melton store under construction to Mt Atkinson.

The next issue to be considered is the capacity of the Hopkins Rd designated LFR land to accommodate the floorspace demand indicated by the forecasts above.

Sec 14 -Hopkins Rd LFR Land Capacity

In the draft HOPKINS RD PRECINCT Masterplan (Attachment 2) prepared by NH Architecture the LFR land size designated in the Hopkins Rd precinct, excluding roads, is 25.7 hectares or 257,000 square metres. The examples in the Aventus examples shown in Table 11 illustrate that, with normal parking ratios for LFR centres, the Gross Leasable Floorspace (GLA) as a percentage of site area can be in the range of 45-50% when a centre is on one level and fully developed.

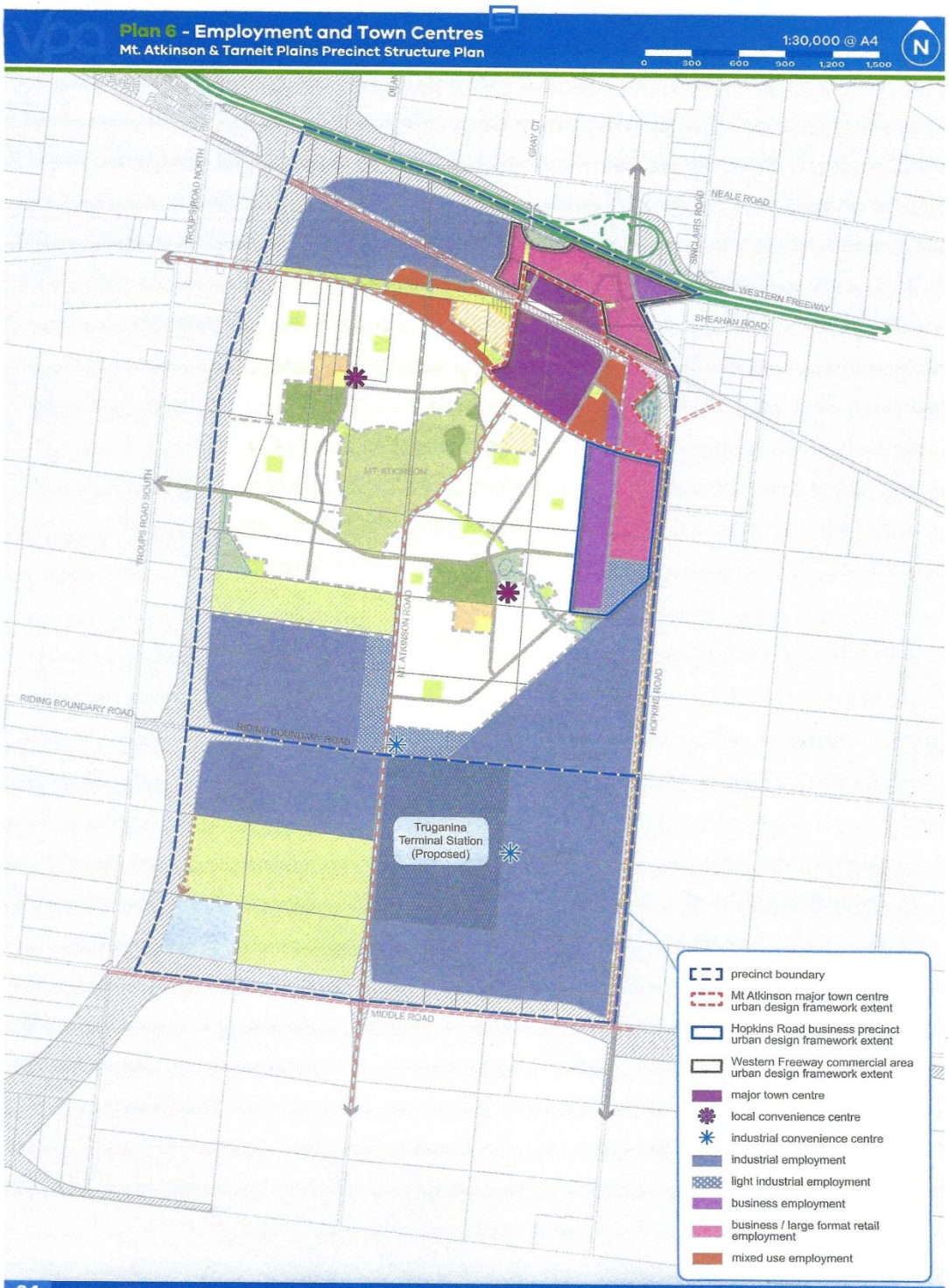
Designated LFR Land **Table 12**
Hopkins Rd Precinct

Site	Land Area HA	Sq.m.	GLA Ratio	Potential Floorspace sq.m.
Site 1	6.4	64,000	45%	28,800
Site 2	5.0	50,000	45%	22,500
Site 3	5.8	58,000	45%	26,100
Site 4	8.5	85,000	45%	38,250
Total	**25.7**	**257,000**	**45%**	**115,650**

Source: NH Architecture

Applying a ratio of 45%, the Hopkins Rd LFR land could, with a one level centre, accommodate a GLA of 115,000 sq.m. which would be sufficient to provide the indicated demand potential of 104,000 sq.m. of LFR space plus services. as at 2041. In this regard it can be noted that strong population growth is forecast to continue in the trade area after 2041.

ATTACHMENT 1



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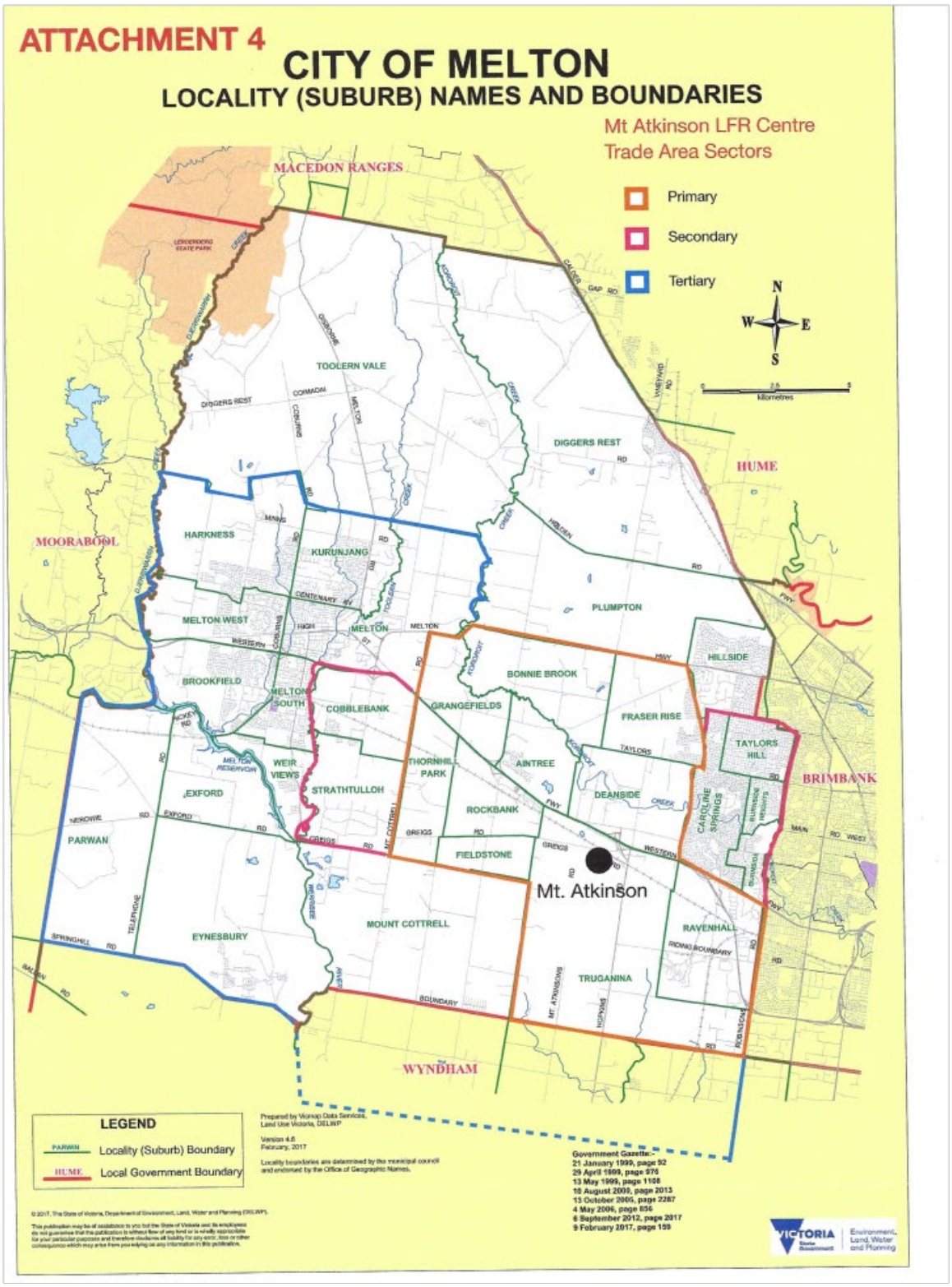
ATTACHMENT 2 VICTORIA PLANNING PROVISIONS

Land use term	Definition	Includes	Included in
Restricted retail premises	**Land used to sell or hire:** a) automotive parts and accessories; b) camping, outdoor and recreation goods c) electric light fittings; d) animal supplies including e) floor and window coverings; f) furniture, bedding, furnishings, fabric and manchester and homewares; g) household appliances, household electrical goods and home entertainment goods; h) party supplies; i) swimming pools; j) office equipment and supplies; k) baby and children's goods, children's play equipment and accessories; l) sporting, cycling, leisure, fitness goods and accessories; or m) goods and accessories which: . Require a large area for handling, display and storage of goods; or - Require direct vehicle access to the building by customers for the purpose of loading or unloading goods into or from their vehicles after purchase or hire. It does not include the sale of food, clothing and footwear unless ancillary to the primary use.	Equestrian supplies Party supplies equestrian and pet goods;	Shop
Trade Supplies	Land used to sell by both retail and wholesale, or to hire, materials, tools, equipment, machinery or other goods for use in: a) automotive repairs and servicing; b) building; c) commerce; d) industry; e) landscape gardening; f) the medical profession; g) primary production; or h) local government, government departments or public institutions.		

Attachment 3