Malvern Road - Hawksburn Activity Centre Structure Plan

Economic Analysis

Prepared for

City of Stonnington

10 December 2015

CHARTER
KECK CRAMER

Charter Contact	Blair Warman
Report Author	Blair Warman
Job FON	
Client Contact	Becky Taylor

CONTENTS.

1. EXECUTIVE SUMMARY.

The City of Stonnington appointed David Lock Associates, Onemilegrid and Charter Keck Cramer in late 2014 to prepare the Malvern Road -Hawksburn Activity Centre Structure Plan. This economic assessment of the centre has been undertaken to determine its existing role and function as well as future development opportunities and provide strategic direction for the structure planning process.

Various Council strategies establish a vision and objectives for Stonnington's activity centres which have been taken into account in identifying the future direction for the Hawksburn activity centre. These include promoting Stonnington's activity centres as 'premier retail and visitor destinations', ensuring the appropriate development of centres and attracting new businesses and activities.

Key findings from the community consultation process associated with the structure plan have also been taken into consideration, and in particular the value placed upon the village atmosphere that characterises the existing retail core of the centre. There is also a desire within the community for a wider range of independent retailers and outdoor dining opportunities within the centre.

1.1 Context

Hawksburn's central location within Melbourne's relatively affluent inner south-eastern suburbs provides a strong basis for supporting specialty and niche retailing activities. This is reflected in the dominance of fashion retailing over local convenience retailing that would typically be found in neighbourhood centres of a similar size.

Given the smaller format Woolworths supermarket and a limited range of food specialties, the Hawksburn activity centre performs a secondary role to that of Chapel Street and Toorak Village in meeting local household's weekly shopping needs. The potential for an expansion of traditional food retailing within the centre is however limited by the size and characteristics of the existing Woolworths site as well as the absence of appropriately sized sites elsewhere within the centre.

Continued population growth within the surrounding area serviced by the centre will generate a growing requirement for a greater number and variety of retailers that may be easily accessed via sustainable transport modes including walking and cycling. The centre will also need to service a broader range of income groups as new apartment developments attract a greater diversity of residents.

Recent State planning reforms provide greater flexibility for retailing activities across the centre, particularly within the western precinct which has traditionally comprised light industrial and peripheral sales retailing. While there is the potential for industrial style properties to be redeveloped to accommodate new activities, it is more likely that existing buildings will be adapted to accommodate new businesses. This reflects the likelihood that properties are held by passive investors as longer-term income generating assets.

1.2 Retailing

Future retailing opportunities within the Hawksburn activity centre are expected to relate to food retailing activities reflecting the existing designation of the centre within the Stonnington retail hierarchy, as well as broader industry trends which favour activities less exposed to economic conditions and online retailing.

The nature of food retailing will however need to reflect the current provision of traditional supermarkets as well as the opportunities presented by a relatively affluent local population and the centre's accessibility from across a wider region. Similarly, there is the opportunity to complement key food retailing destinations such as Prahran Market through focusing upon niche segments such as gourmet and ethnic food retailing. At the same time there is the opportunity to better meet the needs of local residents through retailers operating longer hours than the Prahran Market.

Existing industrial buildings offer the opportunity to accommodate medium sized food retailers that are sufficiently unique to attract visitors from across a wider region, which in turn will provide exposure for more generic activities such as cafes and restaurants.

1.3 Hospitality

Cafes and restaurants were identified by the community as a potential opportunity within the centre given the relative under-provision that currently exist. This would be expected to be supported by continued population growth and the age and socio-economic profile of the local population.

Cafes and restaurants may establish within the western precinct given the likely synergies with the gourmet and ethnic food retailers identified above. The availability of the Victorian shop fronts on the northern side of Malvern Road would be expected to provide appropriately sized accommodation for these businesses.

1.4 Housing

The potential for apartment development within the Hawksburn activity centre has already been demonstrated with the Hawksburn Apartments currently under construction as well as more broadly within the surrounding inner south-east region.

It is however likely that there will be a limited number of sites that may potentially be redeveloped for apartment projects given the size and accessibility of sites, the value of existing capital improvements and likely ownership by passive investors. It is also expected that the opportunity for higher density housing within the centre will be determined by urban design considerations rather than property market conditions.

1.5 Commercial Offices

The potential for any significant level of office development within the Hawksburn activity centre would be expected to be limited by:

- Apartment projects representing a higher and better use for sites based upon current property market fundamentals and construction costs.
- Strong competition from recognised office precincts within Melbourne’s inner south and south-east regions including South Yarra, Richmond and St Kilda Road which offer smaller office suites similar to that which may potentially be developed in the Hawksburn activity centre..

Chapel reVision highlighted the ‘crowding out’of office development‘ by residential development, resulting in lost employment opportunities, reduced daytime population to support cafes, and potentially reduce the amenity and vibrancy of the centre. Achieving a more balanced mix of development activity requires planning tools to provide greater incentive for developers to undertake office development,

1.6 Strategic Direction

The Hawksburn activity centre comprises two distinct precincts either side of Williams Road, each with very different opportunities for a change of land use reflecting their existing business mix and potential to accommodate new activities.

Whereas the eastern precinct is expected to continue to perform its existing role as a neighbourhood centre servicing local residents, the western precinct will offer the opportunity for an expansion of retail and hospitality activities to better meet the needs of local residents and attract visitors from across a wider region.

Through focusing upon non-traditional food retailing activities the centre’s western precinct will complement existing retailers within Toorak Village, Chapel Street and the Prahran Market and providing local residents with a greater diversity of food retailing opportunities. Establishing the precinct as a regional food destination will also complement the existing fashion retailers within the centre’s eastern precinct while also providing exposure to potential customers for hospitality related activities.

The opportunities for apartment development within the centre will be largely guided by urban design considerations. Similarly, any office development within the centre is likely to be minimal and as part of a larger mixed-use development.

Although property market conditions favour the development of apartments over commercial office space, there may be the opportunity for Council to actively encourage office development via incentives in the Planning Scheme, or other more creative means outside the planning system This would reflect the potential benefits of encouraging employment uses within the centre for its longer term sustainability and vibrancy.

2. INTRODUCTION

David Lock Associates, Onemilegrid and Charter Keck Cramer were appointed by the City of Stonnington in December 2015 to prepare the Malvern Road -Hawksburn Activity Centre Structure Plan. This included undertaking an economic analysis of the centre’s role and function and future development opportunities which is the subject of this report.

2.1 Project Objectives

The Project Brief identifies a number of key objectives of relevance to the economic role and function of the centre being to:

- Define the activity centre boundary.
- Set the framework for the use and development of land in and around the centre to meet the future needs of the community and provide direction to stakeholders about preferred locations for future development and businesses.
- Identify precincts within the centre and how these precincts interrelate and function together.

2.2 Key Tasks

In addition to the above objectives the Project Brief also identifies specific tasks including:

- Analysis of the current role of the activity centre in terms of the metropolitan, municipal and local context.
- Economic analysis of capacity and demand.
- Identification of precincts/specific sites with capacity or limitations for increases in development intensity.
- Identification of options for the study area and precincts with respect to primary and secondary land uses.

2.3 Key Issues

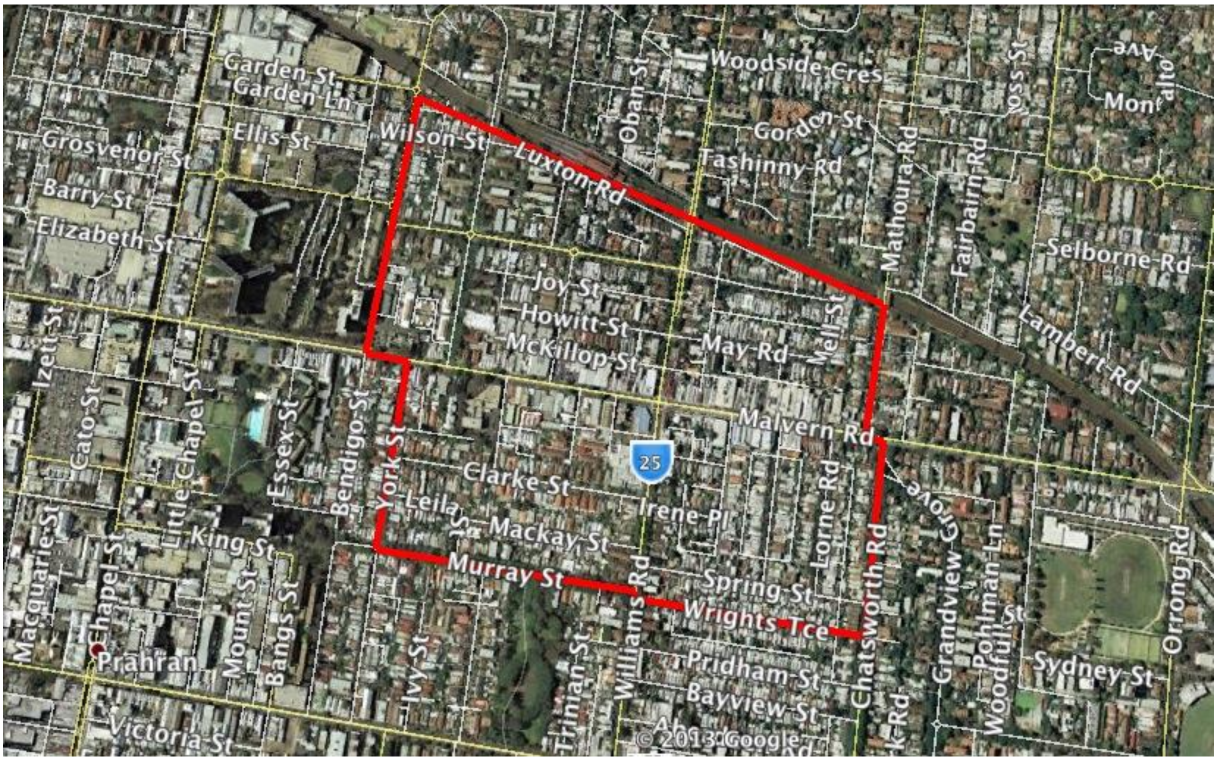
Key issues identified in the Project Brief of relevance to the economic role of the centre include:

- The need for a better defined vision and future character for the centre given the existing two distinct precincts located either side of Williams Road accommodating a wide mix of land uses ranging from vehicle repairs through to the high-end fashion boutiques.
- The need to define a boundary for the centre reflecting its inter-relationship with Toorak Village and Chapel Street.
- Future commercial development being potentially limited by the existing low rise character of the centre.
- A constricted public realm which includes narrow footpaths and local street trees within the commercial core of the centre.
- A lack of visual consistency and customer patronage between the two precincts as well as within the western precinct.

2.4 Study Area

The Project Brief identifies a Study Area for the structure plan as shown in the figure below. The primary focus of this economic assessment however is upon commercial zoned land primarily along Malvern Road which defines the eastern and western precincts of the Hawksburn activity centre.

Figure 1: Study Area



Source: City of Stonnington

3. RELEVANT STRATEGIES AND REPORTS.

There are a number of Council documents and previous studies that provide a valuable context for undertaking this assessment and which have been summarised below.

3.1 Council Plan 2013 - 2017

The Council Plan provides the overarching vision and strategic direction for the provision of services by Council. The key initiatives within the Council Plan that are of relevance to the economic function of the Hawksburn activity centre include:

- Develop long-term plans to ensure the sustainability of Stonnington's activity centres.
- Promote Stonnington as a premier retail and visitor destination.
- Promote activities that support and develop local business with a focus on neighbourhood retailers.
- Improve the quality of Stonnington's retail precincts to match the aspirations of being a premier retail and visitor destination.
- Support the continued viability of the retail sector and other businesses to adapt to changing macro-economic trends.

A number of indicators are identified for measuring Council's performance in meeting these objectives including:

- Improved attractiveness of retail.
- Improved public spaces.
- An increase in the number of local businesses.

Council initiatives related to ensuring the sustainability of Stonnington's activity centres include:

- Identifying place-making opportunities through activity centre planning.
- Implementing the Economic Development Strategy 2012-2016.

3.2 Building Prosperity: Economic Development Strategy 2012-2016

Council's Economic Development Strategy outlines strategies for the continued growth of Stonnington's local economy and the contribution of the business sector to the City's vibrancy and sustainability and the maintenance of a high quality of life for residents and visitors.

The overarching strategic objective of the Economic Development Strategy is "*to embrace Stonnington's mature economy and support a diverse and resilient business community which is intrinsically linked to the sustainability, prosperity and wellbeing of the wider community"*.

In particular the Strategy aspires for Stonnington to be a premier tourist and retail destination with unique attractions and shopping strips while also seeking to improve the quality of its retail precincts and appeal to a diverse community.

A key strategic theme of the Strategy relates to Destination Marketing and Development with an associated strategy being '*To continue to attract visitors to Stonnington, maximise the quality of the visitor experience and to grow visitor expenditure'*.

3.3 Municipal Strategic Statement

Stonnington's Municipal Strategic Statement (MSS) provides the local context to support the broad objectives for activity centres identified in the State Planning Policy Framework. Key issues identified within clause '21.04 Economic Development' of most relevance to the Hawksburn activity centre include:

- Acknowledging the need for activity centres to adapt to change by providing for a broader range of uses.
- Achieving the right balance of local and visitor uses, day and night time uses, residential and commercial uses and retail and office/service uses.

Similarly, key objectives and strategies aimed at maintaining the viability of activity centres include:

- Consolidate the activity centres hierarchy by promoting development and expansion as appropriate to the role and position of each centre.
- Support land uses which contribute to the self-sufficiency of activity centres in the provision of daily and weekly retail goods and personal services, having regard to the role of the centre.
- Encourage businesses, goods and services which will enhance the viability of Stonnington's activity centres, especially small business and uses that are high value and low impact.

The following table summarises Stonnington's activity centre hierarchy with Hawksburn nominated as a Neighbourhood (Large) activity centre being 'larger local centres catering for everyday needs and wider specialty retail, office and service markets'.

Table 1: Activity Centre Hierarchy

Principal	Prahran/South Yarra (including Forest Hill) Chadstone
Major	Glenferrie Road Malvern High Street Armadale
Neighbourhood (Large)	Toorak Village Toorak Road (West) South Yarra Chapel Street Windsor Hawksburn
Neighbourhood (Small)	Waverley Road Malvern East Other small activity centres
Mixed-Use	Small Mixed Use Areas (Mixed Use Zones)

Source: Stonnington Municipal Strategic Statement

The strategic direction for Hawksburn and nearby centres is identified in the MSS as follows:

- Hawksburn activity centre: Predominantly retail, with the food shopping character, plus a wide mix of office and service uses at the western end.
- Toorak Village: Predominantly retail, catering for every day and some specialty needs.

- Chapel Street Windsor/Prahran: Provide a range of uses that are accessible to all and complement the role of the activity centre as a principal activity centre

3.4 Activity Areas Economic Analysis Report 2013

This report provides a useful summary of retail and commercial activity across the City of Stonnington including floorspace surveys for individual centres and the potential for additional floorspace to be supported at a municipal level over the period to 2031. The report identified:

- no additional requirement for large format retailing (i.e. department store, discount department store or additional bulky goods retailing) outside of Chadstone shopping centre and Chapel Street over the next 10 years.
- Potential demand for another 1-2 full line supermarkets over the period to 2031.

Within the Hawksburn activity centre a total of 45,960 m^2 of existing floorspace was identified of which 32,700 m^2 is accounted for by a ground floor activities. Approximately half (17,296 m^2) of this ground floor floorspace is accounted for by retail uses.

Supermarket and other specialty food retailing accounted for only 3,512 m^2 compared to 9,730 m^2 for fashion, other non-food specialty retailing and bulky goods retailing. The report describes Hawksburn as offering a good mix of retail-commercial and other uses and some strong retail attractors.

3.5 Hawksburn Village: Hawksburn. The Village. The Future.

This report presents the findings of the community consultation process aimed at identifying key issues and opportunities affecting the future planning of the Hawksburn activity centre as well as a vision for the centre. This consultation process took the form of a postcard survey, online survey, Council staff workshop together with discussions with traders, community members and peak bodies.

Some of the key findings of relevance to the future economic role and function of the centre included the strong attachment of local residents to the centre and their desire for it to maintain its village atmosphere through not being over developed.

The mix of businesses within the centre was viewed positively by the community with the opportunity for more independent traders as opposed to chain stores and possibly a different supermarket. Amongst traders responding to surveys there was a desire for the centre to remain small and intimate in order to retain its identity.

Respondents indicated that the range and diversity of shops, cafes and dining options created a unique cosmopolitan atmosphere in the centre that also attract visitors from outside the area. ‘Having a variety of shops and services’ and ‘public transport services’ were ranked by survey respondents as being of most importance with 58% of responses identifying these two issues as ‘extremely important’.

One of the opportunities identified by respondents was for an increased level of outdoor dining within the centre which would be expected given the relative lack of such activities due to narrow footpaths.

4. SITUATION ANALYSIS

This section provides an assessment of the key characteristics of the Hawksburn activity centre that will influence its future role and direction as well as development opportunities with respect to:

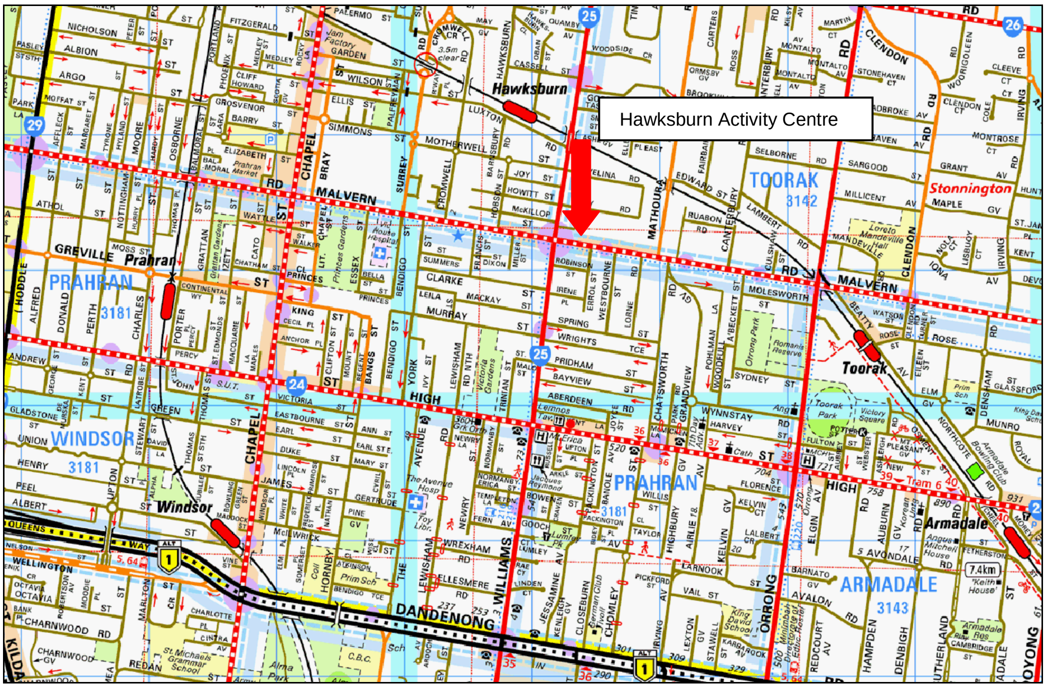
- Location and accessibility.
- Land use zoning and overlays.
- Strategic sites.
- Business mix.
- Competing centres.
- Centre layout and function.
- Property market conditions.

4.1 Location and Accessibility

The Hawksburn activity centre is located approximately 5 km south-east the Melbourne CBD on the boundary of three suburbs being South Yarra to the north-west, Toorak to the north-east and Prahran to the south.

The centre is accessible via Malvern Road and Williams Road both for which provide connections to major arterial roads such as St Kilda Road and Dandenong Road. The centre is also well serviced by public transport with tram services along Malvern Road and Hawksburn railway station located approximately 400 metres to the north.

Figure 2: Location



Source: Melways

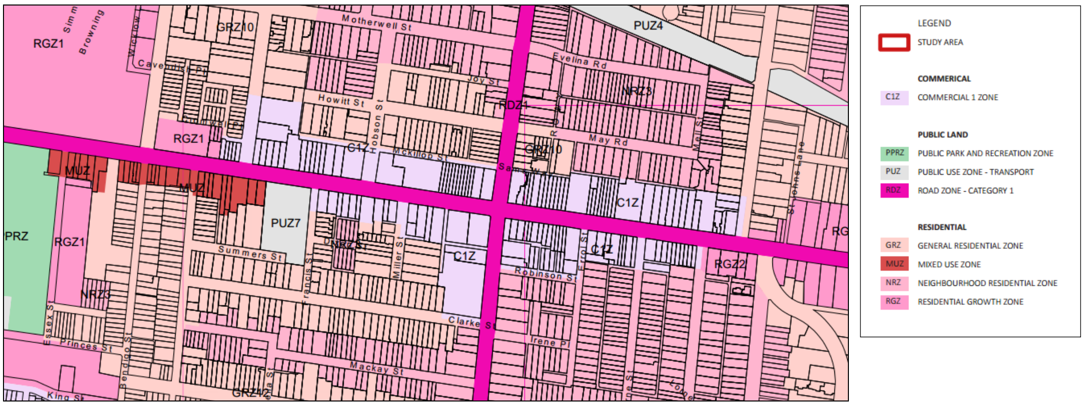
The availability of car parking is a key factor influencing the performance of retail centres particularly for supermarket and other convenience retailing. The availability of car parking facilities within the centre is generally lacking with the only off-street parking being that adjacent to the Woolworths supermarket. This car park is typically congested and difficult to negotiate which would be expected to discourage some potential visitors from using the centre. In addition, some supermarket shoppers may have difficulty pushing trolleys to and from the car park.

Visitors from beyond the local area may however be more accepting of parking further from the centre and also may be more likely to be using the centre outside of peak times on weekends or in the evening. The

4.2 Land Use Zones and Overlays

The figure below identifies the current planning zones that apply to the Study Area and in particular identifies the extent of the Commercial 1 zone which replaces the previous Business 2 zoning in line with recent state planning reforms. The most notable impact of these reforms upon the Hawksburn activity centre is that retail uses are now permitted ‘as of right’.

Figure 3: Existing Land Use Zoning



There are also a number of planning overlays that apply to specific properties within the Study Area. These include a heritage overlay which applies to Victorian shop fronts adjacent to the intersection of Williams Road and Malvern Road. An environmental audit overlay also applies to properties on the southern side of Malvern Road from Williams Road to Francis Street together with the South Yarra BMW site on Williams Road.

Figure 4: Existing Overlays

4.3 Strategic Sites

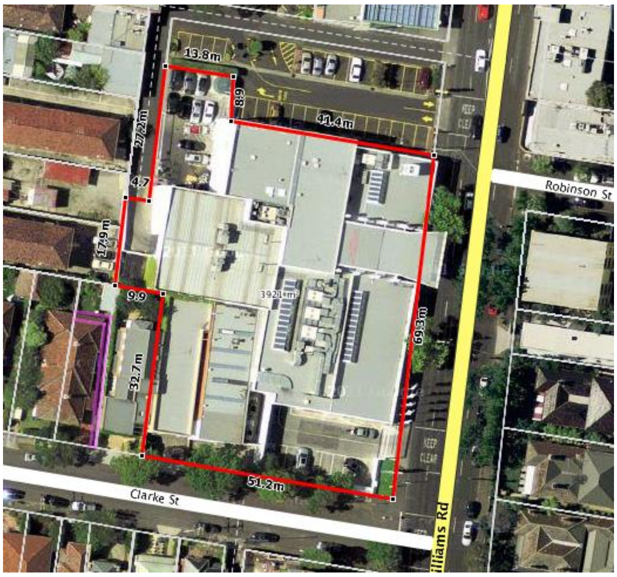
There are a number of key strategic sites that may be initially identified based on their size and location within the centre. The potential for redevelopment may however be constrained by a number of factors including the value of existing capital improvements and the likelihood that they are owned by passive investors as longer-term income generating assets.

Figure 5: Key Strategic Sites

Source: Nearmap, Charter Keck Cramer

The largest site within the centre is the South Yarra BMW site on Williams Road with a total area of 3,921 m² and as shown in the figure below also offers access via Clarke Street to the south.

Figure 6: South Yarra BMW Site



Source: pricefinder.com.au

4.4 Business Mix

The existing business mix of the Hawksburn activity centre provides an indication of its current role and function as well as the potential for additional activities to better meet the needs of local residents as well as visitors from further afield.

The Hawksburn activity centre's eastern precinct is dominated by fashion boutiques and homewares stores which account for more than half of shop front businesses within the centre. By comparison, businesses catering for households' weekly food needs account for a relatively small number of stores and include a small format Woolworths supermarket, Toscanos fresh produce, Peter Bouchier Butchers,Seafood on Malvern and Bakers Delight which are all located in close proximity to each other. It is also notable that both Toscanos and Peter Bouchier are both highly regarded for the quality of their produce and may attract shoppers from beyond the immediate area.

There are limited business services within the centre with the exception of an Australia Post shop with many of the major banks, travel agents etc. located in Toorak Village, as are a large number of health service providers.

Fresh Food Retailing

The following table provides a comparison of the business mix of Hawksburn activity centre with that of Toorak Village with respect to street front properties which excludes businesses within the Tok H centre and arcades.

Whereas Hawksburn has a noticeably larger number of destination fashion retailers, Toorak Village has a broader mix of businesses that in addition to fashion retailing also includes a notably larger number of cafes and restaurants, 'pharmaceutical, cosmetic and toiletry goods' retailers and 'other store-based retailing'. Toorak Village's Tok H Centre also offers a full-line Woolworths supermarket, a number of fresh food specialties and personal services.

Given the more comprehensive range of weekly shopping opportunities and business services (including the major banks) and an overall larger number of businesses within Toorak Village, Hawksburn activity centre generally performs a secondary role as a local centre.

The strong commitment of local residents to the Hawksburn activity centre has however enabled it to maintain the full occupancy of retail premises as opposed to Toorak Village which experiences a significant level of vacancy. Whereas other fashion orientated centres such as Chapel Street South Yarra have encountered strong competition from the Melbourne CBD resulting in increased vacancies, Hawksburn activity centre has experienced relatively little impact.

Table 2: Business Mix - Hawksburn and Toorak Village Activity Centres* (September 2014)

Business Type	Hawksburn	Toorak Village
Antique and Used Goods Retailing	3	
Cafes and Restaurants	9	17
Car Retailing	1	
Catering Services		1
Clothing Retailing	25	14
Flower Retailing		1
Footwear Retailing	2	4
Fresh Meat, Fish and Poultry Retailing	2	
Houseware Retailing	4	2
Liquor Retailing	1	1
Men's Clothing Retailing		1
Newspaper and Book Retailing	2	2
Other Personal Accessory Retailing		1
Other Specialised Food Retailing	3	5
Other Store-Based Retailing n.e.c.	8	24
Pharmaceutical, Cosmetic and Toiletry Goods Retailing	6	12
Supermarket and Grocery Stores	2	1
Takeaway Food Services	2	1
Watch and Jewellery Retailing	1	3
Women's Clothing Retailing	8	4
Vacant		11
Total	**79**	**106**

Source: Charter Keck Cramer
*(Street-Front Properties only)

4.5 Competing Centres

While the Hawksburn activity centre has established a niche role as a boutique fashion precinct it nevertheless will still experience varying levels of competition from a number of other nearby centres. The following table identifies a number of centres that will influence the role and function of Hawksburn activity centre particularly given the likely expansion of retail activity west of Williams Road as a result of the new Commercial 1 zoning.

As already mentioned above, Toorak Village located 1 km to the north would be expected to cater for local households weekly shopping requirements via the full-line Woolworths supermarket within the centre. Similarly Chapel Street Prahran located a similar distance to the west also offers two full line supermarkets as well as the Prahran Market. These supermarkets not only offer a wider range of products but also more convenient at-grade car parking.

Fashion and other specialty retailing within Hawksburn activity centre must also compete with Chapel Street South Yarra and High Street Armadale which offer a larger number of fashion retailers. Similarly, more traditional specialty retailing may be found in centres such as Chapel Street, Glenferrie Road Malvern and Malvern Central.

Table 3: Competing Retail Centres

Centre	Travel Distance from Hawksburn Activity Centre	Retail Anchors (number)
Chapel Street Prahran	1.1 km west	Coles/Woolworths/ Aldi supermarkets, Prahran Market Cafes, bars, restaurants
Chapel Street South Yarra	1.5 km north west	Fashion retailers (128) Cafes, bars, restaurants
Toorak Village	1.0 km north	Woolworths supermarket
High Street Armadale	2.0 km east	Fashion retailers (62) Cafe, bars, restaurants (20).
Glenferrie Road Malvern	3.0 km south east	Coles, specialty food retailing
Malvern Central	3.4 km south east	Woolworths supermarket David Jones department store Specialty stores (food, fashion, lifestyle)

Source: Google Maps, Charter Keck Cramer.

4.6 Centre Layout and Function

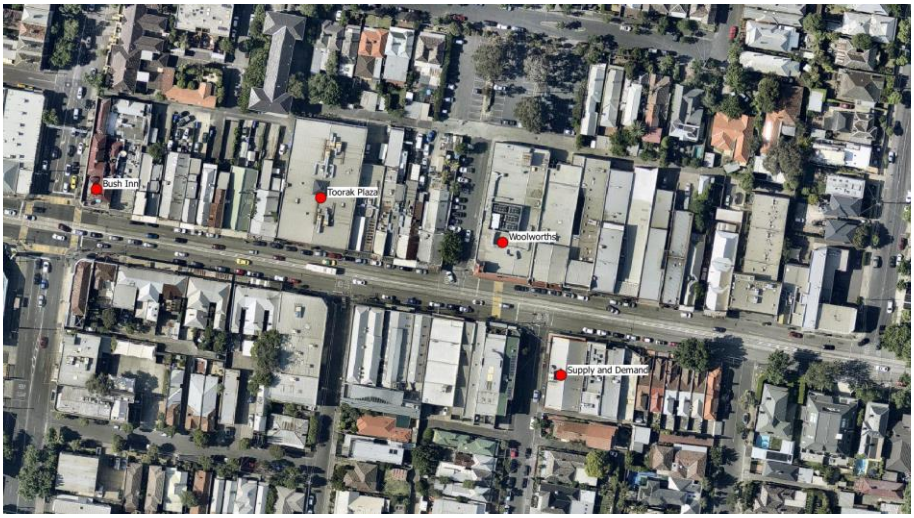
The Hawksburn Activity Centre is characterised by two distinct precincts being:

- Eastern Precinct: Hawksburn's traditional retail core offering predominantly fashion and local convenience retailing.
- Western precinct: Traditionally a location for larger format uses including fast food outlets, furniture retailers and light industrial services.

The well-established eastern precinct would be expected to continue its role as a retail location in its current form given that current land uses represent the highest and best use of sites. Nevertheless there may still be opportunities for the redevelopment of properties where there is the opportunity to add value to sites through providing more contemporary and efficient retail space.

The southern side of Malvern Road is dominated by fashion retailing while the northern side incorporates a wider range of activities reflecting the presence of the Woolworths supermarket as a key anchor within the centre as well as the availability of car parking at the rear of the supermarket. There is however only a limited number of traditional food retailers (bakery, greengrocer, seafood) located immediately to the west of the Woolworths supermarket.

Figure 7: Hawksburn East Precinct



Source: Nearmap

The western precinct to the west of Williams Road is distinctly different to the remainder of the centre reflecting its traditional role as a location for semi-industrial and peripheral-retailing activities. The greater flexibility offered under the reformed planning zones would be expected to result in increased retail related activities that are currently not being delivered within the centre's eastern precinct.

The Hawksburn Apartments which are currently under construction would also be expected to significantly change the perception of this precinct. It is understood that a car showroom is proposed for the ground floor which although not resulting in a significant activation of the street frontage would be expected to improve the amenity of the precinct.

A series of Victorian shop fronts will potentially connect The Hawksburn Apartments with the retail core to the east which may provide a much needed linkage between the two precincts. This has already occurred in a very limited form with a small number of businesses (retailers, restaurant and personal services) already located in these properties. The strength of any connection will however be limited by the barrier created by both Williams Road and the Bush Inn Hotel.

Victorian shop fronts between the Hawksburn Apartments and Williams Road.

The Hawksburn Apartments will however limit the integration of properties further to the west given that the proposed ground floor car showroom along its 80 metre frontage which will provide only limited activation of the street frontage. This is further exacerbated by an existing car showroom immediately to the west of the Hawksburn Apartments. As a result, there will be two distinct precincts separated by a distance of approximately 130 metres.

The second precinct which extends to the west of these existing and proposed car showrooms comprises a mix of both Victorian shop fronts occupied by secondary retailers and residences converted for health service providers.

Hawksburn Apartments

The southern side of the western precinct is separated from the eastern precinct by the BP service station. Williams Road will also continue to be a major barrier preventing any consolidation of the two precincts.

Immediately to the west of the BP service station is a McDonalds restaurant which, together with the service station, would be expected to continue to operate in the longer term.

Further to the west again, opposite The Hawksburn Apartments, are a number of showroom / office uses. Beyond this is an eclectic mix of businesses located in a former industrial properties ranging from The Muffler Man through to the newer Hobba eatery and bar which highlights the transition which the western precinct may potentially undergo in the future. Francis Street represents a likely boundary to the western precinct given the Prahran police station located immediately to the west.

In addition to the eastern and western precincts, the South Yarra BMW showroom located on Williams Road (south of Malvern Road) is also notable given the overall size of the site and the potential for it to accommodate a medium sized supermarket subject to car parking requirements. It is however also isolated from the remainder of the centre by the BP service station.

Figure 8: Hawksburn Activity Centre - Western Precinct

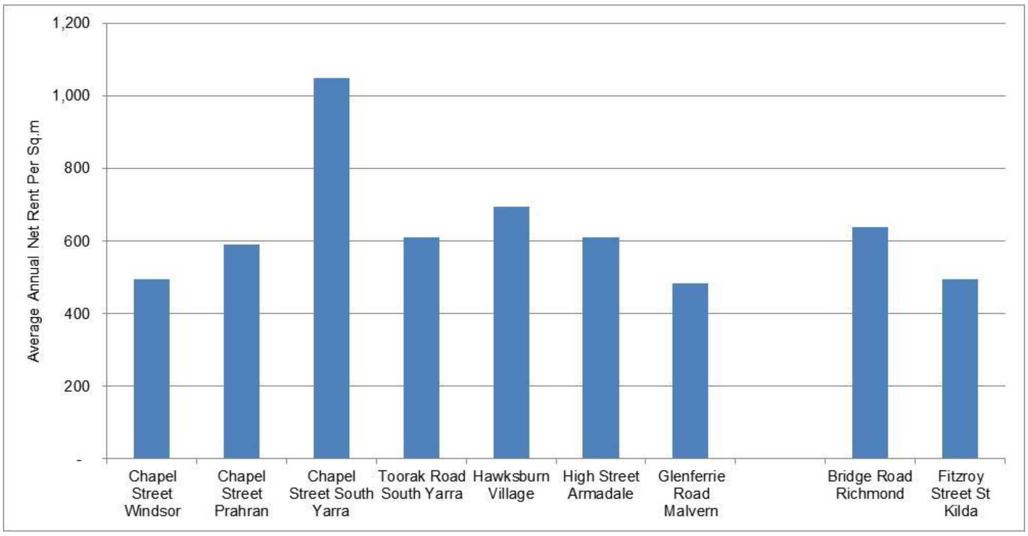
Source: Nearmap, Charter Keck Cramer

4.7 Property Market Conditions

The traditional retail core of the Hawksburn activity centre appears to be performing relatively strongly at a time when many prime retail strips have experienced increased vacancies and declining rents. Hawksburn has maintained minimal vacancies and only a slight weakening in retail rents following the onset of the Global Financial Crisis and subsequent slowing in retail trading activity.

An analysis of indicative retail rents over the period 2010-2013 shows that Hawksburn activity centre is achieving rental rates per square metre comparable to that of other prime retail strips within the City of Stonnington with the exception of Chapel Street South Yarra. Similarly, it is also achieving rental rates slightly above that of Bridge Road Richmond and Fitzroy Street St Kilda each representing destination fashion and hospitality precincts respectively.

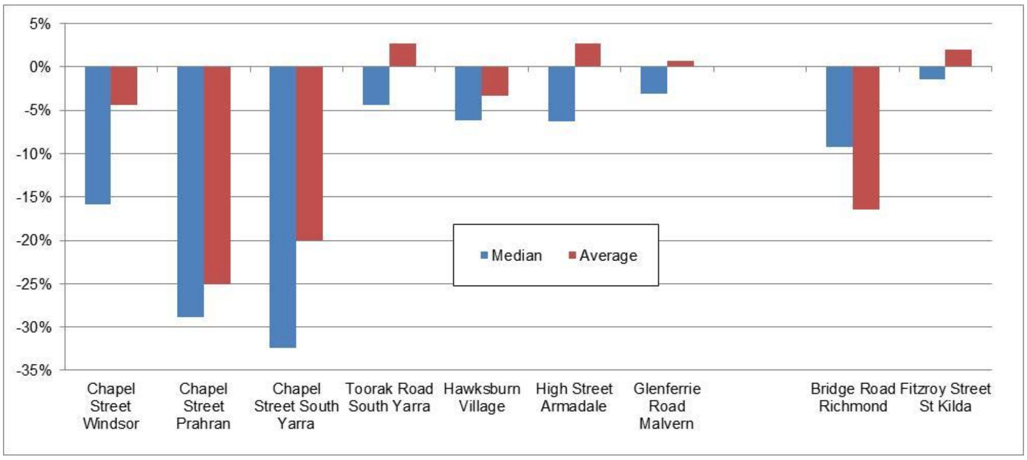
Figure 9: Indicative Average Net Rent per Sqm 2010-2013



Source: Charter Keck Cramer

An analysis of the change in rental rates between 2007-2009 and 2010-2013 indicates that Hawksburn activity centre experienced only a slight decline in rents of around 3-5% compared to declines of 20-30% within Chapel Street (Prahran and South Yarra).

Figure 10: Indicative Change in Net Rents per Sqm 2007-2009 vs 2010-2013



Source: Charter Keck Cramer

4.8 Conclusion

The Hawksburn activity centre is centrally located within Melbourne’s more affluent inner south-eastern suburbs which is reflected in the dominance of fashion boutiques within the centre. Its role within the local network of activity centres is largely to complement the Toorak Village and Chapel Street activity centres through providing the opportunity for top-up supermarket shopping and convenience retailing.

The centre offers a number of potential redevelopment opportunities, some of which are likely to be constrained by the existing value of capital improvements as well as the likelihood that properties are being held as long-term income generating investments. As a result, the opportunity for introducing new land uses into the centre is likely to be dependent upon the ability for such uses to be accommodated within existing buildings.

Larger sites also impact upon the continuity of future retail activity particularly within the western precinct which results in a number of sub-precincts and reduces the opportunity for synergies between businesses. However developments such as The Hawksburn Apartments would be expected to have a generally positive influence upon the image of the western precinct.

The most significant longer-term development opportunity within the centre may be the South Yarra BMW site in Williams Road given its potential to accommodate larger format uses such as a supermarket. This may however be limited by the value of existing capital improvements and any additional car parking requirements associated with more intensive retail uses either within the existing building or as part of a redevelopment of the site.

Property market conditions suggest that the Hawksburn activity centre is in a stronger trading position than many other prime retail strips which is likely due to a strong connection with the local community. This provides some confidence that the greater flexibility for retail uses following the introduction of state planning reforms will result in a more vibrant centre offering a wider mix of businesses.

5. DEMOGRAPHIC ANALYSIS

The Hawksburn activity centre is most likely to be primarily servicing residents within the immediate area given the level of competition from other centres offering:

- Full-line supermarkets with more convenient car parking to better meet the weekly shopping needs of residents.
- A wider range of fashion retailers to enable greater opportunities for comparison shopping.

This section profiles the resident population of the trade area from which the Hawksburn activity centre is likely to attract the majority of its visitors, how this may change in the future and the potential implications and opportunities for the centre's role and function.

5.1 Indicative Trade Area (ITA)

The strong attachment of more affluent local residents to the Hawksburn activity centre is likely to be a key factor supporting its strong performance relative to many other centres. Nevertheless, it may still attract visitors from across a wider region due to the presence of discretionary retailers including fashion boutiques as well as highly regarded fresh food retailers such as Toscanos and Peter Bouchier.

Visitors from outside of the immediate area will represent a relatively small proportion of the total residents within the area where they live. Therefore any demographic analysis of these areas is unlikely to be meaningful. Conversely, the majority of residents within the immediate area would be expected to have a significantly stronger connection to the Hawksburn activity centre and therefore of much greater interest.

In order to analyse and better understand the nature of local demand for retailing and other services an Indicative Trade Area (ITA) has been defined as shown in the figure below. This area represents that from which the majority of visitors to the centre may be expected to originate.

The ITA has been defined based upon the location of competing centres and a number of physical barriers being Dandenong Road to the south and the railway line to the north which are important factors determining households' choice of centre for convenience retailing. For more discretionary shopping activities, households typically use a variety of centres depending upon the nature of what they are purchasing.

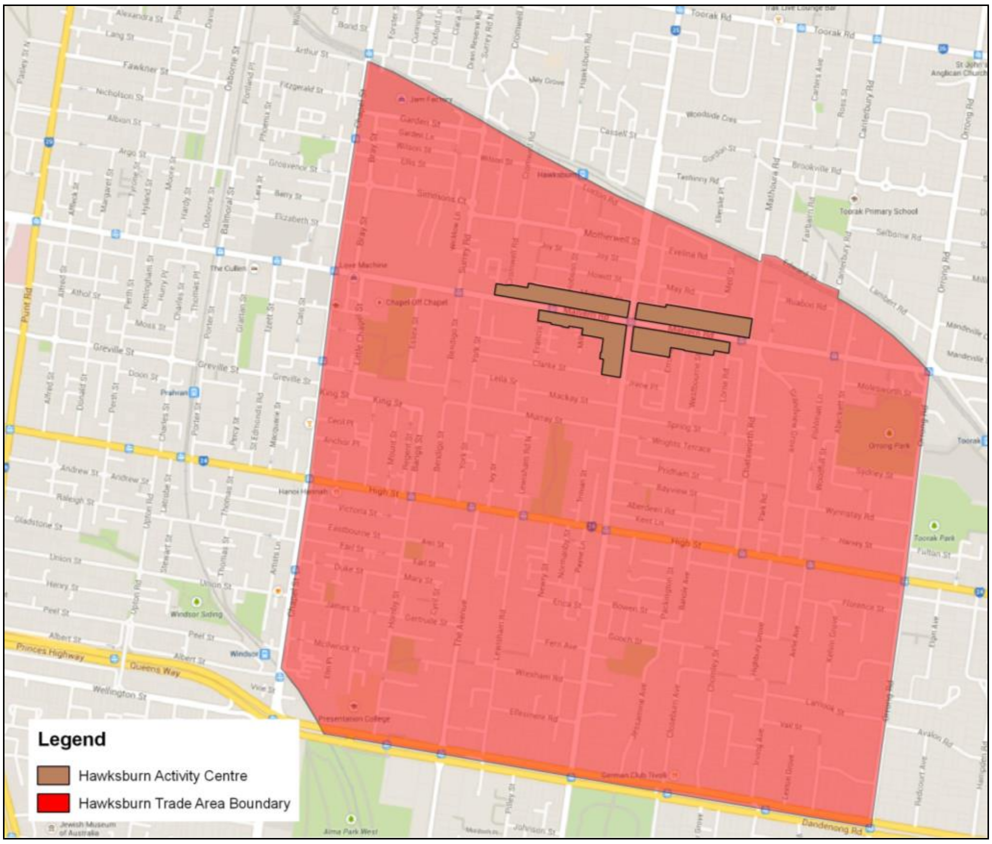
The limited provision of convenience car parking within the Hawksburn activity centre relative to other locations such as Toorak Village and Chapel Street will also encourage the use of these alternative centres particularly for more generic shopping activities.

Similarly, other centres may offer a wider range of specialty retailers for weekly shopping trips. For example, Chapel Street offers the opportunity to shop at the Prahran Market as well as in one of the three major supermarkets.

While the Hawksburn activity centre is well serviced by public transport, this is also the case for the majority of inner-city shopping precincts and therefore may not provide any notable competitive advantage for the centre.

On the basis of the above information the ITA has been subjectively defined to represent that area for which any escape expenditure on more generic goods and services relating to food and grocery shopping, convenience retailing and cafes will be more or less balanced by an inflow of spending from outside.

Figure 11: Indicative Trade Area



Source: Charter Keck Cramer, Google Maps

5.2 Resident Population

In 2011 there were 15,595 residents within the ITA representing one-third of the total population of the Stonnington-Prahran statistical local area and 17% of Stonnington's total population.

Population projections prepared by Id Consultants are at a suburb level. While the Hawksburn activity centre being on the border of Prahran, South Yarra and Toorak the ITA is more reflective of the suburbs of Prahran and Windsor as indicated by the figure below. Therefore these two suburbs may provide a better indication of the future rate of population growth that is likely to occur within the ITA. The combined population of these two suburbs is expected to increase by 17% over 2011-2016 and by a further 10% over the period 2016-2031 based upon an assumed level of infill residential development.

Assuming that the population of the ITA increases at a similar rate, approximately 20,000 residents would be expected to live in the area by 2031. In order to provide a retail context for this population base, there is on average around 13,000 residents per full line supermarket (Coles, Woolworths) across metropolitan Melbourne.

This would suggest that there would already be sufficient population to support a full-line supermarket assuming that any escape expenditure is offset by an inflow from residents living outside of the ITA. By 2031 there would be expected to be adequate demand for a full line supermarket even if there is a net loss of expenditure to competing centres. The retail opportunities presented by this projected population growth are discussed in more detail in the following section of this report.

Figure 12: Suburb Boundaries

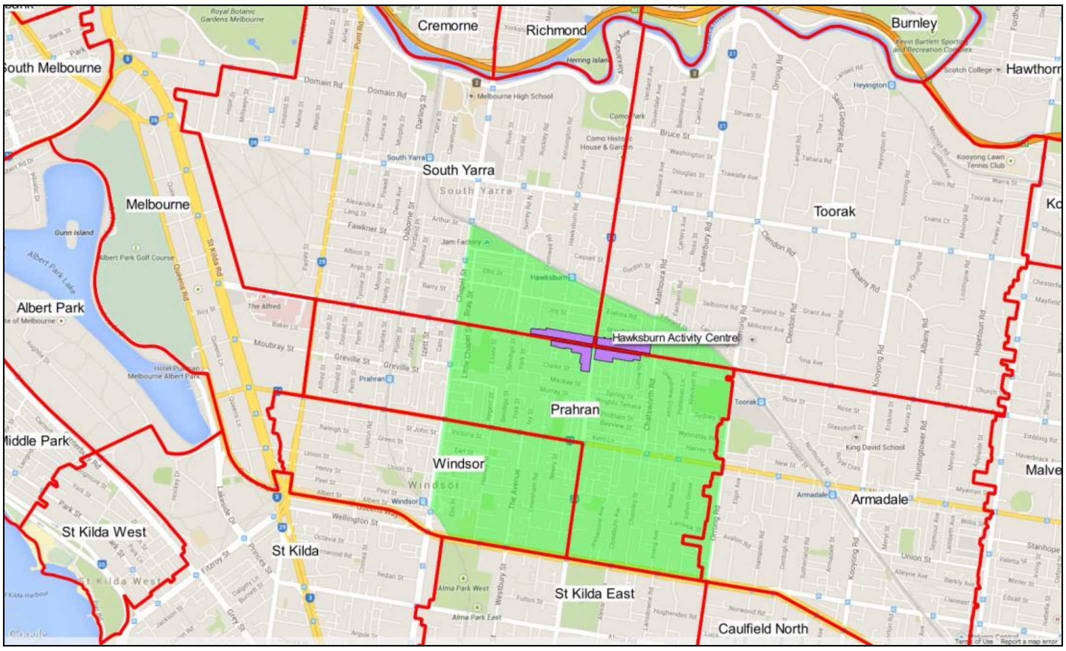
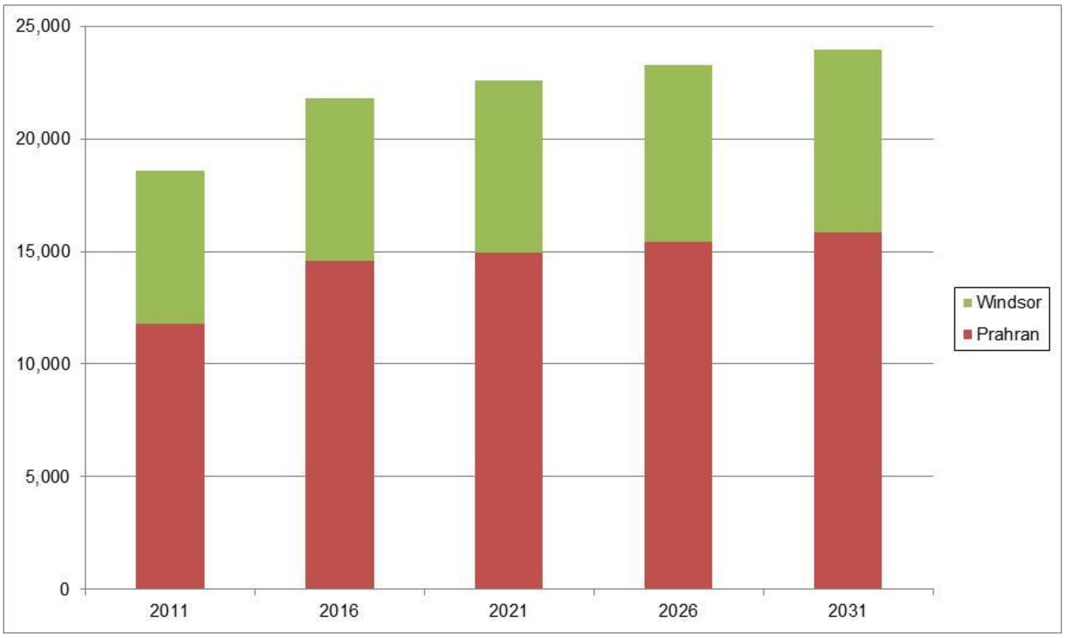


Figure 13: Prahran / Windsor Projected Population



Source: Id Consultants

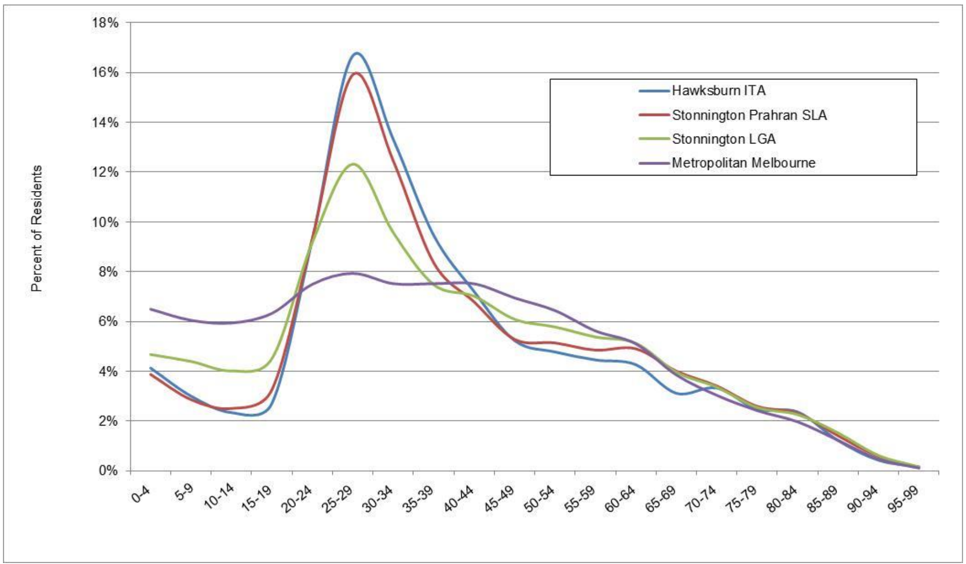
5.3 Age Profile

The age profile of residents within the ITA is shown in the figure below relative to the City of Stonnington and metropolitan Melbourne. The distribution of residents across the various age groups is typical of inner city locations where younger residents (20-39 years) are attracted by the opportunity to live close to where they work and socialise before starting their own families and returning to more suburban locations.

Over the period to 2031 Id Consultants project that there will be a slight shift in the population from the 25-29 year age group to the middle age groups (35-54 years) within the suburbs of Prahran and Windsor. A similar movement would be expected to also occur within the ITA.

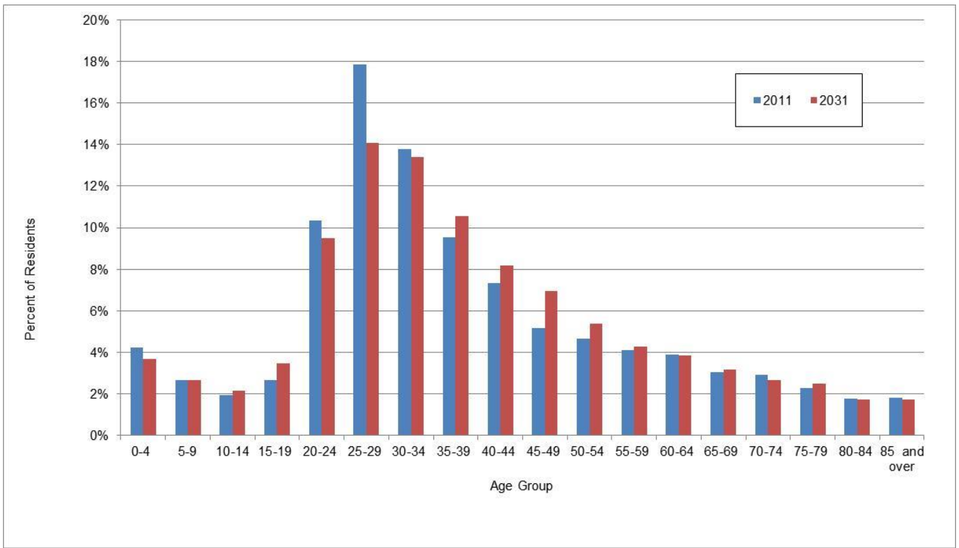
The age profile of residents within any given area is also a key determinant of a range of other demographic indicators including household type and income levels which are profiled below.

Figure 14: Age Profile 2011



Source: ABS

Figure 15: Prahran / Windsor Age Profile 2011 vs. 2031

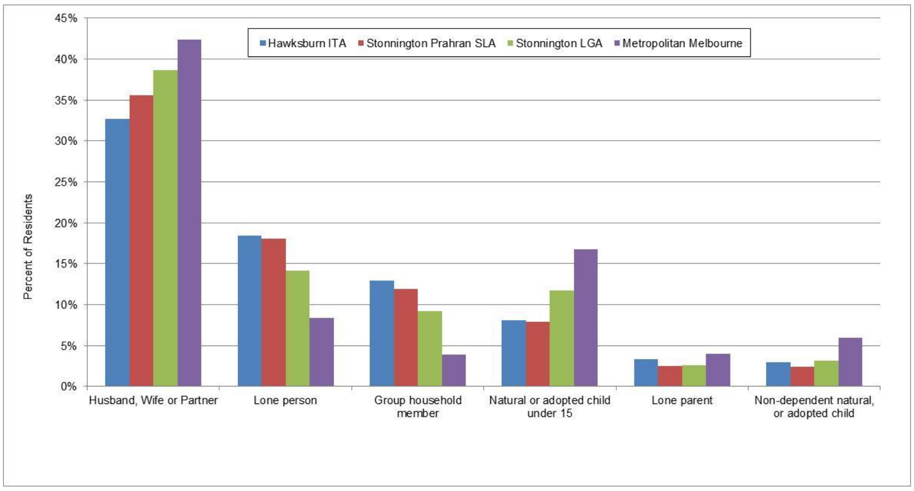


Source: Id Consultants

5.4 Household Type / Relationship

Given the relatively younger age profile of residents within the ITA it is not surprising that there are fewer residents living in marital or de facto relationships and a much higher proportion being either lone person households or living in a group household (refer figure below). Similarly there is also a much smaller proportion of residents aged under 15 years reflecting fewer traditional family households.

Figure 16: Household Relationship 2011



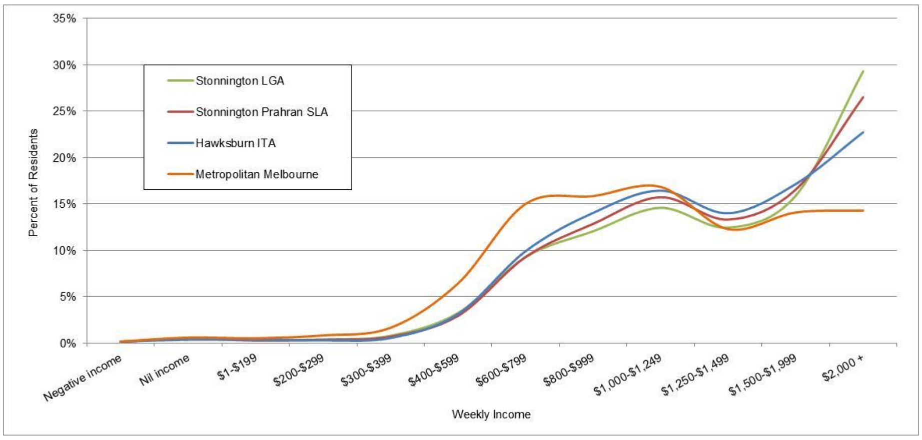
Source: ABS

5.5 Income

Income levels are an important determinant of expenditure on retail goods and services including hospitality and personal services. Income levels are however influenced by a range of factors including a person’s work force status as well as the type of dwelling that they may live in. These factors are however also a reflection of a person’s age.

As the figure below indicates, within the ITA and the City of Stonnington generally there are a notably lower proportion of residents working full-time that earn less than $1,000 per week and a much higher proportion earning more than $2,000 per week when compared to metropolitan Melbourne. It is therefore not surprising that the Hawksburn activity centre is able to support a relatively high level of discretionary retailing activity.

Figure 17: Individual Income (Full - Time Working Resident)

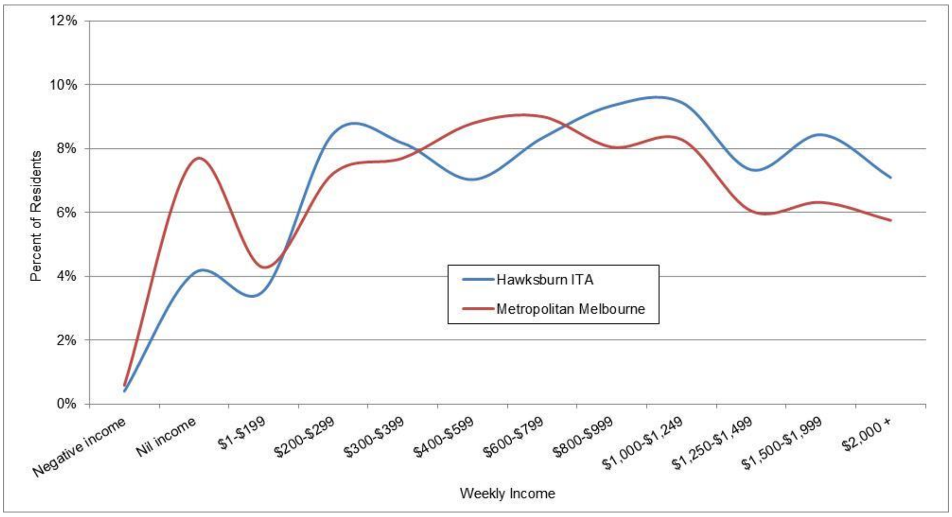


Source: ABS

Given that an increasing number of residents within the ITA will be living in more affordable housing such as apartments, it is important to identify what their likely income profile will be. The figure below highlights the similarity in income levels for apartment residents within the ITA compared to metropolitan Melbourne.

Together with the likely population growth within the ITA, this suggests that there may be a growing demand for a greater variety of retail activities to meet the needs of a wider range of income earners to complement the relatively high-end discretionary retailing that it currently characterises the Hawksburn activity centre.

Figure 18: Apartment Residents – Individual Weekly Income



Source: ABS

5.6 Conclusion

With the projected population of the ITA likely to exceed that required to support a full-line supermarket it would also be expected that a range of other retail activities would also be supported. For example, within a strip retail centre anchored by a full-line supermarket there is typically a number of traders within each of the fresh food retail categories (i.e. greengrocers, butchers, bakeries etc.).

The age profile and household characteristics of residents within the area will however impact upon the retail formats that may be supported. With a higher proportion of residents being in the younger adult age groups there is the potential for a wider range of food retailing beyond that of traditional supermarket formats which typically cater for traditional families with children. Younger households as well as more affluent traditional family households also represent an underlying source of demand for cafes and restaurants.

6. RETAILING

The retailing and hospitality sector is strategically important to not only meeting the needs of local residents but also ensuring the vibrancy of activity centres such as Hawksburn. Recent State planning reforms have significantly increased the flexibility for retail activities within the Hawksburn activity centre through removing the restrictions on retail uses that applied under the previous Business 2 zone. The Hawksburn activity centre is unique in that unlike many other activity centres a Business 2 rather than a Business 1 zone previously applied.

As a result of these planning reforms there is a need to establish a direction for the future role and function of the Hawksburn activity centre. This is particularly so for the western precinct where there are a number of underutilised former industrial properties that may accommodate a variety of retail uses. The establishment of new destination style businesses within these properties may create a catalyst for a significant increase in retail activity across the precinct.

The structure planning process will provide direction for the centre and its individual precincts to meet the needs of both local residents and other visitors and ensure the vitality of the centre. This section reviews the context and opportunities for retailing and hospitality related activities within the Hawksburn activity centre including:

- The current retail environment across various segments as well as the impact of online retailing.
- The provision of full-line supermarkets within the surrounding area given the modest size of the existing Woolworths supermarket.
- Alternative supermarket and food retailing opportunities.

The following section provides an assessment of opportunities for hospitality related activities such as cafes and restaurants.

6.1 Retail Sector Context

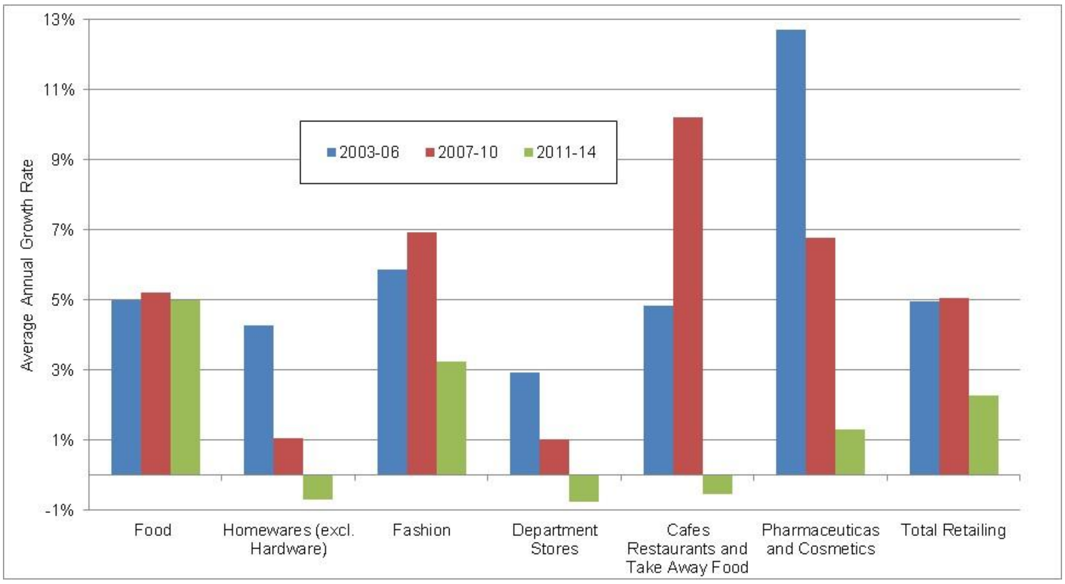
Charter Keck Cramer prepared the Stonnington Real Estate Report - Prime Retail Strips for Council in August 2014 which included an analysis of the performance of individual retail segments over recent years. The key findings from this review are summarised below.

6.1.1 Retail Category Performance

The slowing in retail sales over recent years has varied across the various retail segments as indicated by the two figures below. These figures show the average annual growth in retail sales for three periods extending over the past 12 years. The middle period (2007 – 2010) represents the onset of the Global Financial Crisis (GFC) and households' response to increase economic uncertainty. The other two periods represent the pre-and post GFC eras.

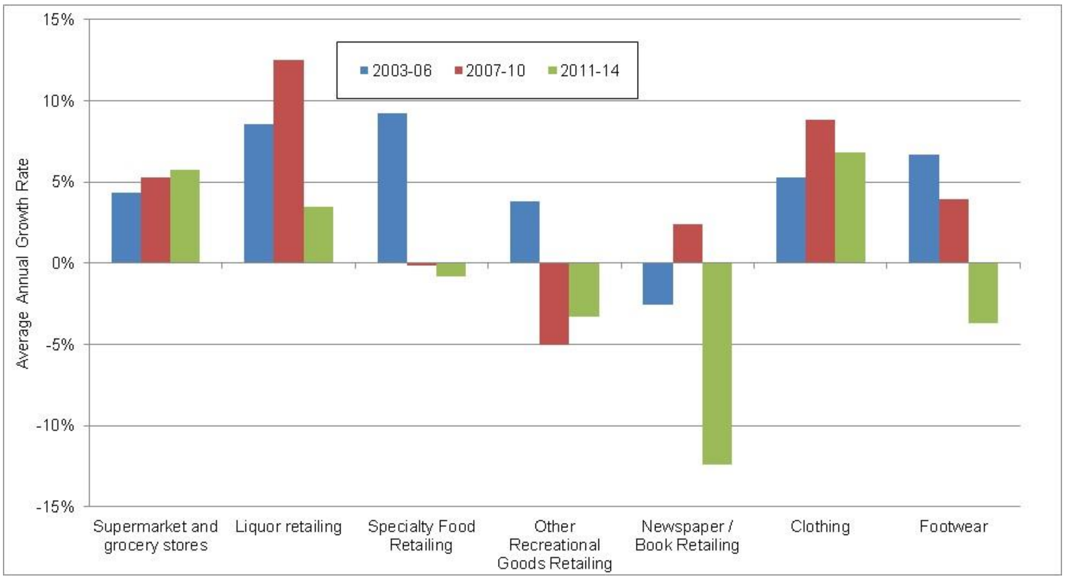
The first figure compares growth rates for broad retail categories while the second figure compares rates for those sub-categories that are of most relevance to the Hawksburn activity centre.

Figure 19: Victoria: Average Annual Retail Turnover Growth (Victoria)



Source: ABS, Charter Keck Cramer.

Figure 20: Victoria: Average Annual Retail Turnover Growth (Victoria)



Source: ABS, Charter Keck Cramer.

As would be expected, growth in food retailing has remained stable and largely reflects the combined effects of inflation and population growth. Overall, food retailing is less exposed to economic uncertainty as well as on-line retailing. Supermarkets and grocery stores have however been increasing sales at a growing rate while specialty food retailing has stagnated, which is consistent with the larger supermarket chains' strategy to increase market share of fresh food retailing.

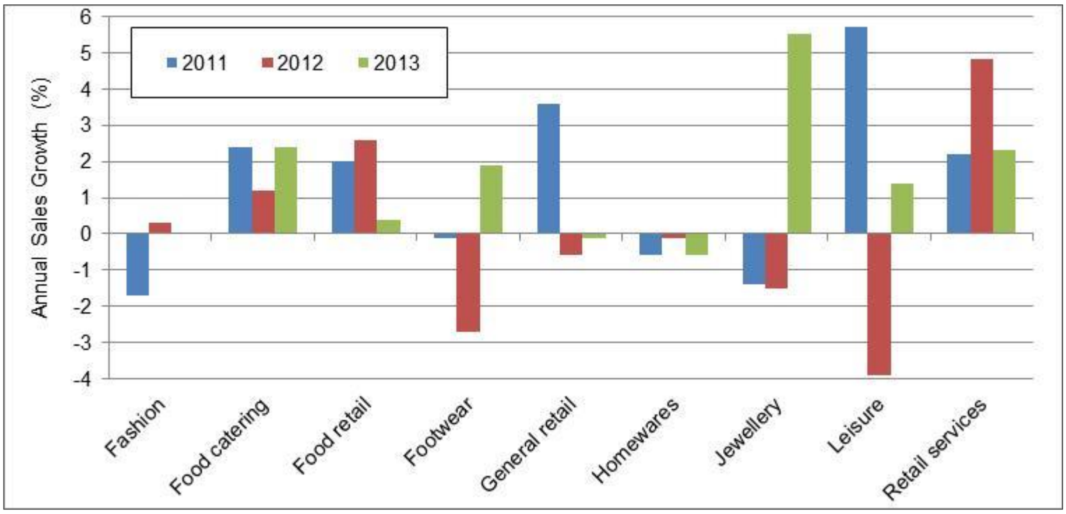
Fashion retailing has also slowed during the post GFC era albeit still growing at a higher rate than other areas of non-food retailing. Although total sales have been increasing at around 3% per annum, the second figure above highlights the distinction between clothing and footwear with the latter experiencing negative growth of almost -4% per annum whereas clothing retailing has expanded by around 7% per annum. This is likely to partly explain the stronger performance of the Hawksburn activity centre relative to other fashion precincts given its greater focus on clothing rather than footwear.

The impact of technology and online media access is highlighted by the experience of the newspaper / book retailing sector where retail sales have declined by an average of over 12% per annum over 2011-2014. Cafes, restaurants and takeaway food outlets have also experienced slightly negative growth over 2011-2014 reflecting the decline in consumer sentiment following the GFC.

An indication of the performance of individual retail segments may also be gained from an analysis of retail sales within privately operated shopping centres such as those owned by Westfield. As the figure below shows, sales growth for specialty stores within Westfield shopping centres nationally has been patchy over 2011-2013 with a combination of positive and negative annual growth.

It is notable that the only categories to consistently deliver positive growth have been food catering, food retail and retail services, all of which are less exposed to competition from online retailers. Fashion specialties have shown either negative or little growth while homewares retailers have averaged slightly negative growth.

Figure 21: Westfield Australian Retail Portfolio - Specialties Store Sales Growth per Sqm* by Category



Source: Westfield

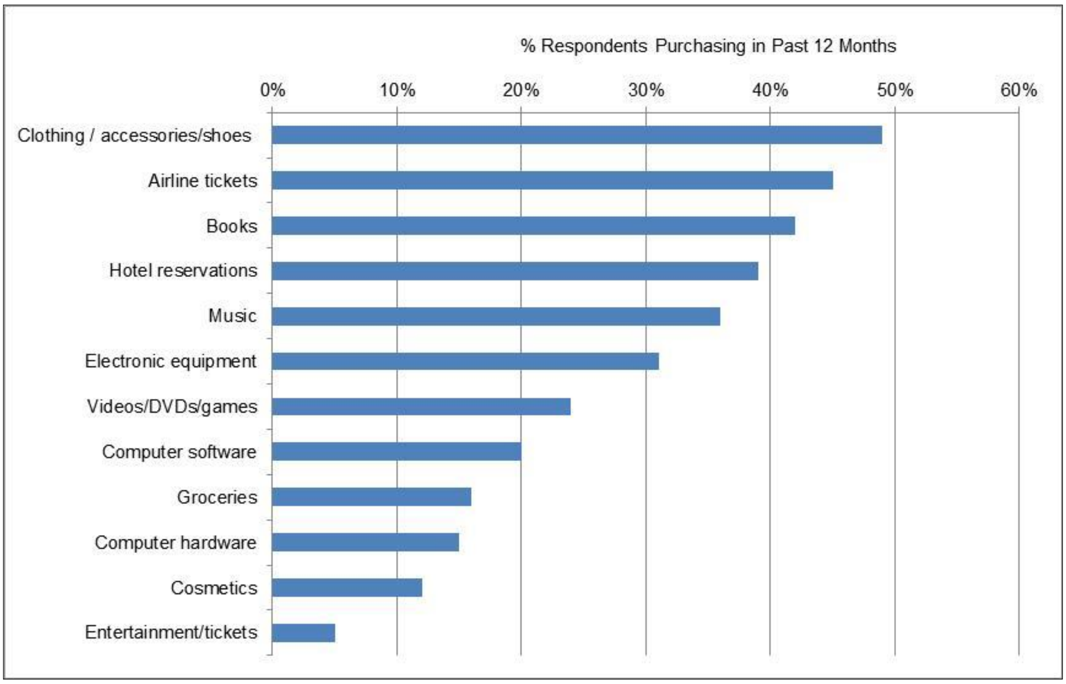
* Comparable centres not undergoing redevelopment

6.1.2 Online Retailing

Online retailing represents perhaps the most significant retail innovation since the supermarket concept was introduced early last century. Its impact upon traditional retailing is however more significant due to the pace at which it is occurring with suggestions that one year in online retailing equates to five years of traditional retailing.

Sensis monitor households' online retail behaviour as part of its annual e-Business Report. This includes identifying the retail categories most frequently purchased by online shoppers as shown in the figure below. Clothing, accessories and shoes were the most popular items purchased with almost half of all online shoppers purchasing these items. Books were purchased by 42% of online shoppers while groceries and cosmetics were the least likely to be purchased accounting for only 16% and 12% respectively.

Figure 22: Percent of Online Shoppers Purchasing Nominated Items (Sensis Survey)



Source: Sensis

6.2 Supermarket Retailing

The Hawksburn activity centre currently offers a smaller format Woolworths supermarket with approximately 1,100 m² of trading area with four aisles and four checkouts plus a self-serve checkout area. At around one third the floor area of a typical full line supermarket, the supermarket is perhaps more comparable to independent supermarket catering for the top-up shopping needs of local residents.

Ownership of the supermarket site includes car parking and vehicle access immediately to the west together with a portion of the car parking to the rear as shown in the figure below. The remaining portion of rear car parking is owned by a separate entity. The total area of the parcel fronting Malvern Road (i.e. excluding rear car parking) is 1,728 m².

The potential for expanding the existing supermarket is therefore constrained by a number of factors including fragmented land ownership potentially limiting any expansion to the rear, and the likely requirement for continued access from Malvern Road preventing any expansion of the existing building to the west.

The availability of convenient at grade car parking (such as that available adjacent to the Coles and Woolworths supermarkets in Chapel Street) is also a key factor influencing where households undertake their weekly food and grocery shopping. Therefore any expansion of the existing Woolworths supermarket would need to be complemented by convenient car parking.

The South Yarra BMW site in Williams Road may potentially accommodate an independent supermarket as an alternative to its existing showroom use. This may however be limited by a lack of appropriate car parking as well as being somewhat disconnected from the centre's retail core along Malvern Road.

Figure 23: Woolworths Supermarket Site

Source: realcommercial.com.au, Nearmap

The adequacy of the current provision of supermarket facilities within the Hawksburn activity centre needs to be considered within the context of the role performed by the existing Woolworths supermarket and households 'access to alternative supermarkets and other food retailing outlets. Secondly, the population of the area potentially serviced by supermarket facilities at Hawksburn activity centre would need to be sufficient to support any additional supermarket floorspace. Finally, the format of any future supermarket and the ability to complement rather than compete with existing supermarkets may enable it to service a wider trade area and therefore additional supermarket floorspace to be supported.

The existing Woolworths supermarket would be expected to be largely used by local residents for top-up shopping rather than weekly food and grocery shopping. This reflects the limited range of products able to be stocked within the available floorspace, accessibility and availability of car parking and the general topography of the site making it difficult to push shopping trolleys from the store to the car park.

The Chapel Street (Prahran) and Toorak Village activity centres offer larger traditional sized full-line supermarkets as well as more convenient car parking at the same level as the supermarket. As a result, the majority of households within the area surrounding the Hawksburn activity centre would be expected to undertake their weekly food shopping at these centres.

6.2.1 Existing Supermarket Provision

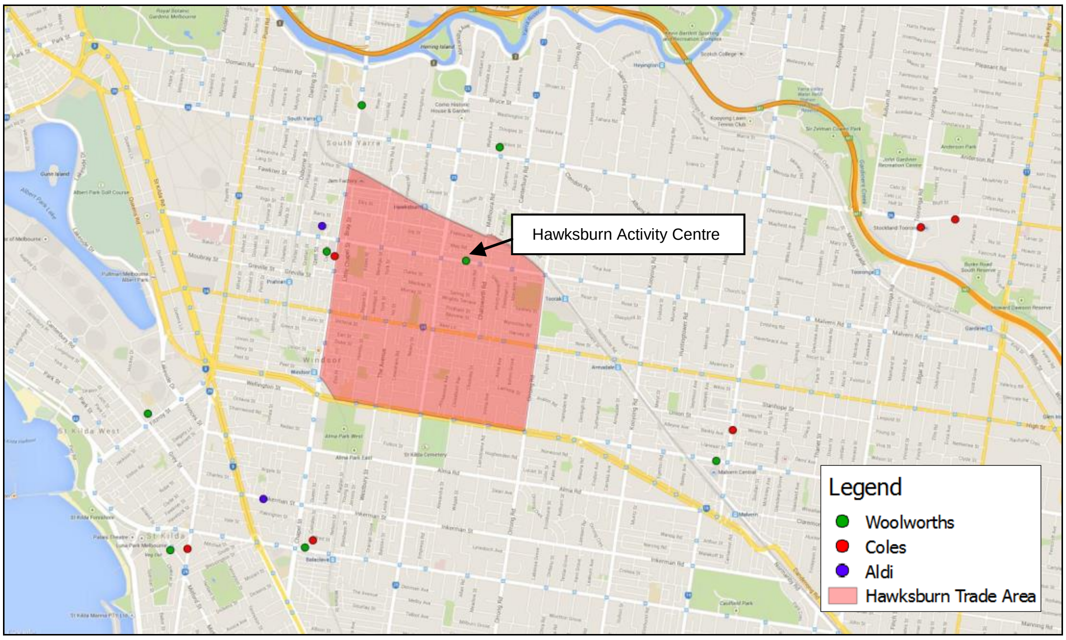
The existing provision of major supermarkets (Coles, Woolworths, Aldi) is shown in the figure below relative to the Indicative Trade Area (ITA) for the Hawksburn activity centre.

The ITA reflects a number of physical and competitive boundaries that will limit the trade area serviced by existing and future supermarkets within the Hawksburn activity centre being:

- Dandenong Road to the south.
- Railway line to the north and east.
- Chapel Street activity centre to the west including both Coles and Woolworths supermarkets.

- Glenferrie Road activity centre and Malvern Central to the west.

Figure 24: Major Supermarket Provision



Source: Google Maps, Charter Keck Cramer

Assuming an adequate future supply of traditional supermarket facilities within the Hawksburn activity centre, any escape expenditure would be expected to be balanced by households from outside the area using full-line supermarkets within the centre. Therefore the area represents equilibrium between the flow of expenditure into and out of the trade area.

For example, while all three supermarkets are located within Chapel Street just outside of the ITA there is a notable absence of these supermarket chains to the north-east of Hawksburn which may compensate for any escape expenditure.

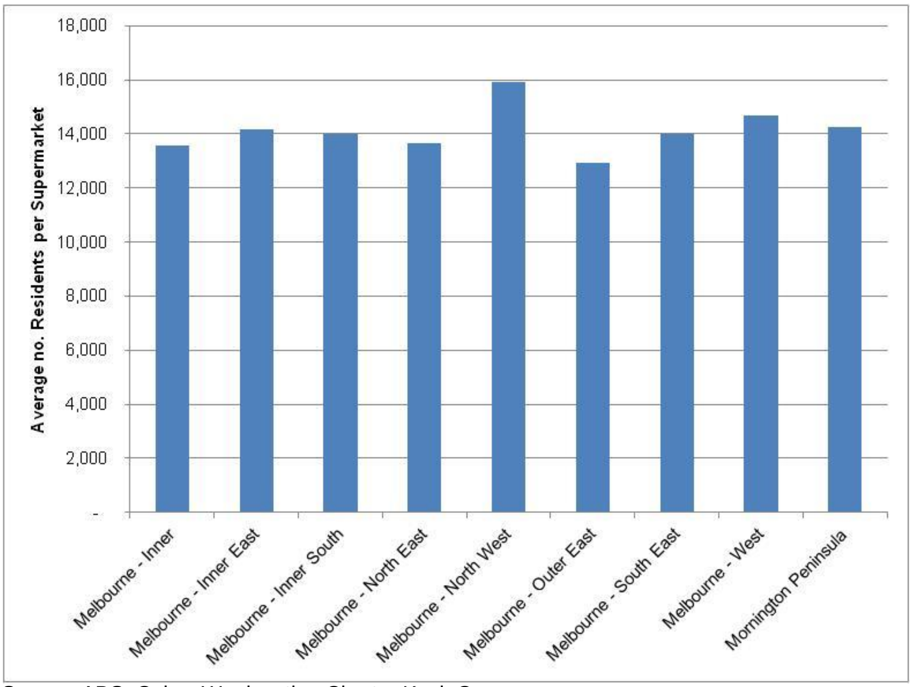
6.2.2 Supermarket Provision Rate

The number of residents per full-line supermarket, being one operated by either Coles or Woolworths, is remarkably similar across Melbourne's sub-metropolitan regions. As shown by the figure below, there is typically one full-line supermarket for approximately every 14,000 residents with the only exceptions being Melbourne's north-west and outer-east regions.

This consistency in the provision of full-line supermarkets reflects the fact that per capital expenditure on food and groceries is also relatively stable across income groups due to most items being non-discretionary (food and groceries). This is highlighted in the second figure below with the highest income group spending only 40% more per capita on food and groceries than the lowest income group, compared to 130% more for clothing and footwear. At the same time, higher income households are more likely to purchase a greater share of food and groceries at specialty stores than at the major supermarkets. The net result is therefore that households spend a relatively similar amount per capita at the major supermarkets.

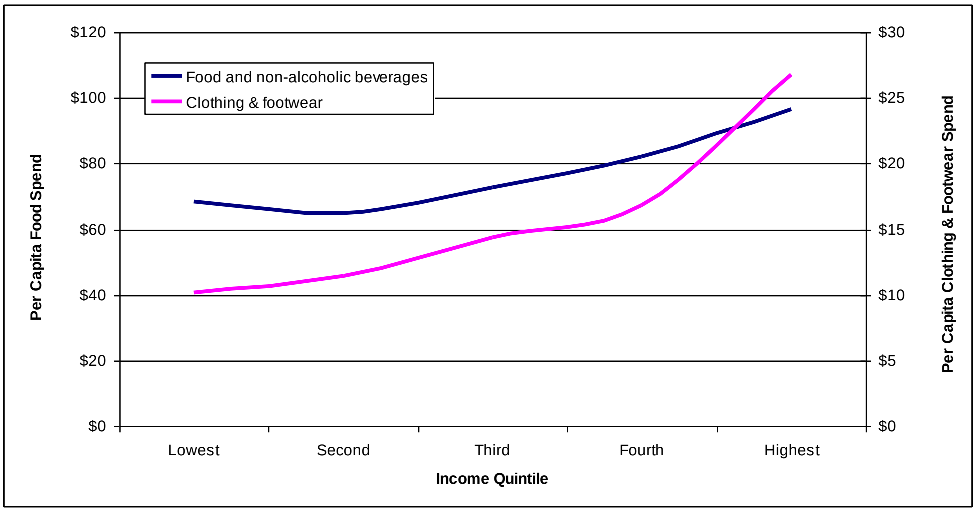
Not only do households tend to spend relatively similar amounts on food and groceries but they will also tend to shop at their most convenient supermarket as full-line supermarkets are fairly generic. As a result, there is a natural tendency for supermarkets to be evenly distributed across a region.

Figure 25: Major Full-Line Supermarket Provision Rate by Region



Source: ABS, Coles, Woolworths, Charter Keck Cramer

Figure 26: Average per Capita Expenditure ($/week)



Source: ABS Household Expenditure Survey 2009-10

With the population of the ITA likely to exceed 20,000 residents by 2031 it would be anticipated that a full line supermarket would be able to be supported even with a significant level of net escape expenditure to other supermarkets such as those within the Chapel Street and Toorak Village activity centres.

There is however the need to also consider non-traditional supermarket formats given that:

- A full line supermarket is unlikely to be accommodated on the existing Woolworths supermarket site or upon any other sites within the centre.
- Accommodating a full line supermarket elsewhere within the centre would require the amalgamation of existing sites which is likely to be problematic.

- Woolworths may not consider expanding the existing supermarket given that it will primarily impact upon their stores in Chapel Street and Toorak Village.

Non-traditional supermarkets typically require smaller floor areas, cater for niche markets with potentially larger trade areas. Such supermarkets may specialise in gourmet or ethnic foods that are not generally available within mainstream supermarkets, and may also incorporate a range of additional activities ranging from cafes through to cooking classes.

A discussion of the gourmet/ethnic food retailing is provided below together with three case studies of successful businesses as examples of the types of food retailing activities that may potentially be accommodated within the Hawksburn activity centres western precinct.

6.3 Gourmet / Ethnic Food

The Hawksburn activity centre already offers a small number of higher quality fresh food retailers in the form of Toscanos (greengrocer) and Peter Bouchier (butcher) which may be attracting visitors beyond the immediate area.

The gourmet food sector generally encompasses higher-quality foods that are able to attract higher prices due to their quality, authenticity, or the care and expense that goes into their preparation. While the term ‘gourmet’ is subjective, it can generally be determined by the extent to which particular foods or products are commonly available.

Although once a niche segment, gourmet foods are becoming increasingly mainstream as consumers become better informed, through their exposure to fine foods and beverages in restaurants and cafés, through watching celebrity chefs on television or through travelling overseas.

A number of developments and trends within the food retailing sector highlight the growing sophistication of consumers and opportunities for higher value adding including:

- Woolworths and Metcash establishing gourmet food chains ;
- The incorporation of fresh food markets into regional shopping malls such as Chadstone, Northland and Highpoint Shopping Centres.
- Growth in the number of weekend farmers markets.
- The increasing number of out of centre fruit and vegetable outlets and meat outlets occupying up to 2,000 sq. m. of floorspace such as Tasman Meats.
- Specialty fresh food and grocery retailers focusing on gourmet and ethnic foods not usually found in supermarkets.
- Gourmet and ethnic food outlets such as Lamanna Direct (Essendon Fields) Oasis Bakery (Murrumbeena) and the James Street Market in Brisbane (refer case studies below).

Woolworths have also recognised the opportunities within the gourmet food market through its takeover of Macro Wholefoods and launch of Thomas Dux Grocer which are typically located in traditional shopping strips. Similarly, Metcash has introduced *IGA Marketplace* with stores in Sydney and Brisbane, which targets inner city residents with an emphasis on fresh and gourmet food ranges, and offering a full service delicatessen and café.

Ethnic food retailing is also evolving with the Oasis Bakery in Murrumbeena being one example of the growing popularity of ethnic foods amongst typical Australian households (refer case study below).

The diversity of these food retailing activities highlights the opportunities for tailoring a format within the Hawksburn activity centre which meets the needs of local residents as well as potentially attracting visitors from a wider region.

6.4 Case Studies

6.4.1 LaManna Direct – Essendon Fields

The following review of Lamanna Direct by the food sector consultants Fresh Direct provides an excellent insight into this supermarket concept and what distinguishes it from the major supermarkets.

Website:
http://www.lamannadirect.com.au

Address: 10 English Street
Essendon Fields

Trading Hours:

Saturday - Friday
8am - 7pm

Saturday & Sunday
8am - 6pm

Supermarket of the future is here

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

So why is it different?

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

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

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

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

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

Source: http://www.freshagenda.com.au/supermarket-future-here

6.4.2 Oasis Bakery Murrumbeena

Website: oasisbakery.com.au/

Address: 993 North Road Murrumbeena

Trading Hours:
Saturday to Wednesday 8am - 7pm
Thursday & Friday 8am - 9pm

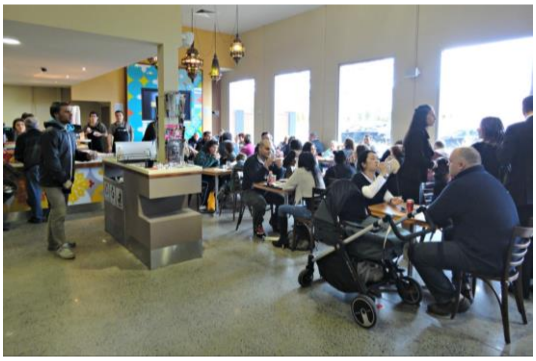
The Oasis Bakery in Murrumbeena is an excellent example of an ethnic food outlet establishing a very strong niche offering which attracts visitors from a wide area. The business, which is located in an otherwise traditional industrial estate fronting North Road (Murrumbeena) in Melbourne's south east, offers a Middle Eastern bakery, grocery store and cafe. It also offers cooking classes twice a week. It occupies approximately 900 m² of floorspace with additional undercover parking.

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

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

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

> *Defying the concrete guise of its industrial estate surrounds, Oasis has emerged as a culinary sanctuary in Melbourne's southeast.*
>
> *The bakery, cafe and grocery belongs to Emad and Marwa Makool, who took over what was a fledgling business back in the late 1990s. Enthusiastically supported by three generations of their family, they've managed to reinvent Oasis to become one of the city's finest Middle Eastern food stores.*
>
> *Marwa's freshly baked breads, Lebanese pizzas and handmade savoury pastries come daily from the kitchen. But perhaps most popular is the decadent sweet selection, which includes baklava, rosewater and almond Turkish delights, pistachio-filled shredded pastries with orange blossom sugar syrup, and ricotta and jam cigars. The cafe menu features more substantial meals, including crowd-pleasers like shawarma, Lebanese omelettes and homemade tajines.*
>
> *Patrons can survey the adjoining, colourfully appointed grocery store while they're waiting on their meal. It's stocked with hundreds of herbs and spices, nuts, beans, pulses and specialty ingredients, many of which are featured in Marwa's cooking demonstrations and online recipe board. Inspiration is never far away at Oasis, with the aromas of roasting meats and baking pastries intermingled with a suitably Middle Eastern soundtrack.*



6.4.3 James Street Market Brisbane

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

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

While the James Street Market is located on a site of over 4000 m² it does provide an indication of the nature of activities that may be supported with in an inner city location such as the Hawksburn activity centre. This would however require greater council involvement in economic development activities such as place making and the promotion of a food precinct.

Details:

Website: jamesstmarket.com.au

Location: 22 James Street, Fortitude Valley QLD

Trading Hours:

Mon–Fri	8.30am–7.00pm
Weekends	8.00am–6.00pm

Year of Completion 2002

Project Owner/Developer Calile Malouf Investments

Land Area: 4,105sqm approximately

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

Courtyard Area 370m² approximately

No of storeys 1 storey + Mezzanine

Cost $3,000,000

Development Concept

An interview with the developer of the James Street Market[1] provides an insight into the concept of the market

> *"Michael Malouf sits in Vroom at James Street and sips a coffee as he talks about how his company, Calile Malouf Investments redeveloped the site, with particular focus on the* James Street Market*" which opened in 2002.*
>
> *We were involved in some restaurants in Brisbane and we got an understanding of food, and just by travelling and seeing other cities and their amazing food markets, we thought that Brisbane needed somewhere to buy fresh produce, he says.*
>
> *We could get amazing fish delivered to the back door of the restaurant but we couldn't buy it in a retail outlet so we started to think about bringing a market to Brisbane.*
>
> *The philosophy was to avoid the bland experience of a supermarket. You see European markets where people go down and talk to their green grocer and their fish monger and their butcher and accumulate great product and stop off and have a cup of coffee or an ice-cream.*
>
> *We are trying to reacquaint people with their local food providore. Michael says the next step is to develop James Street, which boasts some 150 retailers, into its own brand.*
>
> *We've tried to make it more of a lifestyle precinct he says."*

Traders

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

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

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

Fine Fruit On James: The freshest fruit & vegetables and the highest level of personalised customer service in Brisbane.

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

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

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

[1] http://www.visitbrisbane.com.au/Travel/About-Brisbane/Feature-Story.aspx?id=14629

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

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

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

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

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

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

6.5 Prahran Market

The above case studies represent examples of the opportunity for any alternative food retailing within the Hawksburn activity centre’s western precinct to complement the nearby Prahran Market through offering longer trading hours. Currently the Prahran Market is only open five days per week and closes at 5 pm and 3 pm on Sundays whereas the three case studies above are typically open to around 7 pm seven days per week.

6.6 Development Opportunities

Recent planning reforms provide greater flexibility for retail activity particularly within the Hawksburn activity centre’s western precinct. This provides the opportunity for a significant shift in the role and function of that precinct through providing direction for activities that complement and expand the centre’s existing business mix. This will provide the opportunity to not only better meet the needs of local residents but also attract visitors from a wider region.

Although there is an identified opportunity for additional supermarket floorspace within the centre, the capacity to physically accommodate traditionally larger supermarkets is limited by the size of available sites. There is however the opportunity to support non-traditional food retailers that not only require smaller floor areas but are often sufficiently unique to attract visitors from a wider area than traditional supermarkets.

Non-traditional food retailers may provide the opportunity for the creation of a lifestyle precinct to complement the centre’s existing retail core and support more generic activities such as cafes and other food related activities. Importantly, the presence of higher-end fresh produce retailers such as Toscanos and Peter Bouchier that may already be attracting visitors from a wider area may be built upon to establish the Hawksburn activity centre as a destination for quality food retailing.

The suitability of existing properties to accommodate a range of small and medium sized businesses provides an immediate opportunity to accommodate new activities and facilitating a transition in land use. This is particularly important given that the majority of properties are likely to be held as passive investments and therefore unlikely to be redeveloped over the short-medium term.

The structure plan as well as economic development initiatives by Council may play a role in establishing a vision for the western precinct as a lifestyle precinct with a focus upon food retailing and hospitality related activities.

7. HOSPITALITY

Hospitality related activities such as cafes and restaurants are a well-established part of Stonnington's activity centres but do not have a particularly strong presence within the Hawksburn activity centre. There are a number of factors that may explain why this is the case including:

- The southern (north facing) side of Malvern Road within the eastern precinct being dominated by fashion retailers.
- Limited opportunities for alfresco dining due to relatively narrow footpaths within the eastern precinct.

Future opportunities for hospitality related activities will therefore be predominantly within the western precinct where there is the opportunity for the conversion of existing industrial buildings. Furthermore there will be potential for synergies with the types of non-traditional food retailing activities discussed in the previous section. The creation of a lifestyle precinct within the Hawksburn activity centre's western precinct comprising a mix of cafes, restaurants and alternative food retailers would also be expected to establish the centre as a regional destination for visitors thereby complementing nearby Chapel Street.

Hospitality related activities also provide the opportunity to activate the centre in the evening which will have positive benefits in terms of providing night-time surveillance as well as creating a night-time economy that is currently lacking. Night-time activities will also play a key role in supporting the attractiveness of the surrounding area for higher density residential development as well as the overall level of vibrancy within the centre.

7.1 Context

Chapel Street has traditionally attracted visitors from across a wide area to its cafes and restaurants. The gentrification of suburban retail strips and the creation of lifestyle precincts has however created increased competition for Chapel Street and other cafe precincts across Stonnington.

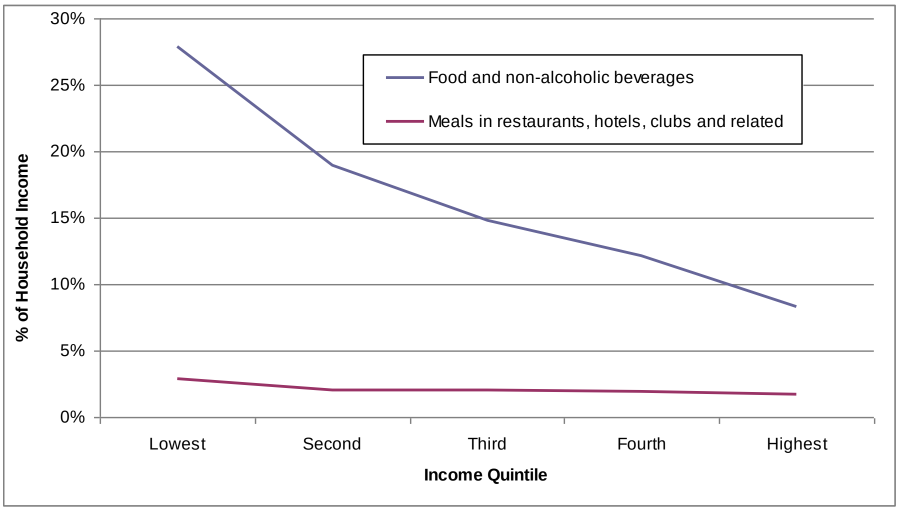
Nevertheless there is still strong underlying demand for hospitality related activities within a continually evolving range of formats. The Hobba eatery and bar on the former Prahran Tyre Centre in the Hawksburn activity centre's western precinct is a typical example of former industrial buildings being utilised for hospitality related activities.

The revitalisation of many strip centres throughout metropolitan Melbourne also reflects the strong shift towards a 'café culture' particularly over the last decade. This has provided local centres with the opportunity to establish a market niche through offering an alternative shopping experience relative to newer centres.

Unlike core retailers that have strong synergies with supermarkets or other traditional anchors, cafes and restaurants are less dependent upon being located near these retailers. They do however benefit from an appropriate level of amenity and location within a recognised cafe / restaurant precinct. This is often supported by public realm improvements through Councils investing in improved streetscapes or sometimes through new mixed use developments. Importantly, the creation of a lifestyle precinct is not dependent upon all businesses being either a cafe or restaurant but rather there being a sufficient number to establish a location as a destination for visitors.

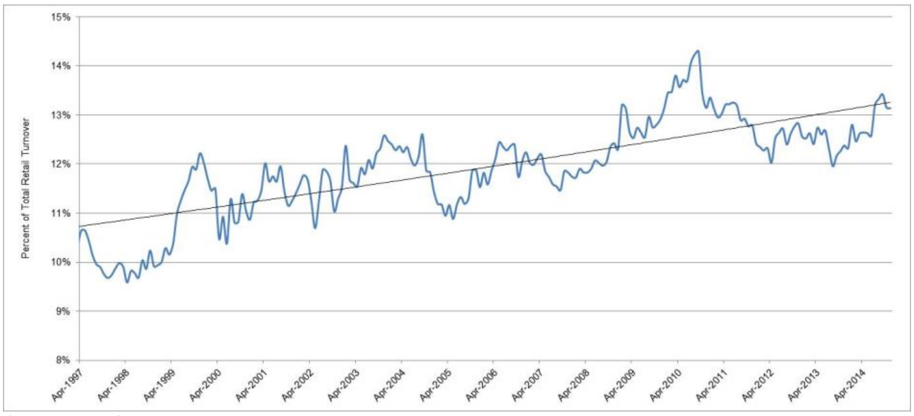
The figures below further highlight the importance of cafes and restaurants within more affluent locations. The first figure shows that the proportion of income spent on eating out remains relatively constant across income groups, while the proportion spent on food and groceries falls as incomes rise. The second figure shows how the share of total retail turnover accounted for by cafes, restaurants and take away food has increased. Over the past decade this share has increased from around 11.5% to over 13% albeit with some volatility reflecting the discretionary nature of spending on eating out.

Figure 27: Share of Income Spent on Food and Groceries vs. Eating Out



Source: ABS Household Expenditure Survey

Figure 28: Cafes, Restaurants and Takeaway Food Services – Share of Total Retail Turnover (Victoria)



Source: ABS

7.2 Development Opportunities

The relatively fewer number of cafes and restaurants within the Hawksburn activity centre suggests that there may be strong opportunities for such activities. This is particularly so given that this is likely to be a result of the limited availability of suitable premises. As already discussed, the strength of the fashion retailing precincts along the preferred north facing side of Malvern Road combined with narrow footpaths within the eastern precinct will limit any opportunity for cafes and restaurants to the western precinct.

Properties within the western precinct between Miller Street and Francis Street (southern sub – precinct) offer the preferred north facing orientation for alfresco dining. The capacity for existing industrial buildings to be adapted for hospitality uses has already been demonstrated by the Hobba eatery and bar as well as similar adaptations elsewhere across Melbourne. This is particularly important where properties are owned by passive investors and therefore unlikely to be redeveloped over the short-medium term. Hence, cafes and restaurants provide a means through which there may be a transitioning of land uses within the centre.

The existing properties within this sub-precinct offer floor areas of approximately 300-400 m^2 which would be suitable for larger cafes and restaurants but may also be better used for food retailing which are more dependent upon larger floorareas. This would then enable food retailers that may potentially attract customers from across the wider region to locate within the centre and thereby provide greater exposure to potential customers for cafes and restaurants than would otherwise be the case.

Alternative locations for cafes and restaurants within the western precinct are either side of The Hawksburn Apartments where there are a number of Victorian shop fronts. The north-eastern sub-precinct between The Hawksburn Apartments and Williams Road is likely to have greater synergies with the centre's eastern sub-precinct. The north-western precinct however would be expected to have a greater connection to those activities within the southern sub-precinct.

8. HOUSING

Demand for residential apartments has already been well demonstrated within Melbourne's inner south-eastern suburbs with a variety of projects catering for different segments of the market. Similarly the commercial viability of apartment projects is also reflected by the level of development activity.

There is however a number of constraints relating to the availability and suitability of sites that may limit the opportunity for apartment development within the Hawksburn activity centre. These may be summarised as follows:

- Availability

  The availability of suitable development sites is likely to be particularly limited within the centre's eastern precinct as a result of properties being held by passive investors with the objective of generating a longer-term income stream. This may also be the case within the western precinct although there is the potential for a more significant uplift in the value of former industrial properties which may encourage their redevelopment.

- Suitability

  Many sites within the eastern precinct may have limited development potential due to either the physical dimensions or accessibility of sites which are typically single fronted shop fronts, or in the case of larger sites have significant capital improvements that may act as a disincentive to redeveloping a particular site.

The western precinct however offers a number of larger sites offering adequate access and which may currently be underutilised and therefore may represent a potential development opportunity. These include the Forty Winks and Subway (corner Malvern Road and Miller Street) sites as well as the South Yarra BMW site on Williams Road.

Therefore while apartment development within the centre may be supported based upon market fundamentals, the likelihood of sites being developed for such uses will be determined by both the ownership and characteristics of individual sites. The urban design elements of the structure plan will also play a key role in determining future opportunities for higher density housing within the centre.

9. COMMERCIAL OFFICES

The Hawksburn activity centre already includes purpose-built office space in various formats including the Toorak Plaza serviced offices, modern freestanding office buildings (e.g. corner Malvern Rd and Errol St) as well as older office buildings at the eastern end of the centre. There is however a number of offices above retail premises which provide alternative, and in some cases preferred, accommodation for smaller niche businesses.

Shop top offices would be expected to provide accommodation for a variety of businesses that may value being located within the heart of a vibrant activity centre rather than within a more distant office precinct. These office uses contribute to the level of activity within the Hawksburn activity centre and to the village feel of the centre through expanding the mix of activities. Shop top offices also provide an additional source of income for property owners thereby ensuring non-retail areas are well maintained.

9.1 Development Context

Office suites also represent a potential inclusion in any redevelopment of sites within the Hawksburn activity centre. However while construction costs for offices suites and apartments are similar with respect to actual floorspace, higher car parking requirement for offices increases overall development costs.

Under the Victorian Planning Provisions car parking provision rates are:

- 3.5 car spaces per 100 sqm of floorarea for offices.
- One car space per bedroom for apartments (which equates to approximately one space per 40 sqm or 2.5 spaces per 100 sqm).

The provision of one additional car space for each 100 sqm of office compared to that required for apartments would increase overall development costs.

At the other end of the development equation, the realised values per square metre for recently developed offices within South Yarra are approximately $6,000 - $8,000 per sqm. This is around 30% less that achieved for apartments, being in the order of $8,500-$11,000 sqm within the same area.

Within the surrounding area there are a number of recognised office precincts offering smaller office suites similar to that which may potentially be developed within Hawksburn. This includes the South Yarra and St. Kilda Road office precincts which offer considerably better access to the Melbourne CBD. In addition, the Forrest Hill precinct in South Yarra offers immediate access to South Yarra station. Access to efficient public transport, and in particular rail services, is also a key requirement for most office users wishing to attract staff and service clients in the Melbourne CBD.

Another factor that may also limit the opportunities for office development within Hawksburn is the distance from the Monash Freeway and the level of traffic congestion along Chapel Street. Proximity to the Monash Freeway has been one of the key factors which have supported the emergence of the South Yarra and Richmond office precincts.

The key implication of current office market conditions for the future development of sites within the Hawksburn activity centre is that offices are unlikely to represent the highest and best use given that:

- Value rates for offices are noticeably less than for residential apartments.

- Higher car parking provision rates for offices will increase development costs relative to apartments.

- Compared to apartments, sales rates are typically slower for offices as a result of purchasers waiting for a project to be completed before committing which impacts upon project cash flows and the ability to fund construction.

- The location attributes of the centre are better suited for apartments than offices with the latter likely to experience strong competition from better located office precincts such as South Yarra, Richmond and St. Kilda Road.

9.2 Chapel reVision

The issue of residential development ‘crowding out’ office development has been raised in background reports prepared for Chapel reVision[2]. This included identifying benefits that would result from a more balanced mix of residential and office development. It was however noted that planning measures requiring retail/commercial uses on a lower levels of a development would impact upon the ‘residual land value’ of sites, being the hypothetical amount developers would be prepared to pay for development sites, by up to 26%.

9.3 Planning Incentives and Development Outcomes

Good planning outcomes are a result of the recognition of the role that various stakeholders play in the revitalisation of precincts such as the Hawksburn Activity Centre. This includes:

- the property sector comprising landowners, investors and developers;
- the local residential and business community; and
- Council as the advocate for best practice planning outcomes for current and future generations.

Ultimately any development activity within the Hawksburn Activity Centre will need to be undertaken by the property sector. Hence, initiatives aimed at delivering a more balanced mix of office and residential development must aim to provide incentives to developers to undertake such development. This requires directly addressing the relative viability of developing each of these land uses.

Office development within the Hawksburn Activity Centre would be expected to provide the opportunity for a more sustainable centre through:

- Increasing the daytime population of the centre with workers providing support for local businesses such as cafes and take away food outlets, which will contribute to the overall amenity and attractiveness of the centre.
- Potentially attracting a range of business services that may be used by local residents such as accountants and solicitors, as well as some health services.
- Generally providing a more vibrant activity centre environment that extends across a longer period of the day and better utilises available infrastructure.
- Reducing the distance residents may need to travel to their workplace.

---

[2] SGS Economics and Planning (2014) Chapel ReVision – Economic feasibility / advice on draft schedule 1 to the Activity Centre Zone
Hansen Partnership and City of Stonnington (2014) Chapel Street Activity Centre Chapel Revision Discussion Paper

These factors will contribute to the future development, vibrancy and sustainability of the centre, as well as benefit to local residents and businesses, over and above that generated by additional apartments within a development.

It may be argued that this represents a form of 'market failure' with respect to the relative development of offices and apartments. As a result, there may be the justification for the use of planning tools to encourage a level of office development which reflects the benefits that may flow to the centre. This may include offering incentives for developments incorporating office space either via the planning scheme or other means to encourage a greater diversity of uses within the centre.

10. STRATEGIC DIRECTION

This assessment has considered the likely future role and function of the Hawksburn activity centre and associated development opportunities. In doing so this provides a strategic direction for the centre which may be taken into account in preparing the structure plan.

The strategic direction for the centre reflects an underlying objective to increase the vibrancy of the Hawksburn activity centre through introducing activities and land uses that expand the function of the centre and extend activity within the centre throughout the day and into the evening. This will not only enable the centre to better service local residents and support local businesses but also attracted ongoing investment in the centre.

The centre comprises two distinct precincts represented by the traditional retail core to the east of Williams Road together with the western precinct which has traditionally comprised light industrial and peripheral retailing activities. The significantly different mix of land uses and property types within each precinct also influences the potential for a change of land uses in the future.

The eastern precinct is not expected to experience any significant change from its existing role as a traditional retail precinct with a strong focus upon fashion retailing and to a lesser extent local convenience retailing. The opportunity to better meet the weekly food shopping needs of residents within this precinct will however be limited by the availability of sites for large format retailing including a full line supermarket.

The western precinct is likely to experience a potentially significant shift in its role and function resulting in the transition of land uses towards more intensive service based activities. This includes the opportunity for a range of food retailing and hospitality activities. Such activities will complement the centre’s existing retail function through providing a potentially unique mix of businesses to attract visitors from an extended area.

Former industrial properties within the southern sub-precinct (refer figure below) offer the potential to accommodate medium format retailing within existing buildings that may include destination style food retailers. Such retailers would provide the opportunity to attract visitors from across a wider region thereby providing additional support for hospitality related activities such as cafes and restaurants.

Smaller Victorian shop fronts within the north-west and north-east sub-precincts may provide the opportunity for cafes and restaurants for which there is currently an under-provision within Hawksburn compared to many other activity centres.

Although property market conditions favour the development of apartments over commercial office space, there may be the opportunity for Council to actively encourage office development via incentives in the Planning Scheme, or other more creative means outside the planning system This would reflect the potential benefits of encouraging employment uses within the centre for its longer term sustainability and vibrancy.

Figure 29: Hawksburn Activity Centre Western Sub-Precincts