Retail, Commercial and Employment Strategy

Draft Strategy

City of Bayside
May 2016

Independent insight.

Independent insight.

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1 EXECUTIVE SUMMARY

The Bayside Retail, Commercial and Employment Strategy ('the RCE Strategy') explores and provides policy directions on the future evolution of Activity Centres and employment lands within the City of Bayside.

Building on SGS's economic forecasts from the Issues and Opportunities Paper ('the Issues Paper') and a community consultation process, the RCE Strategy provides recommendations to Council as to how retail, commercial and employment activities can continue to be accommodated and encouraged to evolve within the Bayside context. There is a focus on actionable strategies for Council to pursue over the next 15 years to ensure Bayside's commercial areas contribute to a liveable City.

The Strategy summarises key macro-economic and spatial trends relevant to Bayside, key drivers, influences and forecast population growth. Together these factors largely determine the employment future of Bayside which, via the RCE strategy, can be directed, enhanced or limited through a number of initiatives.

Generally speaking, Bayside's activity centres are best practice examples of local activity centres, performing well and providing high quality offerings without the anchors often present in large activity centres of similar sizes. Rather than changing policy direction, as these are working well, the options are somewhat limited to addressing location specific themes and responding to the growing demand for health services. Providing an appropriate balance between the medium and high density housing envisioned by the *Bayside Housing Strategy* 2012 and accommodating retail and commercial growth to preserve the viability of the activity centres is a key focus for activity centres.

After a thorough process of economic analysis, conceptualisation of possible outcomes, options assessment and community consultation, it was concluded that the BBEA could strategically evolve its role as an economic precinct towards the advanced business services (*referred to in the Issues Paper as 'advanced manufacturing')*. This is only the first step, as other precincts in Melbourne will be aiming for something similar, resulting in some degree of competition for the same jobs.

A comprehensive strategic approach needs to be employed to ensure that the precinct is as competitive as possible in attracting its share of employment.

A vision has been developed for Bayside's retail, commercial and employment lands as follows:

> ***"Bayside's retail, commercial and employment lands will continue to provide a variety of employment opportunities and services for local residents in the 21st Century. Possessing some of the best local strip centres in Victoria, Bayside will seek to further enhance its local economy through incremental growth in its Activity Centres to address evolving services needs. An innovative reimagining of its ex-industrial lands will provide a focus for high quality jobs locally in a high amenity and well connected environment."***

12 strategies have been developed to achieve the RCE Strategy vision. These strategies will be presented to the community and tested throughout the public consultation process prior to finalising the RCE Strategy.

Theme	Strategic Response	Strategic Action
Policy Gaps, Issues and Opportunities	Strategy 1	Present the spatial economic structure and clearly articulate the vision for each location.
	Strategy 2	Review the activity centre vision to ensure that the future character and economic role are clearly articulated within the policy setting.
	Strategy 3	Expand the commercial and retail offering of activity centres beyond core business hours.
	Strategy 4	Attract advanced business services to the BBEA through the creation of an economic triangle between Highett, Southland and the BBEA.
Economic Issues	Strategy 5	Support the trending shift in the economy towards professional services.
	Strategy 6, 9	Respond to demographic change and the needs of an aging population.
	Strategy 7	Consolidate key centres and ensure that Bayside's largest activity centres remain the primary source of retail activity.
Centre Specific Opportunities	Strategy 4, 5	Strategically evolve the BBEA economic precinct towards advanced business services.
	Strategy 8	Continue to grow Bay Street's strengths in many facets of retail and commercial businesses which service the needs of the population.
	Strategy 9	Leverage off Church Street's dual strength of high fashion and the presence of the Cabrini Hospital, to facilitate the development of a mini-health cluster.
	Strategy 10	Take advantage of the locational opportunities of Sandringham and Black Rock's proximity to, and identity with, Port Phillip Bay.
	Strategy 11	Strengthen Hampton East's ability to attract commercial office demand and development.
	Strategy 12	Accommodate the residential population within the Hampton activity centre and provide population serving uses.

A detailed implementation plan will be prepared to determine how Council propose to achieve the strategies and deliver the RCE Strategy vision. This will be presented to the community and stakeholders for a second stage of community consultation later in 2016.

1.1 List of Appendices

- Background Issues and Options Paper
- Stage 1 Community Engagement Report
- Implementation and Action Plan

2 INTRODUCTION

2.1 Project context

Bayside City Council (Bayside) presents a unique set of opportunities for business and employment growth.

Bayside is positioned within a metropolitan economy which has been in the midst of a significant restructure. The retail sector is evolving in response to financial and technological change, traditional employment lands face an uncertain future and the service sectors are increasingly important to employment outcomes.

The Bayside Retail, Commercial and Employment (RCE) Strategy provides a vision for the future of Bayside's Activity Centres and employment lands which responds to the economic issues, changes and opportunities facing Bayside. The RCE Strategy will help guide future investment, development, programs and re-zoning applications. The **Background, Issues and Opportunities Paper** focused on research, analysis and canvassing of issues, which were then taken to the community for consultation. The outputs of this paper and the subsequent community engagement process inform this **Strategy Report** (See Figure 1 below).

FIGURE 1 PROJECT PROCESS

2.2 Objectives of the Strategy

This Strategy explores and ultimately provides policy directions on the future evolution of Activity Centres and employment lands in the municipality.

Building on SGS's economic forecasts from the Issues and Opportunities Paper and the community consultation outcomes, the Strategy provides recommendations to Council as to how retail, commercial and employment activities can continue to be accommodated and encouraged to evolve in the Bayside context. There is a focus on actionable strategies for Council to pursue over the next 15 years.

The Strategy is also cognisant of a broad range of other related issues in Bayside, including the need to direct the majority of new housing development towards sites that are in and around Activity Centres, whilst ensuring that local employment and investment opportunities continue to grow and evolve.

2.3 Structure of the strategy

The remainder of this Strategy document is structured as follows:

Section 3 provides a summary of the local and metropolitan context within which Bayside's Activity Centres and employment lands function.

Section 4 summarises the key economic trends which are impacting on Bayside's retail, commercial and employment uses.

Section 5 discusses the precincts and specific issues pertaining to those locations in greater detail.

Section 6 then presents the strategy. This includes the vision, objectives and strategies for how Council can develop its Activity Centre and Employment precincts.

Section 7 is an implementation programme for ensuring that the key strategies are implemented.

3 STRATEGIC CONTEXT

This section provides a contextual overview of Bayside. It includes a succinct discussion on the urban structure and form in Bayside, as well as the policy frameworks within which this Strategy document sits.

3.1 Urban form and structure

Bayside's location within Metropolitan Melbourne, its relationship to some key employment nodes and proximity to institutional assets drive the nature of employment growth across the municipality. These elements present major opportunities which should be recognised and capitalised upon in local planning and economic development policy.

The suburbs within Bayside are collectively positioned 10 to 20 kilometres south of Central Melbourne. A number of major arterials connect Bayside to other suburbs to the south and east, whilst Sandringham and Frankston Railway Lines and the Nepean Highway provide access to the Melbourne CBD. Cumulatively, this all generates a reasonable level of accessibility for Bayside residents and businesses. The middle-suburban location allows the residents of Bayside to leverage off a range of key nodes around the region.

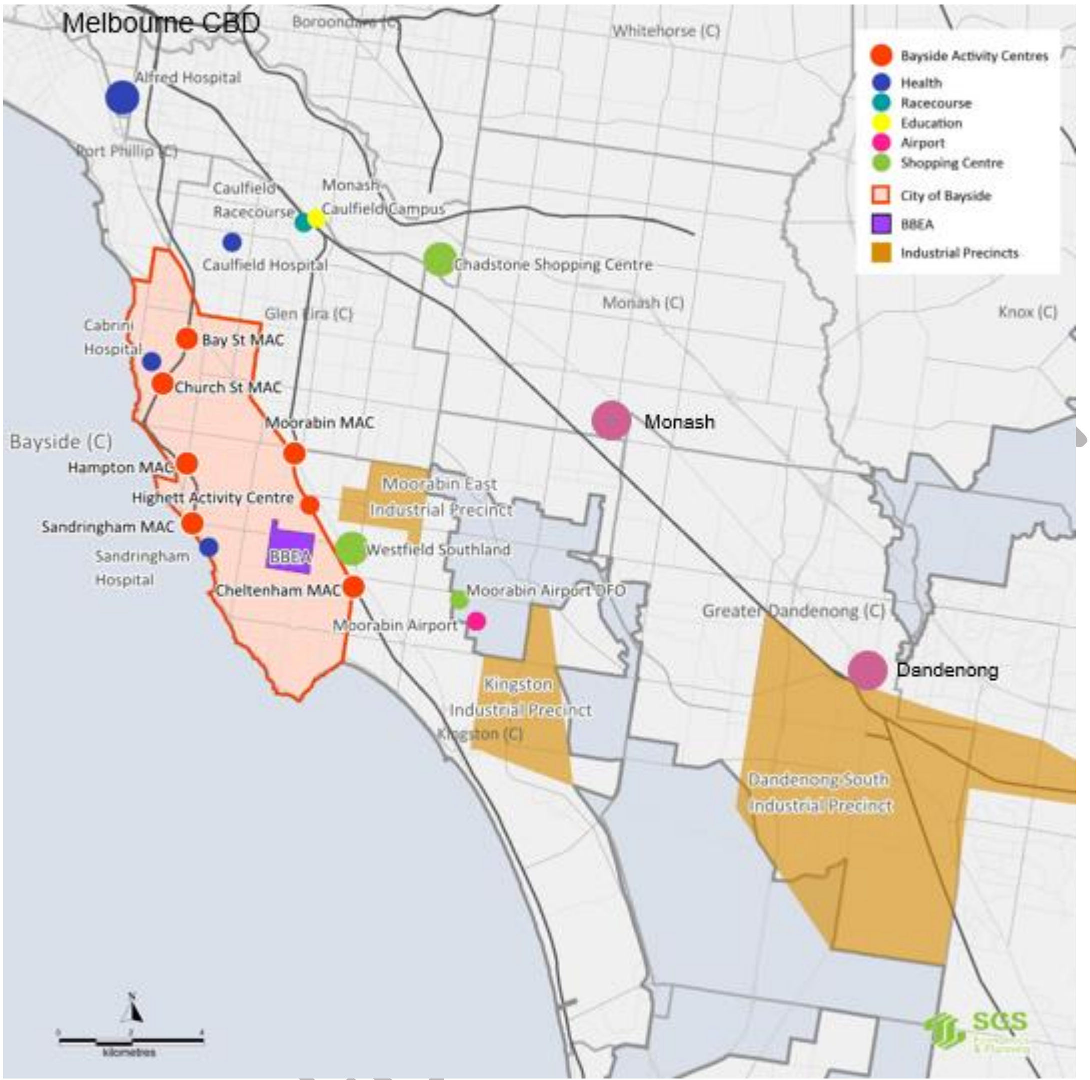
Large employment precincts and Activity Centres represent key nodes in the regional economy; this is despite the fact that none of Bayside's Activity Centres are anchored by major department stores. Aligned business activities often interact with these major nodes and gain significant economic advantages by doing so. Understanding these local and regional relationships is important to maximising employment growth opportunities in Bayside. Private sector developers also understand this and seek to leverage off these established nodes to focus their development efforts on areas with the greatest levels of potential.

Figure 2 presents a selection of major employment nodes and assets that currently have a significant influence on Bayside's economic trajectory. They can broadly be grouped into three distinct categories – Activity Centres, Employment Precincts and Health and Education. Only those centres, precincts and institutions that present a critical mass of activity with the potential to influence a broad catchment have been presented (i.e. schools and Neighbourhood Activity Centres have not been highlighted – although some of these are still significant employment locations).

The southern end of the municipality has some important connections to employment precincts in the Cities of Kingston and Greater Dandenong. These linkages provide businesses in the Bayside Business and Employment Area (BBEA) with important access to a large pool of manufacturing and logistics businesses in their relative supply chains.

The northern half of the municipality has strong links to a number of hospitals. Given the anticipated growth in demand for health sector business and employment activities, Activity Centres in Northern Bayside are well positioned to leverage off these health institutions and accommodate a greater range and depth of medical specialists and practitioners. Medical professionals' place of work is also closely tied to their place of residence. The City of Bayside offers some of the most attractive housing locations in Metropolitan Melbourne, and is therefore well positioned to attract a substantial share of health professionals over the next few decades.

FIGURE 2 KEY INSTITUTIONS, ASSETS AND CENTRES



Source: SGS Economics and Planning based from a range of council and public datasets.

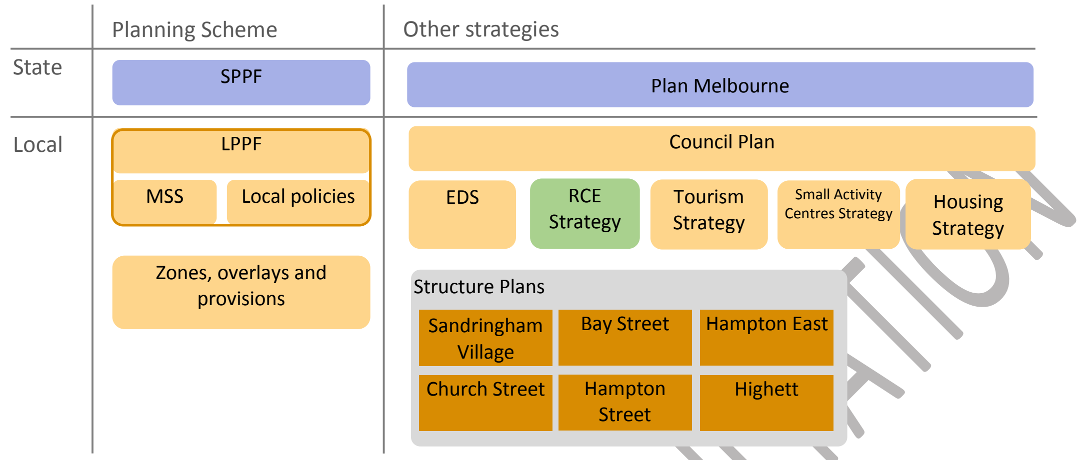
An important shaping factor of Bayside's retail precincts has been the rail network. Most of Bayside's Activity Centres are located at or near major railway stations of the principal public transport network. These stations not only provide important access to employment opportunities elsewhere in the metropolis, but they also help to concentrate foot traffic and retail expenditure for their respective Activity Centres and the traders within those Activity Centres.

This is an important element to the evolution and growth of those Activity Centres, as specialty shops generally trade better when Activity Centre visitors arrive by train or foot – whereas major anchors possess the financial clout to invest in large carparks, which in turn they can specifically design to ensure foot traffic is funnelled into their large franchised stores. The presence of the rail network also helps to alleviate some of the private motor vehicle and car parking demands which are placed on these Activity Centres.

3.2 Policy framework

Figure 3 below provides a diagrammatic overview of recent and relevant state and local policies impacting on employment precincts and Activity Centres across Bayside. The RCE Strategy will build upon and help to inform future updates to many of these other documents where relevant.

FIGURE 3 STRATEGIC FRAMEWORK



Source: SGS Economics and Planning

State Planning Policy Framework

The State Planning Policy Framework (SPPF) translates State Government land use policies - including *Plan Melbourne* - into statutory planning provisions.

Under Clause 11 of the SPPF, future development of Melbourne is to be focused in and around Activity Centres across Victoria. A network of Activity Centres has been established under the SPPF which:

- Comprises a range of centres that differ in size and function;
- Is a focus for business, shopping, working, leisure and community facilities;
- Provides different types of housing, including forms of higher density housing;
- Is connected by public transport and cycling networks; and
- Maximises choices in services, employment and social interaction

Strategic planning is expected to play a role in identifying the use and development of land within and surrounding Activity Centres and provide a clear direction for investment in a range of land uses.

Plan Melbourne (and Plan Melbourne refresh)

Plan Melbourne is the Victorian Government's Metropolitan Planning Strategy to guide residential, commercial and industrial development in Melbourne to 2050. The Plan recognises that while manufacturing continues to play a significant and ongoing role in Victoria's economy, its share in employment has declined as a result of global trends, technological improvements and supply chain evolutions. Conversely, with increased import activity, Melbourne's freight and goods-handling industries are expected to grow significantly in future years.

Bayside's Highett precinct is identified as an area of urban renewal in *Plan Melbourne*'s initiative to identify new urban-renewal precincts and sites around the existing rail network, based on transit-oriented development principles. The Initiative advocates transit-oriented development as a key means of achieving employment and population growth.

Whilst not a major initiative in its own right, Plan Melbourne simplified the classification of Activity Centres from its predecessor (Melbourne 2030). All centres previously classified as Principal or Major Activity Centres (PACs and MACs) are now known as just Activity Centres. Given that Bayside's Activity Centres remain largely classified under the Melbourne 2030 naming conventions, the municipality's Activity Centres should be reclassified.

Plans to remove all level crossings are also likely to have an impact on the permeability of freight and logistics through the Metropolitan road network, including for centres in and around Bayside – many of which contain level crossings.

The State Government is currently refreshing *Plan Melbourne* to ensure it accurately reflects community and expert priorities and advice. A Discussion Paper was released in October 2015 to guide consultation with Local Government, industry, planning experts and the community. *Plan Melbourne* 2016 will maintain the focus on amongst other matters, providing for employment in an expanded Central City, State-significant employment clusters and industrial precincts, and directing and protecting environmental values and agricultural productivity in green wedges and the peri-urban area.

Matters currently under review that are of relevance to this report include *"an evaluation of whether new zone(s) are needed for National Employment Clusters and urban renewal areas or whether existing zones (and overlays), possibly with standardised schedule templates, can provide effective planning frameworks."*

Local policy

Planning for activity centre and employment land is a key objective of local planning policy in Bayside.

Currently, Bayside's Municipal Strategic Statement (MSS) identifies its Major Activity Centres as an important focal point for commercial, residential and mixed use development – in addition to the retail core which they already possess.

Structure Plans exist for the majority of Bayside's commercial areas providing a range of objectives for land use and built form across activity centres.

The *Bayside Small Activity Centres Strategy* 2014 provides role definition, guidance on built form and supporting the convenience retail and social support role the smaller order activity centres play.

The *Bayside Industrial Area Strategy* 2004 provides the vision for the BBEA as to transform the area from an industrial precinct into the pre-eminent suburban business park to the south of Melbourne.

In 2014, Council commissioned research into the night time economy. The resulting report found that residents in the northern parts of the municipality were quite enthusiastic in their support for more services post 6pm. Importantly, the report helped to define what the night time economy should be in Bayside, and should not be confused with the night time economy of say, the City of Melbourne. Key services which residents would like to see more of post 6pm included:

– Health and wellbeing services;
– Gyms, pools and sports facilities;
– Places for learning/study; and
– Personal/specialty stores.

Given that many of these activities are actually present in centres such as Bay Street and (to a lesser extent) Church Street, it is more about extending the offer of what already exists as opposed to attracting new businesses.

In terms of the BBEA, the Bayside Business Monitor's (BBM) research programme previously identified that the BBEA had transitioned away from traditional manufacturing towards a more eclectic composition of business services. However the establishment of new activities in the area is still a slow and fragmented process, so the BBM suggested that there was a need for Council to reassess the strategic role of the precinct, determine whether it will achieve current and future employment objectives, and provide updated precinct policies and strategies for action.

3.3 Policy Gaps, Issues and Opportunities

Overall the Issues Paper concluded that Bayside's employment lands are reasonably well catered for by the existing set of State and local policies. Collectively, they have been highly effective in maintaining the character and trading viability of Bayside's Activity Centres, while under the directions in the *2004 Bayside Industrial Area Strategy,* the BBEA has retained a relatively strong employment presence despite the broader economic challenges of the global financial crisis.

There are still opportunities to improve various elements, which this strategy outlines as detailed throughout the report.

Firstly, the municipality needs to ensure the **spatial economic structure is clearly articulated in policy**. This is important because it allows State Government, developers, businesses, Council strategists and the community to fully appreciate and understand the diversity of Bayside's major economic assets and the unique role that they all play.

Secondly, Bayside's current classification of centres is very much framed around built form and residential growth. State policy (particularly Plan Melbourne) also adopts a similar approach to classifying Activity Centres[1].

An alternative to this would be to ensure that the **centres are classified according to their economic role** in the metropolis. These are:

- Regional;
- Sub-Regional;
- Large Neighbourhood;
- Small Neighbourhood; and
- Local.

A full explanation of the economic role and function of each centre is can be found at Section 5.2.

Thirdly, **there are opportunities to improve the commercial and retail offer of Activity Centres beyond core business hours**. Many of Bayside's Activity Centres are already exemplary examples of centre management and business growth, particularly given their strong amenity, low vacancies and vibrant mix of speciality stores which are generally not reliant on the presence of major anchors. There is no need to 'reinvent the wheel', so the focus should be on opportunities to add to what is already good about the places.

This should involve a combination of extending existing business hours as well as the potential introduction of some new businesses. There is no homogenous one-size-fits-all approach to such an initiative. The challenge of extending the night time activity in Bayside will realistically differ in different centres and would likely depend on the composition of uses that are already in those centres.

Finally, a **more comprehensive strategic approach to the BBEA** is required. It is important to note that the 2004 *Bayside Industrial Area Strategy* identified many issues for the precinct including the relatively small precinct size, the potential for conflict with surrounding uses and the relatively high cost of land as an industrial area, which remain accurate observations today. The lack of suitability for traditional industrial uses led that document to suggest a shift in use in the area. This is occurring – albeit slowly. An acceleration of this process requires a more significant repositioning and rebranding of the precinct.

[1] It is worth noting that through the Plan Melbourne refresh process, this may change in the future.

4 FACTORS AFFECTING ECONOMIC ACTIVITY IN BAYSIDE

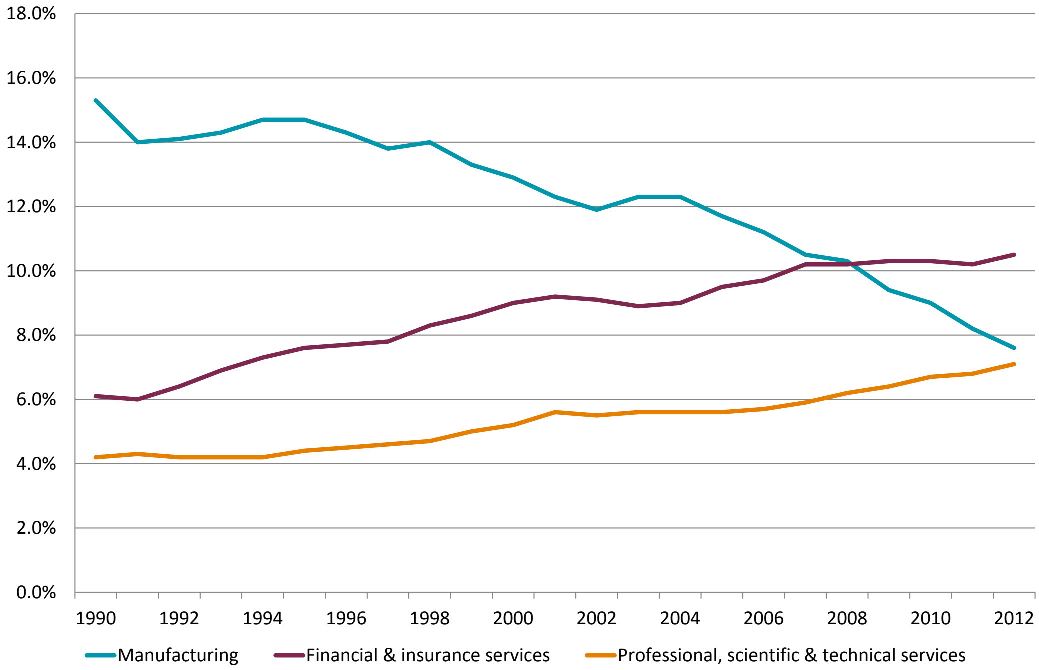
The purpose of this chapter is to summarise key macro-economic and spatial trends relevant to Bayside. The key drivers and assumed population growth is also outlined. Together these factors largely determine the employment future of Bayside which, via the RCE strategy, can be directed, enhanced or limited through a number of initiatives.

4.1 Key trends

Structural changes in Australia and Melbourne's economy

During the early 1980s, the economic structure of Australia was fairly homogeneous. Manufacturing was the primary income generator across most parts of the country. Of course, certain areas possessed specialisations in particular industries, for example, tourism, agriculture and mining in regional areas. Earlier versions of advanced business services also existed in the central core of cities since early in the 20th century. The economic evolution of the past 30 years has resulted in a far more complex picture. The rise of knowledge intensive services, the resource boom and a high Australian dollar, has created a patchwork economy. Figure 4 below highlights the restructuring of the Australian economy for three key industries over the last two decades, with services becoming an increasingly important component of domestic product and national wealth.

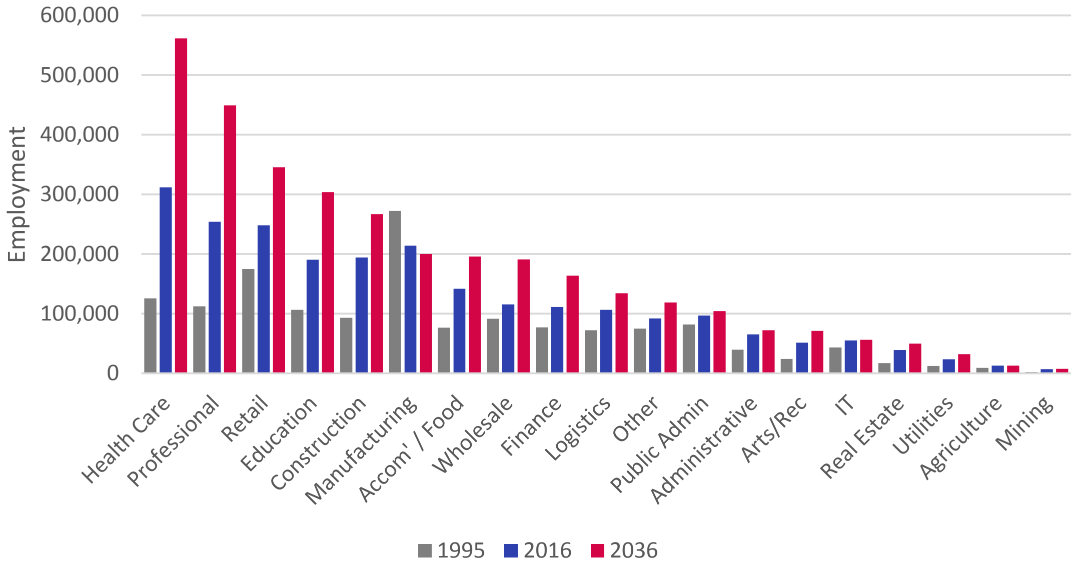
FIGURE 4 SHARE OF GDP FOR SELECTED INDUSTRIES, AUSTRALIA



Source: Australian Bureau of Statistics – National Accounts

This economic structural change has – and will continue to – impact on the composition of employment opportunities across Metropolitan Melbourne. Figure 5 presents historical and future employment by industry for Metropolitan Melbourne. This highlights the profound structural changes that will be occurring across the whole economy over the next two decades.

FIGURE 5 EMPLOYMENT BY INDUSTRY, GREATER MELBOURNE, 1995, 2016, 2036



Source: SGS Economics and Planning and ABS

Whilst governments (local, state and federal) possess limited influence and clout over some of these economic trends, policy making still has a significant role in determining how the economy will ultimately impact on our communities. In terms of Activity Centre and Employment lands, local governments have a responsibility to ensure that local residents have access to suitable employment and services. The key trends of particular relevance to Bayside City Council include:

1. Knowledge based services as the core economic driver of the future economy;
2. Health Care will be the single largest growth sector of future employment opportunities;
3. Ongoing changes in retail and hospitality, including online trading, casual dining and supermarkets catering for convenience meals; and
4. Decline in traditional manufacturing and growth in logistics, warehousing and niche sectors.

4.2 Growth projections

Population

Local population forms a key driver of local employment services such as retail, education and health care. Through other policies (such as the *Bayside Housing Strategy* 2012) and research, Council has projected population growth across the municipality. This has been used as an input into this Strategy.

In terms of residential population, Bayside City Council is presently experiencing moderate growth. Over the next 15 to 20 years, the population of Bayside is expected to increase by over 12,000 persons (Figure 6). Over the period from 2011 to 2031, Sandringham (Balance[2]), the Hampton Activity Centre and the Highett Activity Centre are expected to accommodate the most significant levels of population growth.

FIGURE 6 POPULATION GROWTH – BAYSIDE AREAS, 2006-2031[3]

Area	2006	2011	2021	2031	Change 2011-31	
					No.	% p.a.
Brighton (Balance)	18,200	19,100	20,300	20,700	1,600	0.4%
Brighton East	15,100	15,700	17,000	17,400	1,700	0.5%
Beaumaris	12,500	13,000	14,300	14,500	1,500	0.5%
Hampton (Balance)	10,100	10,700	10,900	11,200	500	0.2%
Sandringham (Balance)	7,100	7,400	10,500	11,000	3,600	2.0%
Black Rock	6,000	6,300	7,000	7,100	800	0.6%
Hampton East	4,500	4,900	5,300	6,000	1,100	1.0%
Highett (Balance)	4,100	4,400	4,600	4,500	100	0.1%
Cheltenham	3,300	3,400	4,200	4,800	1,400	1.7%
Highett Activity Centre	2,200	2,400	4,200	4,900	2,500	3.6%
Hampton Activity Centre	2,200	2,300	4,200	5,200	2,900	4.2%
Bay Street Activity Centre	1,800	2,200	3,400	3,800	1,600	2.8%
Sandringham Activity Centre	1,900	2,100	2,600	3,000	900	1.8%
Church Street Activity Centre	1,900	2,100	2,400	2,800	700	1.4%
Total	**90,800**	**96,100**	**110,800**	**116,800**	**20,700**	**1.0%**

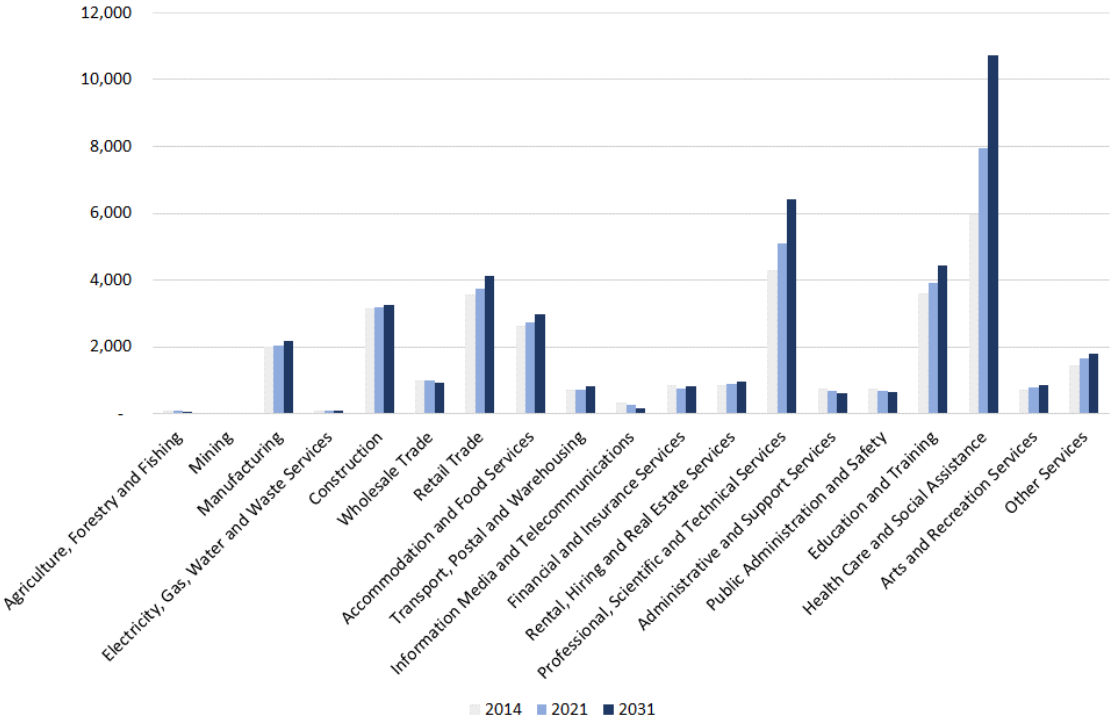
Source: SGS using id.forecasts

[2] Balance indicates all parts of a suburb which are not included as part of the Activity Centre area.
[3] Please refer to Appendix A for a full tabulation of change and average annual growth rates

Employment

The following projections present the level of economic demand which is likely to materialise in Bayside and depend on good policy, sufficient supply conditions and investments (Figure 7). The challenge for Council will be to find the means by which to accommodate the expected level of employment growth.

FIGURE 7 EMPLOYMENT PROJECTIONS ACROSS THE CITY OF BAYSIDE



Source: SGS Economics and Planning

While significant employment growth can present a number of challenges to the community it can also provide genuine benefits for the local residents. The challenges are often felt first and can be most obvious – development/design conflicts (particularly around Activity Centres) along with increased demand for transport and other services. These need to be recognised and managed. However, the benefits are significant and long lasting to the local residents. Strong employment essentially enables a rich diversity of services and opportunities well in excess of what the local resident population could support.

For example, strong employment growth supports the retail and hospitality sector directly through increased demand (i.e. workers spending money) which is often at different times to residents/visitors – this is important to the growth aspirations of Activity Centres in the future. It also supports it indirectly through supply chain linkages and knowledge exchanges – such as a local home based designer inputs into a local furniture manufacturer in the BBEA who sells in a boutique local furniture store in Hampton MAC. Local residents get the benefit of this higher quality tailored retail offer. They also gain employment opportunities directly (i.e. becoming an employee) and indirectly (i.e. clients/ collaborators).

Employment levels are expected to incrementally grow across most industries in Bayside City Council in the future, with the exception being in the Health Care and Social Assistance industry. The level of growth expected in that industry is commensurate to what is expected across Metropolitan Melbourne.

4.3 Key economic issues and implications for strategy

There are a number of significant implications which can be drawn from the economic analysis summarised in this section (further detail can be found in the Issues and Opportunities Paper).

The key message may not be new to land use planning or economic development, but the fact remains that **the economy is continuing to shift towards the professional services**, with less employment available for manufacturing. This is generally a good outcome for Bayside, as most of its residents possess the skills and qualifications to find employment in those sectors. The only challenge which remains then, is for Bayside to utilise its economic assets to provide more local employment opportunities in those professional services sectors of the economy.

Another longer standing (albeit intensifying) trend relates to **demographic change. More specifically, an ageing population** in middle ring suburbs like Brighton, Hampton and Sandringham. This will generate greater demand for certain services – particularly in health care. The challenge for Bayside will be to expand local health care services in the absence of a major regional hospital. This will require some careful fine tuning, as highly specialised health services tend to cluster around major hospitals in the region, which can be found in the Cities of Stonnington, Yarra and Melbourne. Bayside needs to leverage its strengths, which is derived from possessing some successful smaller hospitals and clinics which are a combination of specialisations and general practices. The specialisations should be encouraged to develop and expand, whilst the general practices should be encouraged to proliferate across the municipality so that residents have good local access to basic health care services.

General **population growth is also likely to result in a commensurate increase in demand for retail services and non-retail commercial businesses that serve consumers** (accountants, lawyers etc.). Given the good amenity of Bayside's Activity Centres, it should be relatively easy to ensure that growth in population serving businesses are distributed across the municipality, so that residents in all suburbs gain local access. This is a major advantage of having a relatively flat Activity Centre structure across the municipality where most suburbs possess centres which trade well in their own right and possess low vacancies. The opposite would be concentration of services in one or two Sub Regional or Regional Centres, resulting in greater congestion and parking issues around those centres and less incentive to walk to local/neighbourhood centres.

5 BBEA AND ACTIVITY CENTRE FUTURES

The purpose of this chapter is to summarise the structure and role of the Activity Centres and the BBEA, and the issues present in each activity centre and the BBEA

5.1 BBEA

Profile

The BBEA is a major focal point for business development and employment in Bayside. Over the past decade, the BBEA has been in the process of shifting from its traditional industrial base towards a more diverse array of activities including warehousing, corporate offices and bulky goods retailing.

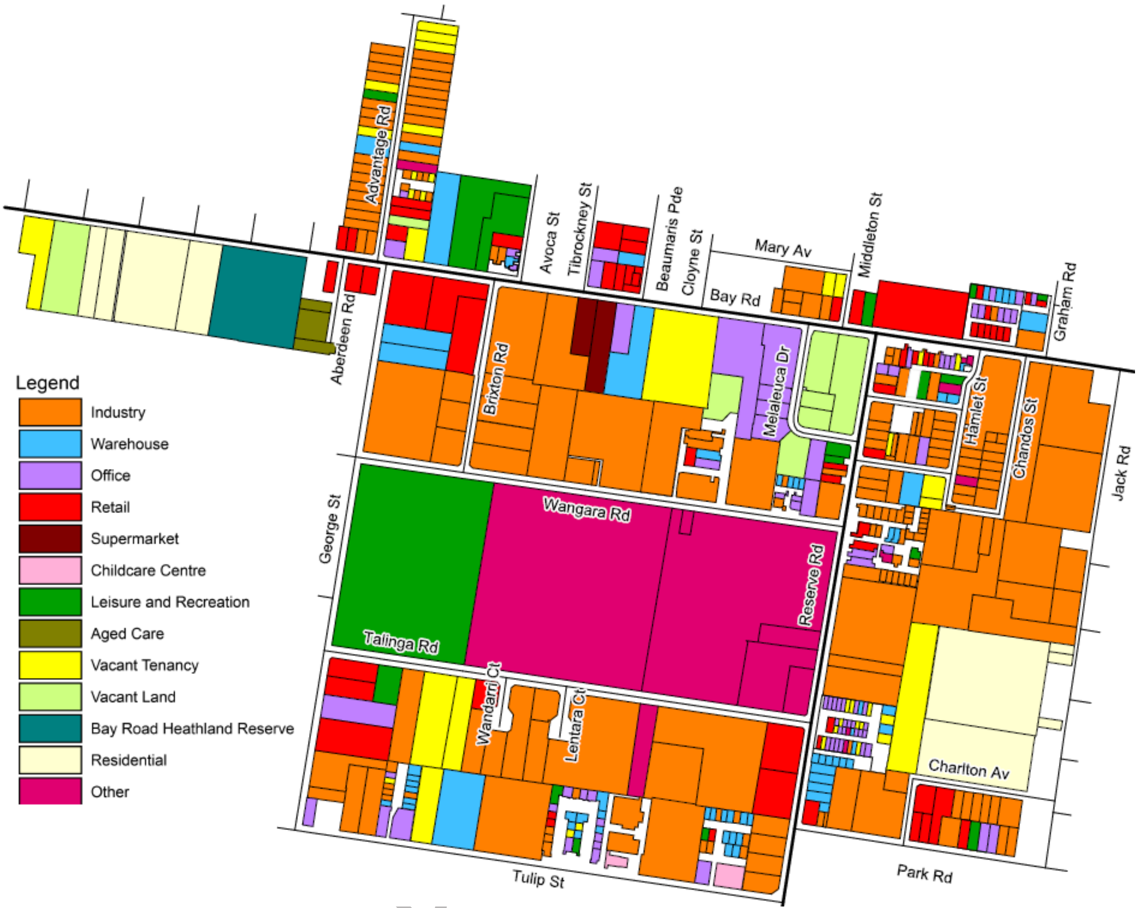
Figure 8 below defines the land uses in the Bayside Business Employment Area (BBEA) by Broad Land Use (BLC) category. This is spatially represented in Figure 9. It shows that manufacturing uses are by the far the most common in the precinct, with warehouses, bulky retail and offices also prevalent. A vacancy rate of 5% to 10% is not only low, but should also be considered healthy in an industrial/employment precinct. This is because some vacancy helps facilitate the constant entry of new businesses without the need for significant redevelopment, the loss of existing businesses or (as is often the case) both. In the long term, uninhibited attraction of new businesses is the key to ensuring that an employment precinct evolves as the economy changes and in doing so, remains competitive.

FIGURE 8 BBEA BROAD LAND USES BY BROAD LAND USE CATEGORY

Land Use	Floorspace (sqm)	Proportion
Manufacturing	116,727	28.9%
Office	66,929	16.6%
Warehouse/Wholesale	56,126	13.9%
Large Format (Bulky) Retail	43,622	10.8%
Vacant	32,044	7.9%
Residential	24,770	6.1%
Service Industry	21,649	5.4%
Construction	16,893	4.2%
Leisure and Recreation	15,834	3.9%
Community Services	8,649	2.1%
Car Park	312	0.1%
Transport and storage	295	0.1%
Total	**403,850**	**100.0%**

Source: SGS analysis of Bayside City Council 2015 Land use audit

FIGURE 9 BBEA BROAD LAND USES BY BROAD LAND USE CATEGORY



A SWOT analysis was conducted to better understand the future trajectory of this employment precinct, and the means in which it can be improved. The result of this analysis is summarised in the matrix below.

Strengths	**Weaknesses**
– Highly qualified local skills base – Variety of lot sizes – Amenity of the surrounding area (for white collar employment)	– Relatively average access to ports – Lack of integration with agglomeration economy
Opportunities	**Threats**
– Emerging advanced business services sector – Continued growth of the online retail sector	– Gradual decline of surrounding employment precincts – Ongoing competition from labour intensive industrial economies in the region

Future

A number of alternative options were canvassed in the Issues and Options paper to assist in the long term planning of the BBEA. This was presented to the community for consideration of a preferred vision.

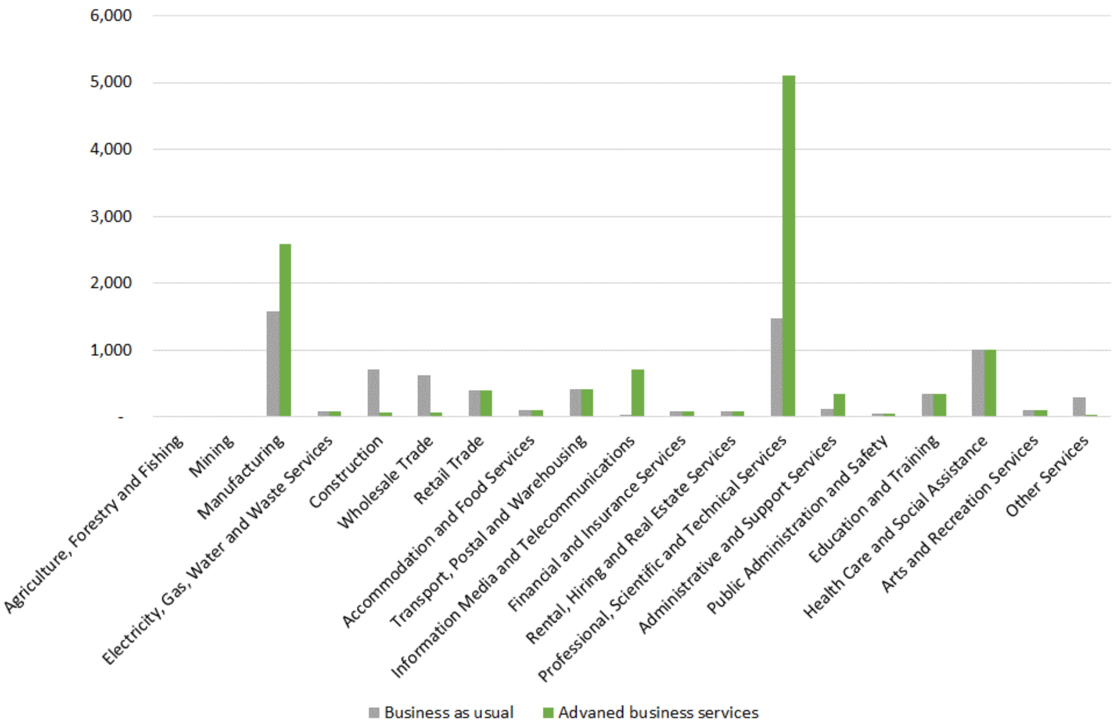
Ultimately, it was determined that a more ambitious approach (compared to the business as usual approach) to repositioning the precinct's role in the metropolitan economy is most likely to help deliver maximum benefits to the local community. Principally, this path would allow the precinct to:

- capitalise on its strengths in terms of local skills and the amenity of the surrounding area
- grasp an emerging opportunity in the advanced business services sector
- discontinue its reliance on connections surrounding industrial precincts, many of which are in decline
- create a knowledge/innovation based competitive advantage against the labour intensive economies in the broader region

Council envisions a 21st century *innovation precinct* which is nationally competitive and provides employment opportunities for advanced business services of the highest calibre, to not only its local residents, but also residents of the surrounding region. Businesses attracted to the precinct would become key components of the supply chains of the future and generate significant wealth for the local and regional economy.

Figure 10 below outlines the level of employment yield under this intervention by 2031 as opposed to a business as usual scenario.

FIGURE 10 EMPLOYMENT FORECAST FOR AN INNOVATION PRECINCT VS BUSINESS AS USUAL SCENARIO BY 2031



Source: SGS Economics and Planning 2015

In terms of investment, this vision will require significant state and local government commitment for success. However, it is worth noting that infrastructure investment would still be required if the precinct was to be rezoned for any residential redevelopment, including additional demand on community facilities, social services and other local government investments.

The full range of considerations were presented to the community during the consultation process (Figure 11). The outcomes of the consultation process found that the community was generally in favour of this approach, as it is the option which is clearly most likely to generate the strongest long term employment outcomes. The community also felt that Options 3 and 4 would encounter some significant difficulties in implementation, as accommodating an entirely new residential neighbourhood could result in various unintended consequences.

FIGURE 11 TRADE OFFS OF EACH OPTION – CONCEPTUAL FRAMEWORK[4]

	Measures	Option 1 – Business as Usual	Option 2 – Advanced Business Services	Option 3 – Residential Redevelopment	Option 4 – Hybrid Development
Outcomes	Corporate Employment	✓✓✓	✓✓✓✓✓	-	✓
	Population serving Employment	✓✓	✓	✓✓✓	✓✓
	Housing provision	-	-	✓✓✓✓✓	✓✓✓
Management	Public Investment	✓	✓✓✓✓✓	✓✓✓	✓✓
	Risk	✓	✓✓✓✓	✓✓	✓✓✓

The BBEA is considered an area of economic opportunity for the City of Bayside. Whilst it continues to successfully operate as a precinct for industrial, wholesale and warehousing purposes, it has the potential to transition towards an advanced business services cluster which better suits the location as well upcoming infrastructure investments in the nearby southland precinct.

The strategies for achieving this option are discussed in detail in Sections 6 and 7.

5.2 Activity Centres

Bayside possesses a large number of Activity Centres ranging from small local centres to large neighbourhood centres. The focus of this strategy is on the (MACs)/LNACs. The *Bayside Small Activity Centre Strategy* 2014 provides the future strategic direction for the smaller local centres.

Centre Classifications

- **Regional Centres**

  Regional Centres possess large and diverse retail and entertainment facilities, often featuring some niche retail sub-precincts.

  There are several different tiers of Regional Centres in the retail economy, including sub classifications comprising of (in descending order) Central Business Districts, Super Regional Centres, Major Regional Centres and Regional Centres.

  Regional Centres are typically positioned in some of the most accessible locations in a metropolitan or regional area, with strong public transport and major road linkages.

  All Regional Centres serve a wide catchment and are usually anchored by one or more department stores, discount department store(s), supermarket(s), mini major(s) and speciality stores. These centres are often associated with some provision of bulky goods retailing adjacent to the core retail centre.

4 More ticks represent better outcomes, higher public investment, more risk

Regional Centres provide for a full range of retail needs including leisure and social facilities such as large cinemas and restaurants.

Regional Centres can range in size from anywhere between 40,000 sqm to 150,000 sqm, with a typical size of approximately 70,000 sqm. An average Regional Centre's catchment should encompass a minimum of 100,000 people.

There are no Regional Centres in the City of Bayside, however the Southland Regional Centre is located in close proximity just east of the municipal boundary in the City of Kingston, whilst the Chapel Street Activity Centre is also relatively close, and provides an alternative type of Regional Centre in the form of a major entertainment and leisure hub. Further afield, the Melbourne Central Business District and the Chadstone Shopping Centre are considered to be the most dominant Regional Centres in the Melbourne retail economy in terms of visitation and expenditure. Collectively these four centres draw a significant proportion of retail expenditure from Bayside residents.

- **Sub-Regional Centres**

Sub Regional Centres are major retail nodes that serve wide catchments (but smaller than a Regional Centre) and are anchored by one or more discount department stores, supermarket(s), mini major(s) and specialty stores. Sub Regional centres generally range from 15,000 sqm to 50,000 sqm, with the typical centre at a size of approximately 25,000sqm. The average Sub-Regional Centre's catchment area can be expected to encompass approximately 45,000 people.

There are no Sub-Regional Centres in the City of Bayside. This is largely due to the presence and close proximity of the Southland Regional Centre and a collection of Large Neighbourhood Centres.

Across the broader region, Sub Regional Centres can be found in St Kilda, Malvern/Armadale and the Direct Factory Outlet (DFO) at Moorabbin Airport.

- **Neighbourhood Centres**

Neighbourhood Centres generally serve a contained catchment and are anchored by one or more supermarkets. Some Neighbourhood Centres may also contain mini major(s)[5], but not Discount Department Stores.

Neighbourhood Centres can vary significantly in terms of function, size and floorspace composition. Any centre ranging from 2,000 sqm to 25,000 sqm could potentially be defined as a Neighbourhood Centre.

A centre larger than 10,000sqm but without a Discount Department Store or Department Store anchor can be defined as a **Large Neighbourhood Centre**. There are four such centres in Bayside:

  - Bay Street Major Activity Centre, Brighton
  - Church Street Major Activity Centre, Brighton
  - Hampton Street Major Activity Centre, Hampton
  - Sandringham Major Activity Centre, Sandringham

A fifth Large Neighbourhood Centre – Hampton East – forms part of the Moorabbin Activity Centre, which is predominantly situated in the City of Kingston.

[5] Mini majors are large franchised specialty stores which often occupy more floorspace per store than a standard specialty shop, but no more than half of the floorspace of a standard department store or discount department store.

Centres with less than 10,000sqm of floorspace can be described as **Small Neighbourhood Centres**. A number of centres in Bayside fall into this category, including Martin Street (Gardenvale), Beaumaris Concourse, Black Rock and Highett.

Most Neighbourhood Centres will generally serve the weekly shopping needs of its population catchment. However some will also play a more specialised role that draws customers and visitation from across the metropolitan area.

The typical population catchment for Neighbourhood Centres is 10,000 - 25,000 people, noting that major supermarket operators generally seek a catchment of at least 10,000 people

- **Local Centres**

  Local Centres are smaller retail nodes which serve the day to day needs of residents who are within walking distance. These centres usually consist of small grocers, milk-bars, a takeaway restaurant and the perhaps a café.

Retail development

Bayside's Activity Centres are first and foremost centres of retail trade. These Activity Centres possess an eclectic mix of retailing which is well differentiated from the major chain anchored Southland Activity Centre.

Over the next 15 to 20 years, population growth will drive the incremental growth of most store formats. The success or otherwise of discretionary specialty stores and hospitality businesses will then determine the extent to which these Activity Centres can grow their base of non-local visitors and tourists. This has proven to be difficult over the past seven to eight years given the impact of the GFC and the stagnant economic conditions in the period since. Those macroeconomic factors have curbed discretionary expenditure whilst the hospitality sector has become increasingly competitive with new market entrants and even supermarkets that are selling restaurant-substitute convenience meals.

Nonetheless, future retail development opportunities will emerge in:

- Areas which will see increased population growth due to continued residential/mixed-use development;
- Areas with high walkability and a 'sense of place'/retail brand identity which allows local shops to better compete with Southland and other large shopping attractions; and
- Areas with good proximity to public transport and other services and facilities.

Most of Bayside's larger Activity Centres possess some combination of these three features. All of those centres are therefore well placed to accommodate higher levels of demand and can expect to grow moderately as a result.

Opportunities and constraints for retail investment

Analysis undertaken in the Issues and Opportunities Paper demonstrated that there is scope for further, incremental investment in neighbourhood level shopping facilities across Bayside's Activity Centres as households grow and their incomes increase. This additional demand is spread across large areas and, typically, is insufficient to support an increase in floorspace within existing neighbourhood centres or any new retail centres.

Figure 12 summarises the identified extra floorspace which can be accommodated in each Activity Centre in Bayside to support incremental investment. Whether such floorspace is actually added or not depends on many factors, including the indivisibility of certain retail formats. For example, supermarket operators may not invest until certain thresholds of available demand are passed.

The availability of sites for new investment can also be an issue. This is a common problem in established areas where the existing surroundings are not easily changed. In such cases, overtrading will usually result until Council and/or the local landowners find a solution. Overtrading in small scales is healthy and can directly lead to greater profits for retailers. However large scale overtrading will lead to overcrowding of stores as well as associated parking problems[6].

FIGURE 12 OPPORTUNITIES FOR RETAIL FLOORSPACE EXPANSION BY 2031

Activity Centre	Existing retail floorspace	Projected growth				Total floorspace increase by 2031
		Supermarket and Grocery Stores	Specialty – Food & Drink	Specialty – Non food	Hospitality	
Highett	5,900	1,100	3,300	6,600	3,900	14,900
Bay St	20,100	2,500	2,100	3,700	2,200	10,400
Church St	27,900	700	300	4,000	1,600	6,700
Hampton St	36,700	400	1,200	3,600	1,100	6,300
Hampton East (Bayside only)	6,400	-	200	2,600	1,000	3,800
Sandringham	12,500	500	300	700	800	2,300
Black Rock	8,000	100	100	500	300	1,100
Beaumaris	8,100	100	300	300	200	800
Martin St	5,700	-	200	500	100	800
Total AC	**131,300**	**5,400**	**8,000**	**22,500**	**11,200**	**47,100**

Source: SGS 2015

Commercial development

Increased retail and residential development within Activity Centres generally lead to increased demand for certain types of commercial office which can meet the needs of residents living in, around and within close proximity to Activity Centres. Many of these businesses occupy office floorspace with a shop-type frontage. This allows them to market themselves to the same shoppers which would visit retail facilities in those Activity Centres. Alternatively some businesses might also occupy shop-top offices.

In the future, the main opportunities for commercial office development in Activity Centres would be strata offices for local population serving businesses including real estate, insurance and other service providers. Whilst in the long-term all of these Activity Centres are likely to experience greater commercial office development that is commensurate with the population growth in their local catchments, Activity Centres with the greatest opportunity for commercial office development will be characterised by a combination of the following factors:

– An above average concentration of office users (as office users tend to cluster together often being located in professional service hubs) – this is the major self-reinforcing element in the equation;
– Adjacent (or within close proximity) to services, facilities and transport infrastructure;
– Large retail, residential base (increased traffic and activity); and

[6] Note that parking problems can be just as significant an issue if new stores are added, as those stores are also likely to necessitate the provision of more parking spaces.

– On (or near) major roads[7].

A property market assessment has identified the Hampton East Activity Centre as the centre in Bayside which is likely to attract the most significant levels of commercial office development. The Hampton East Activity Centre has the following attributes which are more conducive to office development:

– Benefits from being adjacent to the retail and commercial areas of Nepean Highway and South Road;
– Currently provides office space for a range of sectors including health, business services, finance and government; and
– As part of the Moorabbin Activity Centre, has been identified for growth in *Plan Melbourne*.

The area around the Southland Shopping Centre would also be conducive to office development due to the following factors:

– Level of retail and other amenity;
– Opportunity for road frontages;
– Rail access;
– Proximity to BBEA;
– Southland train station slated for completion in 2017; and
– Future opportunities for surrounding residential development in the General Residential Zoned areas.

It is expected that the Southland precinct will absorb a significant proportion of demand for offices, and in effect, reduce net demand for office floorspace in other Activity Centres.

Opportunities for commercial office investment

Commercial offices in suburban Major and Neighbourhood Activity Centres often have a similar role in the economy to retail shops in the sense that they both play a role in serving the population. The major difference between these offices and the retailers is that there are no trade flows associated with the selling of products.

Much like retailing, the opportunities for floorspace and employment growth are best described as incremental, with the three largest centres (Bay Street, Church Street and Hampton Street) expected to further consolidate their dominance in the hierarchy for non-retail commercial floorspace.

As mentioned previously however, the Commercial 1 Zone does potentially create some issues for Council regarding the means by which commercial floorspace expansion is accommodated. The Commercial 1 Zone also has the potential to cause displacement of existing offices in Activity Centres, although this mostly occurs when sites are redeveloped.

Figure 13 below presents the commercial floorspace growth expected across Bayside's Activity Centres. These numbers have been contextualised against commercial floorspace growth which is expected to occur in the BBEA (under a business as usual scenario) and in dispersed locations (mostly through home based offices). Whilst the BBEA will accommodate mostly corporate offices (as distinct from population serving offices in Activity Centres), some home offices may be population serving and could therefore be 'lured' into Activity Centres if there is sufficient office floorspace available at competitive rents.

Note that the commercial floorspace numbers encompass all private sector employment in non-retail industries, including growth sectors such as Health Care and Social Assistance. The numbers also include/reflect any confirmed moves by the public sector to locate jobs in certain precincts.

[7] Note that main roads are also potential locations of commercial office development but are considered to be significantly less attractive than the BBEA or the Activity Centres for attracting commercial floorspace, as in the Bayside context, those locations tend to be relatively weak on the other essential locational characteristics.

FIGURE 13 OPPORTUNITIES FOR COMMERCIAL FLOORSPACE EXPANSION BY 2031

Activity Centre	Projected Commercial Employment by 2031	Estimated Supply in 2015 (m²)	Floorspace Required by 2031(m²)	Expansion Need by 2031
Hampton East (Bayside only)	1,297	6,664	9,000	**2,400**
Bay St	970	14,627	16,900	**2,200**
Hampton St	1,030	8,040	9,700	**1,600**
Church St	780	9,752	11,200	**1,500**
Martin St	299	3,402	4,300	**900**
Sandringham	775	5,589	6,300	**700**
Beaumaris	563	3,037	3,600	**600**
Highett	574	1,553	1,900	**400**
Black Rock	956	2,511	2,700	**200**
Total AC	**7,244**	**55,175**	**65,600**	**10,500**

Source: SGS 2015

5.3 BBEA and Activity Centre specific opportunities

The BBEA, whilst unique to Bayside, faces many issues which are common to middle ring employment precincts across Australia's major capital cities. Many of these precincts are typically tasked with the challenge of either finding a more relevant role in the new economy, or turning over to residential.

After a thorough process of economic analysis, conceptualisation of possible outcomes, options assessment and community engagement, it was concluded that **the BBEA should strategically evolve its role as an economic precinct towards the advanced business services**. This is only the first step, as it is expected that other precincts in Melbourne will be aiming for something similar – and this will result in some degree of competition for the same jobs. Stating the intent to change is not enough. As concluded in Section 2, a more comprehensive strategic approach needs to be employed to ensure that the precinct is as competitive as possible in attracting its share of employment.

In terms of Bayside's Activity Centres, the major opportunities for specific centres include:

- Growth and diversification of Highett's role from standard supermarket anchored centre towards more specialty and hospitality, leveraging its proximity to the BBEA and Southland;
- Hampton East's ability to attract commercial office demand and development;
- Bay Street's strength in many facets of retail and commercial businesses – particularly in population services;
- Continuing Hampton Street's role as accommodating future population growth and supporting retail and commercial uses to service the population;
- Church Street's dual strength of high fashion and the presence of the Cabrini Hospital, which could be leveraged for the development of a mini-health cluster; and
- Sandringham and Black Rock's proximity to and identity with Port Phillip Bay.

6 STRATEGY

The purpose of this chapter is to set out the spatial Strategy for accommodating growth and change in employment in Bayside.

6.1 Strategic approach

The findings of the Issues Paper form the basis for strategic advice and recommendations in this section. Here, the Strategy presents:

- A vision for Bayside's retail, commercial and employment lands;
- A set of themes derived from the analysis undertaken, which help to frame the strategic responses; and
- A combination of planning and economic development strategies including those which focus on strategic land use, built form and zoning.

An Implementation Plan providing a framework to deliver the Strategy will be prepared.

6.2 Vision

A vision has been developed for Bayside's retail, commercial and employment lands as follows:

> ***"Bayside's retail, commercial and employment lands will continue to provide a variety of employment opportunities and services for local residents in the 21st Century.***
>
> ***Possessing some of the best local strip centres in Victoria, Bayside will seek to further enhance its local economy through incremental growth in its Activity Centres to address evolving services needs.***
>
> ***An innovative reimagining of its ex-industrial lands will provide a focus for high quality jobs locally in a high amenity and well connected environment."***

This vision has been developed through a review of existing policy and community consultation along with a detailed appraisal of the findings in the Issues Paper (which can be found in the final section of the Issues Paper). In so doing, the vision focuses on key themes in local employment and amenity, but also recognises that in order to secure the viability of some of its employment lands, it will become increasingly important attract leading economic activities of the 21st century.

As the vision is intended to set an aspirational agenda, it seeks to maximise the potential of the area's Activity Centres and employment precincts. This means that even for Activity Centres which are working well, incremental enhancements (where possible) should be explored (whilst existing features which are working well should be maintained).

As the global economy continues to evolve, all municipalities in Melbourne are challenged with the task of keeping their employment precincts relevant. Bayside is no exception, and also has the responsibility of ensuring that all of its lands are optimally utilised in the best interests of its community, now and in the future.

6.3 Strategies

The vision is further detailed by the following set of strategies. The strategies directly respond to key policy gaps, economic issues and location specific opportunities which have been distilled from the Issues Paper. The direct links are tabulated below in Figure 14, relating to themes from Sections 2, 3 and 4 of this strategy document.

FIGURE 14 IDENTIFIED ISSUES AND STRATEGIC RESPONSE

Theme	Identified gap, issue or opportunity	Strategic response
Policy Gaps, Issues and Opportunities (Section 2)	The need for a clearly articulated **spatial economic structure.**	Strategy 1
	Review the classification of the Activity Centre hierarchy according to each Activity Centre's economic role.	Strategy 2
	There are opportunities to **improve the commercial and retail offer of Activity Centres beyond core business hours.**	Strategy 3
	A more comprehensive **strategic approach to the BBEA.**	Strategy 4
Economic issues (Section 3)	The economy is continuing to **shift towards the professional services.**	Strategy 4, 5
	Demographic change. More specifically, **an ageing population.**	Strategy 6, Strategy 9
	Population growth is also likely to result in a commensurate **increase in demand for retail services and non-retail commercial businesses that serve consumers**.	Strategy 7
Centre specific opportunities (Section 4)	The **BBEA** could strategically evolve its role as an economic precinct towards the advanced business services.	Strategy 4, 5
	Bay Street's strength in many facets of retail and commercial businesses – particularly in population services.	Strategy 8
	Church Street's dual strength of high fashion and the presence of the Cabrini Hospital, which could be leveraged for the development of a mini-health cluster.	Strategy 9
	Sandringham and **Black Rock**'s proximity to and identity with Port Phillip Bay.	Strategy 10
	Hampton East's ability to attract commercial office demand and development.	Strategy 11
	Growth and diversification of **Hampton.**	Strategy 12

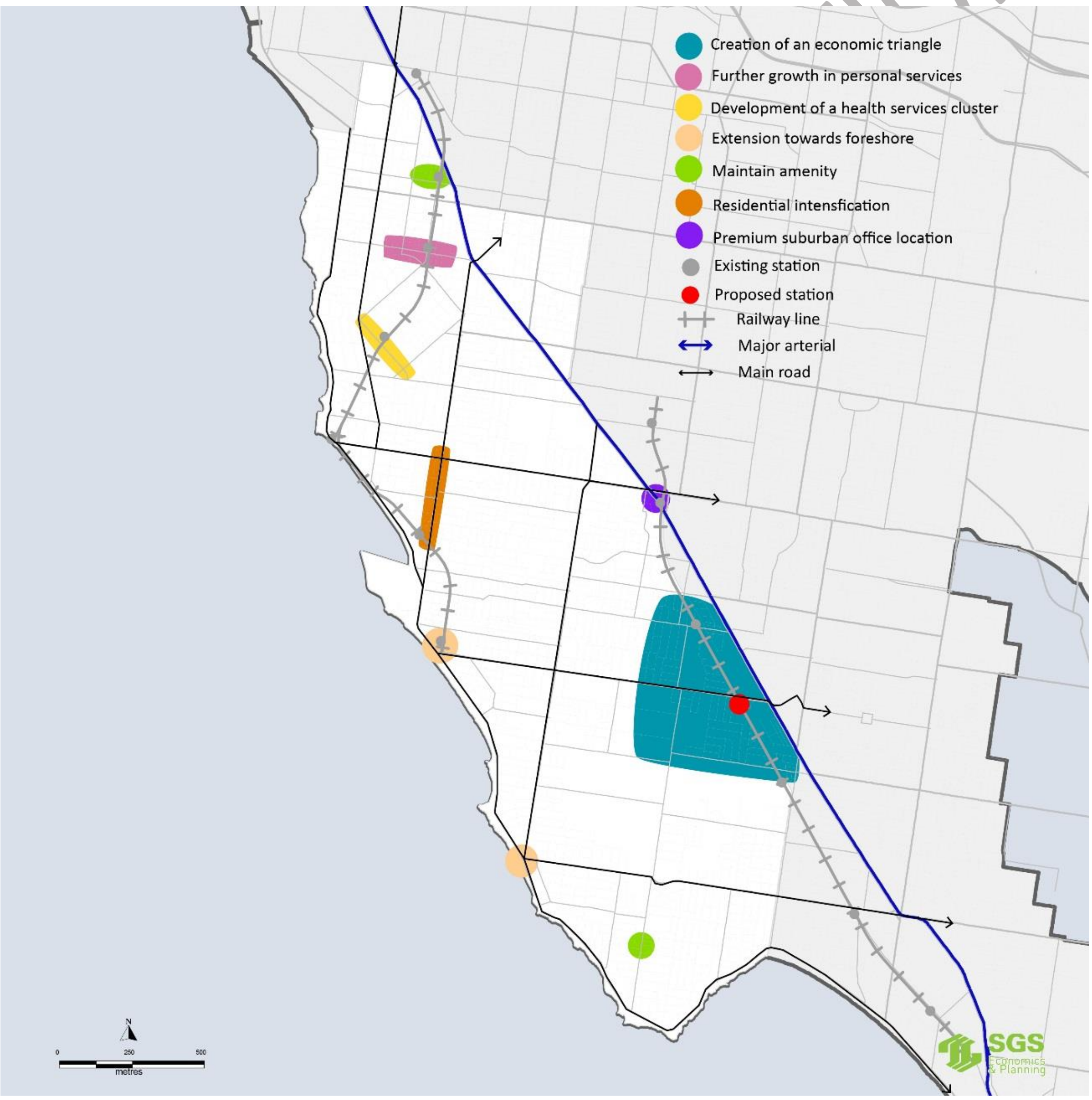
Policy Gaps, Issues and Opportunities

Strategy 1 – Present the spatial economic structure and clearly articulate the vision for each location.

Figure 15 below provides a summary of the spatial structure of Bayside. As discussed in Section 2, the spatial economic structure is mechanism which helps people quickly appreciate the economic role and specialisation of each Activity Centre or employment precinct. This is a level understanding which is not easily gained simply looking at a map of centres, as the names of places do not reveal much about their relevance to particular economic activities – a particularly significant issue for potential investors or businesses.

This spatial structure also shows where key transport connections are situated, and how these help to link different economic nodes to each other. The important roles of the Sandringham and Frankston Railway Lines in connecting the centres, can be seen here.

FIGURE 15 BAYSIDE SPATIAL ECONOMIC STRUCTURE



Source: SGS Economics and Planning

Strategy 2 – Review the Activity Centre vision to ensure that the future character and economic role are clearly articulated within the policy setting.

As discussed in Section 2, Bayside already possesses an Activity Centre hierarchy. This strategy has reviewed the hierarchy, and has found that the Activity Centres hierarchy can be updated based on sound economic logic and evidence, which also has the added advantage of being a basis for management of out of centre development using a sequential test system (see Strategy 7).

Based on the analysis conducted in the Issues Paper, the Activity Centre hierarchy for Bayside should be according to their economic function and size.

The hierarchy is as follows:

- Large Neighbourhood Activity Centres (larger than 10,000sqm of floorspace, but with no Discount Department Store or Department Store anchor):
  - Bay Street
  - Church Street
  - Hampton Street
  - Sandringham
  - Hampton East (Moorabbin)[8]
  - Highett (currently a Small Neighbourhood Activity Centre, projected to grow into a Large Neighbourhood Activity Centre by 2031)[9]
- Small Neighbourhood Activity Centres (between 2,000sqm to 10,000sqm)
  - Martin St (Gardenvale)
  - Beaumaris Concourse
  - Black Rock
- Local Activity Centres
  - Various smaller centres identified within the Bayside *Small Activity Centre Strategy*.

Assessment of retail development applications is discussed in Strategy 7.

Strategy 3 – Expand the commercial and retail offering of activity centres beyond core business hours.

The night time economy of suburban Activity Centres should rarely be confused with that of a CBD or major entertainment precinct. The key differences here lie in peak time periods, reasons for visitation and economic activity. This is summarised below in Figure 16.

FIGURE 16 NIGHT-TIME ECONOMY: DIFFERENCES BETWEEN CBD AND SUBURBAN ACTIVITY CENTRES

	CBD/Entertainment precinct	Suburban Activity Centre
Peak footfall hours	9pm to 12pm	5pm to 7pm
Major reasons for visitation	Socialising, entertainment, shopping,	Going home, dining, exercise
Range of economic activities	Pubs, bars, nightclubs, department stores	Grocers, gymnasiums, restaurants

[8] This acknowledges the fact that although only half of this Activity Centre's retail floorspace is in Bayside, the centre should still be classified in its entirety as economically, it functions as one Activity Centre.

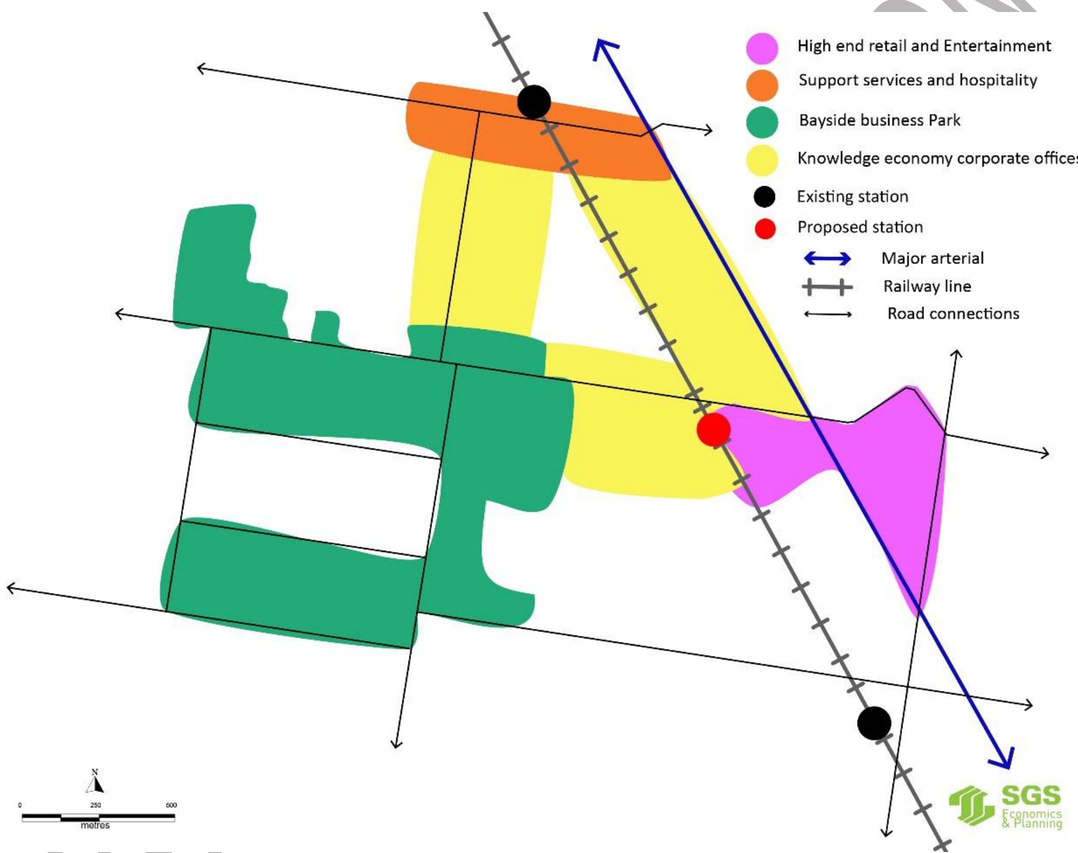
[9] This acknowledges the fact that although only half of this Activity Centre's retail floorspace is in Bayside, the centre should still be classified in its entirety as economically, it functions as one Activity Centre.

The key to this strategy then, will be to not only encourage more grocers, gymnasiums and restaurants to open between 5pm and 7pm, but also to get local businesses and entrepreneurs thinking harder about servicing residents on their way home from work, dining options, and also different methods of exercise (evening dance studios for example).

Beyond those more basic elements, measures can also be taken to improve the attractiveness of Activity Centres as night-time destinations. Particular sub-precincts for example, should be the focus of improved street lighting, themed clusters of restaurants, and potentially even a night market – although this will all require further research before implementation.

Strategy 4 – Attract innovative advanced business services to the BBEA through the creation of an economic triangle between the Southland Activity Centre, Highett Activity Centre and the BBEA.

FIGURE 17 PROPOSED BAYSIDE ECONOMIC TRIANGLE



Source: SGS Economics and Planning

After a long, thorough process of data analysis, options assessment and community consultation, it has been concluded that this precinct needs to (a) continue to play an employment role and (b) work harder at attracting new business activity.

The former is an acknowledgement that even in its current state, this is a precinct which already provides solid employment opportunities for local residents – opportunities to work for businesses which are unlikely to be suitably accommodated elsewhere in Bayside (property analysis undertaken by m3 property for example, found that corporate offices with large floorplate demands are unsuitable for Activity Centres).

The latter is not new in intent – it is consistent with the 2004 *Bayside Industrial Areas Strategy* which proposed a shift towards more white-collar type employment and businesses in the BBEA. The big difference is in the method and the proposed implementation of the approach. As has been acknowledged in the background work, the 2004 Strategy did indeed help to encourage some non-industrial businesses to establish in the BBEA. The challenge now is to see the precinct further evolve into a fully-fledged 21st century employment precinct.

By leveraging the marketability and growth of the Southland Activity Centre, Bayside can adopt a proven branding strategy which has seen the likes of Macquarie Park effectively trade on its name for a number of years. That, coupled with a strong anchor, would see the precinct attract significantly different profile of advanced business services to the precinct over the coming decades.

Economic issues

Strategy 5 – Support the trending shift in the economy towards professional services.

It is well known that the economy has been transitioning away from manufacturing towards more knowledge intensive methods and outputs of work. The analysis preceding this strategy has found that Bayside possesses a workforce which is well suited to this emerging new economy.

Whilst the favourable economic structure of Metropolitan Melbourne allows Bayside residents to access suitable employment opportunities in the central city, Council can still play a role in maximising local jobs and in turn, the local economy. This can benefit the people of Bayside in a couple of important ways:

- Better employment opportunities and economic engagement for local residents that prefer to work close to home, such as single parents, carers and older workers entering semi-retirement.
- Stronger business linkages, which in turn lead to greater opportunities all local businesses, particularly local start-ups and entrepreneurs, who benefit from being in a more established business community

In light of these potential benefits, Council should always be exploring opportunities to make the most of its economic assets. This should include the adoption of the following policies:

- Retaining the commercial focus of the only non-Activity Centre employment precinct in the municipality, the BBEA.
- Encouraging commercial floorspace development in any Activity Centres which are expected to attract the floorspace demand.

Strategy 6 – Respond to demographic change and the needs of an aging population.

As discussed in Section 3, health care is a growing sector in the Australian economy, catering to the ageing population. Bayside fits this profile as a middle-suburban municipality.

Broadly speaking, there is an opportunity to strengthen Activity Centres through co-locating all types of health services with centres. This gives those centres more footfall and more reasons for residents to visit them, and the same public transport or private motor vehicle trip to health clinic can be doubled with the shopping trip.

There are two main elements to this strategy, underlined by the important distinction between specialist health services and general practice. Specialist health services in the Bayside context relates to niche health care services and researchers. An example is the Cabrini Hospital at the western end of Church Street, which specialises in womens' health, cancer and orthopaedics. These clinics should be encouraged to expand, and Council should be looking for co-location opportunities with (a) other similar specialists and (b) ancillary services. Council should support the growth of this sector by prioritising specialist health sector uses – particularly when they are located in close proximity to an existing health facility. New health businesses and instituitions should be encouraged to co-locate with existing health facilities, particularly Sandringham Hospital and the Cabrini Hospital. Hampton East also presents opportunities given the proximity to the proposed Holmesglen Private Hospital on South Road, expected to open in early 2017.

On the other hand, general practices should be encouraged to proliferate across the municipality so that residents have good local access to basic health care services. These services should ideally be available in all suburbs, although it is understandable that more practitioners might be found in the northern half of the municipality. Nonetheless this demand can be accommodated over time by providing more commercial and retail (for those practices that require a shopfront) floorspace over time. Council will just need to be careful with parking restrictions, as medical practices tend to require some good access to parking spaces.

Strategy 7 - Consolidate key centres and ensure that Bayside's largest Activity Centres remain the primary source of retail activity in the municipality

The biggest concern with a growing population is either the proliferation of retail and services into out of centre locations or the excessive dominance of a major centre at the expense of others.

Neither of these trends are prevalent in the Bayside context, but Council still needs to ensure that existing centres are adequately providing the floorspace necessary to accommodate the increased demand for retail and other commercial services. If this does not occur, then there is usually a case for out of centre retail developments to occur.

Out of centre development can result in a number of negative externalities to the community, including:

- Potentially undermining the existing and planned urban structure (for example, an out of centre full line supermarket – once developed, would essentially constitute a new Activity Centre, and a future case for residential intensification could then be mounted);
- Increased competition and drawing trade away from existing centres; and
- (and related to the above point) a net increase in commuter travel (typically measured in Vehicle Kilometres Travelled (VKT), particularly if residential development is clustered around existing Activity Centres.

A number of policies should be adopted to ensure that Council provides sufficient floorspace that allows for reasonable levels of retail competition to adequately meet the community's needs:

1. As a principle, new supermarket developments must be developed in a manner which supports the overall centres hierarchy. Out of centre developments have the potential to compromise the centres hierarchy by drawing trade and foot traffic away from established centres.

2. Provide an appropriate forward land supply – in accordance with Figure 12 – for retail expansion in key Activity Centres to meet the needs of communities within the centres hierarchy. In managing its Activity Centres, it is the responsibility of Council to be proactive in looking for potential sites/floorspace development opportunities.

3. Where possible, encourage the establishment of new retail businesses in Activity Centres to evolve Activity Centre offerings whilst stimulating competition within centres.

4. If all viable options for providing retail land supply is exhausted, Council needs a 'back-up' policy to ensure that ad-hoc supermarket developments do not just proliferate across the municipality. The recommendation here is that it should then adopt and apply a sequential test system.

Sequential Test – Idea in Brief

The sequential test is an approach employed to steer new development to areas with the highest net benefit to the community. It can be applied to a range of land use planning needs, including residential development, car park planning, hazard (e.g. bushfire) mitigation strategies and of course, retailing and Activity Centres.

In the case of retail planning and development, it helps Council on decisions for where to locate out-of-centre development.

The Activity Centres hierarchy should form the basis for the sequential test system, with other sites beyond the hierarchy to be sequentially ranked and tested. It is a system of logic which allows Council to prioritise the best locations for retail development.

The sequential test system should ideally 'rank' development locations for prioritisation as follows:

1. Within designated Activity Centre;
2. Immediately adjoining an Activity Centre;
3. Visually related to an Activity Centre;
4. Limited relationship to an Activity Centre;
5. No relationship to an Activity Centre, but with good agglomeration potential (as a future Activity Centre); and
6. No relationship to an Activity Centre, but with the potential to stimulate investment in Bayside.

Centre specific opportunities

Strategy 8 – Continue to grow Bay Street's strengths in many facets of retail and commercial businesses which service the needs of the population.

The Bay Street Activity Centre possesses some significant strengths which should to be capitalised upon and developed. Council should encourage further expansion of:

- Restaurants and cafes, with on street dining a popular feature across the retail precinct. The focus should be on restaurants offering premium dining options in the early evening period (5pm to 7pm), allowing for greater expansion of the night time economy in Bay Street.
- Health related businesses, primarily in terms of allied health services, general practitioners and pharmaceutical retailers as the population gradually ages over the longer term.
- Personal care and services, including gymnasiums – many of which should be able to extend opening hours into the early evening, complementing the night time offer in this Activity Centre over time.

An increase in demand for supermarket floorspace is also expected, with modular increases likely.

Given that (a) this centre already possesses a full line supermarket and (b) the increase in projected supermarket floorspace will not constitute in a full line supermarket, Council should be open to exploring other options. A convenience oriented grocer located adjacent to North Brighton station would trade well and be welcomed by commuters on their way home.

Another option would be a high value supermarket such as a Leo's or Cardamone's which can be marketed to the more discerning customer base in this catchment.

Strategy 9 – Leverage off Church Street's dual strengths of high fashion and the presence of Cabrini Hospital, to facilitate the development of a mini-health cluster.

The Church Street Activity Centre is an exemplary example of a successful Activity Centre. It already possesses a vibrant café and street dining offer, a quality high end fashion precinct and a diverse selection of specialty food stores – all packed into two blocks.

All in all, the core mix works as well as any centre in Melbourne, so Council should avoid any major wholesale changes to the economic composition of this centre. The focus should be on incremental shop-top development, particularly for smaller or niche offices.

This leaves the quieter western of edge of the centre, where there are greater opportunities for diversification and introduction of more economic activity. As stated under Strategy 6, it should be a municipal-wide strategy to seek opportunities for diversification of health care activities.

Church Street offers a good unique opportunity, because the amenity and hospitality services in the remainder of the centre are so strong, that the location should be very appealing to potential health care and associated knowledge workers, and it is something that Council can work on communicating to the market.

Strategy 10 – Take advantage of the locational opportunities of the Sandringham and Black Rock Activity Centres proximity to, and identity with the foreshore.

Both centres already possess a strong identity in terms of food and hospitality. However a comparison of these centres with similar coastal centres in Australia would reveal that some work can be done to improve the extent to which Sandringham and Black Rock integrate their commercial functions with the aesthetics on offer along the coast.

As both sides of the road (the Activity Centre and the beach itself) attract visitation, the connection between the two elements becomes the key. The primary requirement would be for Beach Road to become more pedestrian friendly in those stretches. The secondary (although still very important) action would then be to attract a combination of beachfront cafes, restaurants and specialty shops.

Strategy 11 – Strengthen Hampton East's ability to attract commercial office demand and development.

Hampton East (the Bayside component of the Moorabbin Activity Centre) is attracting significant interest from developers. It is projected to accommodate a significant expansion in commercial office floorspace, with developments of a more retail nature more likely to occur on the Kingston side of the Nepean Highway.

Whilst many other centres in Bayside have some vacancies which can accommodate new growth in office floorspace, this centre will require more floorspace to be created if higher employment numbers are to be achieved.

Strategy 12 – Accommodate the residential population within the Hampton activity centre and provide population serving uses.

The primary role of the Hampton Street Activity Centre will be to accommodate a residential population which contributes to the vitality and activation of the retail environment. Support the residential intensification of the Hampton Street Activity Centre to achieve a greater level of street activation, pedestrian foot traffic and retail demand along the street in the long term.

7 IMPLEMENTATION

This Strategy is proposed to be implemented by way of both Planning Scheme and non-statutory mechanisms. An addendum is included with this report which outlines a number of actions relevant to deliver and progress each of the 12 strategies.

7.1 Action Plan

< This section will be informed by the second round of community consultation. >

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