

1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

In May 2002, Charter Keck Cramer *Strategic Research*, in association with Virginia Kneebone and Associates (VKA), were commissioned by the City of Yarra to assess the performance, function and future direction of the five major activity centres within the municipality. These centres are Swan Street, Bridge Road, Victoria Street, Smith Street and Brunswick Street.

This Study is particularly timely given the nomination of these five centres as major activity centres under Melbourne 2030, being the Victorian Government's framework for future metropolitan growth. Similarly, this Study provides a valuable insight into the current role of each of these centres following a period of relatively intense gentrification in Melbourne's inner urban areas. Suburbs such as Richmond and Fitzroy have been transformed from traditional working class suburbs with strong links to the manufacturing sector, into locations which are now sought after by higher income professionals working either within the Melbourne CBD or locally.

With strong linkages to the wider metropolitan area via Melbourne's freeway and public transport network, and key strategic attractions such as the Melbourne sports precinct, it is apparent that the activity centres covered by this Study are unique. The roles of these centres reflect the diversity of visitors to the City of Yarra, with a mix of retail, commercial and residential activities that provide a basis for ongoing economic growth and sustainability. The City of Yarra's Economic Development Strategy identifies strategic principles, which express a range of issues and objectives for economic development within the municipality. These include a number relating to activity centres that are directly addressed in this Study.

The underlying objective in undertaking this Study is to enhance Council's understanding of the retail sector within the City of Yarra. In doing so, the capacity of Council to address urban management issues is greatly enhanced to the benefit of local businesses and residents.

The key study objectives as contained in the Study Brief are:

- To provide Council with an analysis of the current and future function and performance of identified activity centres;
- To identify retail issues and trends affecting retail with a focus on retail strip centres;
- To establish and analyse a data set of key retail performance indicators that will provide a basis for ongoing monitoring of Yarra activity centres. Key performance indicators are to include centre rent levels, size and composition;
- To gain an insight into the retail performance and consumer characteristics and sentiment in each retail catchment area;
- To clearly identify competitors and competitive influences such as car parking, tenancy mix and consumer amenity on Yarra activity centres; and
- To analyse the impact of the Victoria Gardens centre on the surrounding Yarra activity centres.

1.2 METHODOLOGY

The performance, function and future direction of the five centres will be determined by a range of factors (refer Figure ES1). The methodology adopted for this Study takes account of these factors through a number of interrelated stages that provide valuable insight into the dynamics of these centres, their strategic position within the retail hierarchy, and opportunities and threats that may impact upon their future performance.

The principle stages of the Study were the surveying of visitors to each centre, a land use / tenancy survey of each centre and the analysis of the results from each. These results have been provided to the City of Yarra in the form of an electronic database to enable further analysis to be undertaken as required, and to provide a basis for future monitoring of each centre's performance.

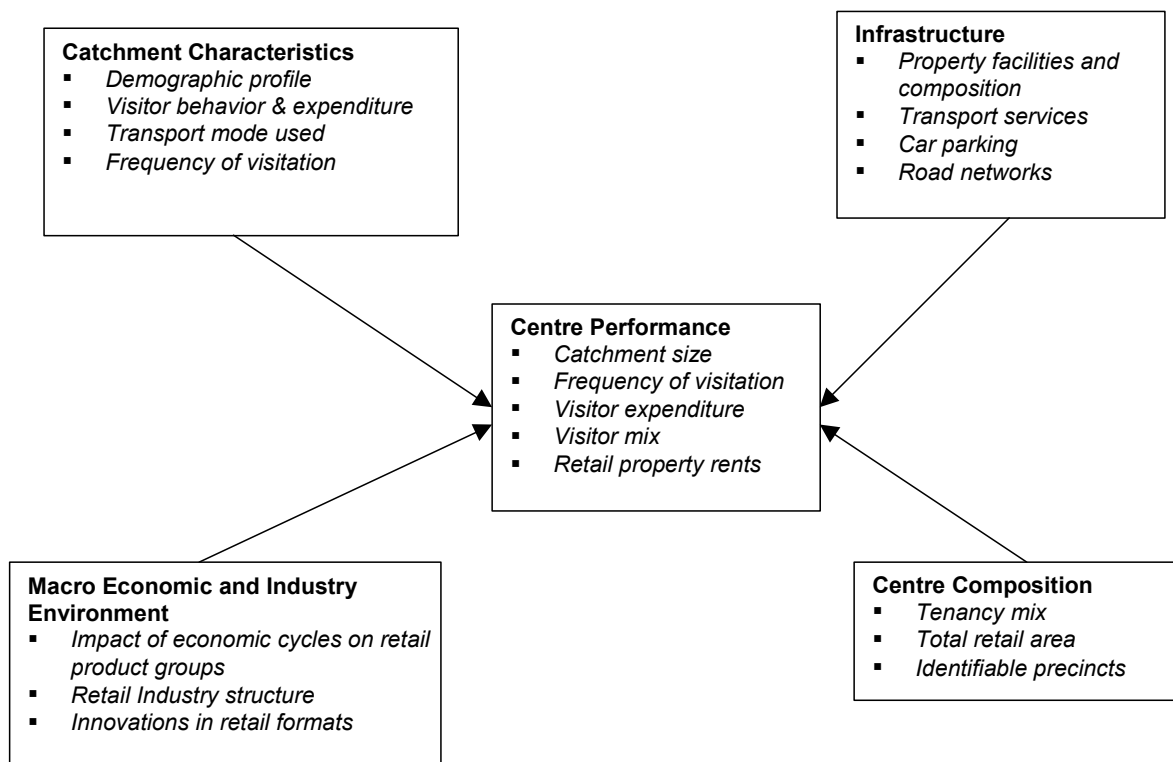
The current and future performance of the five major activity centres covered by this Study will reflect not only their ability to compete with other centres, but also the performance of the overall retail sector. Accordingly, the wider retail sector has been analysed to identify economic and industry level factors influencing future likely performance of the centres.

Retailing within the City of Yarra has a strong orientation towards clothing and footwear, and café and restaurants. Together with the strategically important food-retailing sector, developments in these sectors will have a significant influence upon the future performance of particular centres. Accordingly, each of these sectors have been analysed in terms of industry performance, industry concentration, competing retail formats, and most importantly the implications of each for the five activity centres.

The property sector both facilitates and reflects the level of activity in retail centres through the level of investment undertaken, vacancy rates and rental levels. Hence, the local retail property market should be monitored over time to identify emerging issues that may impact upon the future performance of centres. This Study provides a number of indicative measures for monitoring the performance of centres from a property perspective.

Looking forward, the likely impact of the Victoria Gardens development on the five centres has been reviewed, together with a broader strategic assessment of each centre.

Figure ES1: Key Factors Influencing Activity Centre Performance



1.3 IN CENTRE SURVEY RESULTS

The in-centre surveys conducted across the five centres provide valuable data on the characteristics and behaviour of visitors. When analysed, this data gives a clear indication of the role of each centre within the City of Yarra's retail hierarchy. The results of these surveys may be summarised under four broad headings being the characteristics of visitors, shopper behaviour, transport usage and visitor sentiment.

Characteristics of Visitors

The five activity centres draw visitors from well beyond the City of Yarra's boundary reflecting their success in catering for niche retail and hospitality markets. Local residents only accounted for 39% of total visitors surveyed across the five centres, compared to visitors from the remainder of Melbourne who accounted for 48% of respondents. Significantly, regional, interstate and international visitors are prevalent in Bridge Road, Brunswick Street and Smith Street, highlighting the role of these centres as tourist attractions. Similarly, local workers account for 10-15% of visitors at the individual centre level, and are likely to increase their representation as office precincts continue to develop within the municipality.

The age profile of visitors is dominated by the 25-39 age group, as would be expected given the rate of gentrification which has occurred over the past decade, together with the popularity of many strips for dining, entertainment and clothing. This age group is also significant amongst the local workforce.

The penetration of the combined centres catchment beyond the local area is strongest across Melbourne's northern and eastern suburbs, reflecting extensive freeway and public transport services. At the local level, it is notable that Hoddle Street forms a division in local residents' use of centres, although this is probably also a reflection of the ability to source regularly purchased goods locally.

Shopper Behaviour

The frequency of visits varies significantly across the centres reflecting the role of each centre. Smith Street, Swan Street and Victoria Street are visited the most regularly due to their relatively greater role in meeting the needs of local residents for regularly purchased items. Visitors to Bridge Road do so on a relatively irregular basis due to the orientation of this centre towards higher-order goods and services such as clothing and business services.

The purpose for visiting a centre also varies significantly depending upon the role of each centre and its position in the City of Yarra's retail hierarchy. The purpose for visiting a centre, and hence the role of individual centres, also changes noticeably on weekends when there is a significant increase in the number of visitors from outside the local area and fewer local workers. Entertainment becomes a significantly greater attraction in Brunswick Street, Swan Street and Smith Street on weekends, as do restaurants in Brunswick Street, Smith Street and Victoria Street. Similarly, non-food shopping becomes more important in Bridge Road and Smith Street on weekends. Expenditure per visitor varies significantly across the centres reflecting a number of interrelated factors including the role of each centre in the retail hierarchy and the frequency of visits.

The variety of reasons for visitors going to the five activity centres highlights the diversity of the centres, both individually and as a whole. The centres generally complement each other to meet the needs of all groups of visitors from local residents through to international visitors. This diversity of centres enables exposure to a range of retail sectors and visitor markets, however individual Centres may remain exposed to developments in particular sectors.

Transport Usage

Traffic congestion is a critical factor determining the longer-term growth of activity centres in the City of Yarra with motor vehicles being relied upon by over 40% of visitors. The next most popular mode of transport is walking (33% of visitors) followed by trams (19%). Local residents are the least car-dependent with only 16% driving to their destination centre.

While visitors from outside the City of Yarra are the most car-dependent, this group is also the source of the great diversity that characterises centres. Consequently, the management of traffic issues is of critical importance to the longer-term viability and sustainability of centres.

The availability of carparking, as measured by the time taken by visitors to walk from a carpark to their destination is most critical in Brunswick Street where the median time taken was 10 minutes followed by Victoria Street (4 minutes).

Visitor Sentiment

Visitor sentiment towards centres in terms of levels of amenity and safety is a critical factor influencing the competitiveness and performance of centres. Bridge Road is the most highly ranked centre in terms of amenity and safety, while visitors to Smith Street are particularly concerned about safety in that centre. Safety is also a concern amongst visitors to Victoria Street. Across all centres, 63% of visitors considered their respective centre to have good to excellent levels of safety.

Key Visitor Markets

The activity centres covered by this Study are unique in that they cater for a diverse range of visitors that may be categorised as either local residents, local workers or the remaining non-local visitors. The characteristics of each of these groups varies noticeable in terms of how frequently they visit a centre, how much they spend and what they spend their money on. In addition, the impact of each upon the sustainability of retailing within the City of Yarra may vary through their total contribution to retail turnover, and the demands which each places upon infrastructure such as car parking facilities. It has been calculated that local residents account for between 57% and 74% of total retail turnover across the centres, followed by non-local visitors who account for 15-35% of turnover. Local workers account for 11-14% of turnover except in Victoria Street, where this group only accounts for 6% of turnover. Given that the demand which each group places upon parking facilities varies substantially, the net benefits derived from each type of visitor may also be worth further investigation.

1.4 LAND USE SURVEYS: ACTIVITY CENTRE COMPOSITION

The land use survey undertaken as part of this Study provides:

- An electronic database for monitoring the tenancy mix of centres;
- A basis for measuring the street frontage represented by different types of tenants;
- A quantifiable basis for identifying the structure of the retail hierarchy within the City of Yarra; and
- A basis for measuring and monitoring vacancy levels.

Over 10 kilometres of street frontage is contained in the five centres surveyed, with nearly 60% of this contained in Bridge Road and Smith Street. Generally these two centres also dominate each of the retail sub-sectors with the exception of cafes, restaurants and bars, and the food-retailing sector. With respect to cafes, restaurants and bars, Brunswick Street has a strong representation in terms of street frontage. Food retailing is reasonably evenly distributed across the five centres reflecting the tendency for residents to shop locally on a regular basis. It is however noted that Smith Street stands out as having noticeably more street frontage devoted to food retailing. Vacancy rates were noticeably higher in both Swan Street and Victoria Street and should continue to be monitored in the future.

Bridge Road is particularly dominant in the provision of clothing and footwear, general retailing and business services, accounting for around 40% of the total street frontage devoted to these sectors across all five centres. As a result, this centre dominates the City of Yarra's retail hierarchy in terms of both total street frontage and the provision of higher-order goods and services.

Overall, the composition of the tenancy mix across the five centres indicates that there is excellent provision across all retail sectors, together with strong precincts dedicated to meeting the needs of specific visitor markets.

1.5 CATCHMENT AREA

The combined catchment of the five activity centres extends across metropolitan Melbourne, although it's penetration decreases gradually with distance from the City of Yarra. The degree of penetration appears to be influenced by the location of regional shopping centres in Melbourne's middle suburbs and by transport infrastructure.

At a local level, there is a tendency for residents to shop at their nearest centre reflecting their requirement for regularly purchased lower-order goods and services. For this group of shoppers, Hoddle Street appears to define their use of centres with only limited movement from one side to the other.

1.6 RETAIL ENVIRONMENT

The Victorian retail sector has performed strongly since 1995 in response to a healthy recovery in consumer sentiment following the impact of the economic recession during the early 1990's, and strong population growth consistent with the recovery in the State's economy. With both of these drivers of demand having largely run their course, the outlook is for more sustainable growth albeit lower than recent years. Economic conditions will continue to impact upon retail demand with the hospitality and clothing sectors most vulnerable to any slowing in the economy.

At a local level, retailers within the City of Yarra have benefited from the ongoing gentrification that has resulted in increased visits by higher income households with greater propensity to purchase retail goods and services. The future performance of the local retail sector will reflect changes in both the wider economy as well as developments that impact upon the characteristics of the local population and workforce.

1.7 RETAIL PROPERTY SECTOR

Investor demand for securely leased quality retail properties within prime retail strips, such as the five centres covered by this Study, has been particularly strong over recent years. Although the yields on such properties are comparatively low, they appeal to low-risk long-term investors as vacancies in these centres are generally also low. In addition to low vacancy risks, there is little threat of obsolescence as location is the primary source of value for most properties.

Tenant demand for retail properties in the five centres is generally strong due to the potential for further growth in trading conditions, resulting from the changing characteristics of the catchment area. A key issue facing the property sector across inner Melbourne is a trend towards larger floor areas in order to sustain more efficient retail operations and the potential for this to impact upon tenant demand for existing properties. It is generally difficult in centres such as those covered by this Study to amalgamate properties due to the carparking requirements associated with doing so. The provision of carparking concessions by Council may act to encourage the consolidation of properties to a degree that onsite basement parking may become viable.

The gentrification of Melbourne's inner urban area has supported strong growth in the number of café's and restaurants within the five activity centres. There may however be a need to restrict restaurants that are only open in the evening to outside the retail core, in order to maintain a continuity of retail activity. Related to this is the need to promote the development of precincts that generate an awareness of particular types of retailers (including restaurants) within each centre.

1.8 VICTORIA GARDENS

There is currently 2.8 million square metres (sq.m.) of retail floorspace contained in freestanding shopping centres across metropolitan Melbourne, of which over 75% is contained within sub-regional or larger centres. With Melbourne's population forecast to increase by approximately 8% over the next decade, there is the opportunity for an additional 225,000 sq.m. to be absorbed. Whereas previous additions to floorspace have generally occurred in outer suburban locations, the current wave of new floorspace has increasingly been located within inner urban areas. This will increase the level of competition faced by centres within the City of Yarra, although the extent to which this occurs will be dependent upon the ability of centres to be differentiated through focusing upon niche markets, and the

theming and promotion of centres. A failure on the part of Council and businesses to take a strategic response to new centres may impact negatively upon performance.

The Victoria Gardens development is one of a number of new centres that will deliver additional retail floorspace into the market in the near future. Other major developments include 'QV' in the Melbourne CBD, the Docklands precinct, together with the potential expansion of Chadstone Shopping Centre. While a detailed assessment of the impact of the Victoria Gardens development upon the five activity centres is beyond the scope of this Study, some general conclusions may be drawn.

Based upon surveys undertaken by the consultants in Melbourne's middle suburbs, around 10-25% of visitors to a strip centre will also visit a large regional centre on a weekly basis. The biggest attractions of these larger centres are the variety of stores and specific types of stores. Given that there is already a wide variety of stores across the City of Yarra's activity centres, there is unlikely to be as great an incentive to visit the Victoria Gardens development. In addition, local residents generally walk or use public transport to travel to their shopping destination, indicating that the availability of carparking is less likely to entice them to shop at Victoria Gardens. Other key visitor markets such as local workers are also strongly linked to their nearest centre due to distance and time constraints. Finally, non-local visitors to the City of Yarra's activity centres currently have sufficient opportunities to shop at large regional centres close to home, which indicates that they are seeking niche retailers rather than general retailers. The degree of overlap between the retail offer in existing centres and key anchor tenants in Victoria Gardens is generally considered to be minimal, with the latter potentially complementing the retail offer within the City of Yarra.

There does exist some potential for the Victoria Gardens development to attract new visitors into the Richmond area, thus providing a new pool of potential visitors for Bridge Road, Swan Street and Victoria Street. Overall, it is expected that the Victoria Gardens development may have a net positive impact upon activity centres in Richmond through increasing the number of visitors to Richmond, while offering a retail form which may not directly compete with existing retail outlets.

1.9 FUTURE DIRECTIONS

The future direction of each of the five centres covered by this Study will be determined by a variety of factors. These range from future developments in the economy and subsequent impact upon the retail sector generally, through to local development issues such as the potential for growth in each of the key visitor markets, increasing competition, the availability of carparking facilities and the level of diversity within centres.

The combined success of the five activity centres covered in this Study reflects a well defined retail hierarchy, and the resulting diversity in the retail offer, which has enabled the centres to together meet the needs of all visitor groups from local residents through to international visitors. The opening of Victoria Gardens is expected to further enhance the retail offer and increase the attractiveness of the City of Yarra's retail sector to potential new visitors, with the opportunity for existing centres to gain exposure to these additional visitors. Continued gentrification within the City of Yarra will act to further enhance the contribution of local residents to retail turnover within the centres. Similarly, the further development of existing office precincts will increase the importance of local workers to each of the activity centres.

While the prospects for each of the activity centres are covered in detail within this report, the future development of centres will be best met through a continued focus upon meeting the needs of their respective visitor markets. Each of the key visitor markets (local residents, local visitors and non-local visitors) is expected to show continued growth in terms of retail expenditure. Opportunities for the development of niche markets include sporting goods factory outlets in Smith Street, and the promotion of Brunswick Street and Bridge Road to the tourist market. The theming of Victoria Street to reflect it's Asian orientation may also offer opportunities for this centre to attract a greater share of expenditure by tourists.

A continued focus upon established niche markets would also restrict direct competition between centres, and instead build upon an already established presence in the market to enable the combined centres to more effectively compete with freestanding regional shopping centres. There will be opportunities for Council to play an active role in the promotion of retail and hospitality precincts within

centres, and ensure that incompatible uses are encouraged to locate outside of the immediate retail core.

The Victorian retail sector is expected to experience an extended period of noticeably slower growth in the future. When combined with increasing competition from new retail developments, the emergence of new café and restaurant precincts within Melbourne's inner northern suburbs and free-standing factory outlets in suburban locations, it is apparent that the dominance of the City of Yarra's retail sector may be challenged in the future. As a result, increasing pressure will be placed upon both Council and businesses to take a more strategically based approach to the management of their centres. Such an approach will enable them to be differentiated from new forms of competition and improve their competitive position. A failure to do so may result in increasingly difficult trading conditions with associated declines in employment, investment, property values and Council revenue. Central to the strategic management of centres will be a well organised business group working effectively with Council to promote centres based upon the findings of this Study.

Based upon the results of this Study, Council will have a better understanding of factors influencing the performance of its activity centres. This will assist in developing planning policies, promoting economic development and allocating expenditure on infrastructure works to address issues relating to car parking, amenity and safety. With the State Government's release of 'Melbourne 2030' Council have been given increased responsibilities for monitoring and enhancing the development of its activity centres in a sustainable manner. This Study also provides a basis for the implementation of strategies and programs to meet Council's new obligations under Melbourne 2030, and to play a more active and informed role in urban management.

1.10 Summary of Key Results

Part A: Visitor Information

1. Survey Respondents by Visitor Group

	Bridge Rd.	Brunswick St.	Smith St.	Swan St.	Victoria St.
Yarra Resident	33%	37%	39%	47%	46%
Local Worker (non-resident)	11%	13%	14%	15%	10%
Other Visitor	56%	51%	46%	38%	45%

2. Survey Respondents by Age Category

	Bridge Rd.	Brunswick St.	Smith St.	Swan St.	Victoria St.	All Centres
14 years and under	0.5%	0.2%	0.3%	0.0%	0.7%	0.3%
15-24 years	27.5%	22.8%	27.6%	24.8%	16.3%	24.8%
25-39 years	41.4%	51.5%	46.5%	40.2%	43.7%	44.6%
40-59 years	25.4%	22.2%	21.9%	27.1%	32.3%	25.1%
60 and over	5.2%	3.4%	3.8%	7.9%	6.9%	5.1%

3. Individual Average Expenditure by Visitor Group

	Bridge Rd.	Brunswick St.	Smith St.	Swan St.	Victoria St.	All Centres
Yarra Resident	\$53.80	\$47.96	\$52.72	\$35.51	\$29.80	\$44.75
Local Worker (non-resident)	\$40.40	\$43.15	\$44.61	\$22.29	\$25.77	\$37.28
Other Visitor	\$127.80	\$59.93	\$96.03	\$53.65	\$51.83	\$88.49
All Visitors	\$95.22	\$53.69	\$72.59	\$40.20	\$39.50	\$65.43

4. Individual Medium Expenditure by Visitor Group

	Bridge Rd.	Brunswick St.	Smith St.	Swan St.	Victoria St.	All Centres
Yarra Resident	\$20.00	\$22.00	\$20.00	\$20.00	\$20.00	\$20.00
Local Worker (non-resident)	\$15.00	\$25.00	\$12.00	\$18.75	\$14.50	\$15.00
Other Visitor	\$100.00	\$30.00	\$50.00	\$30.00	\$30.00	\$50.00
All Visitors	\$50.00	\$30.00	\$30.00	\$20.00	\$20.00	\$30.00

5. Expenditure Share by Visitor Group

	Bridge Rd.	Brunswick St.	Smith St.	Swan St.	Victoria St.
Yarra Resident	57%	66%	61%	74%	59%
Local Worker (non-resident)	12%	11%	14%	11%	6%
Other Visitor	31%	23%	25%	15%	35%

6. Purpose of Visit by Visitor Group (percentage of responses)

	Yarra Resident	Local Worker	Other Visitors	All Visitors
Non Food Retailing	28%	28%	52%	40%
Grocery	43%	20%	16%	27%
Take away food	11%	24%	11%	13%
Café	18%	21%	31%	25%
Restaurant	4%	5%	8%	6%
Entertainment / recreation	10%	7%	8%	8%
Personal Services	4%	4%	2%	3%
Business Services	10%	15%	5%	8%
Education Facilities	1%	0%	1%	1%
Professional & medical	1%	1%	2%	2%
En route through centre	18%	21%	5%	12%
Other	11%	28%	18%	16%

7. Non food Retailing by Visitor Group (percentage of responses)

	Bridge Rd.	Brunswick St.	Smith St.	Swan St.	Victoria St.
Yarra Resident	35%	41%	26%	29%	9%
Local Worker (non-resident)	31%	45%	19%	45%	3%
Other Visitor	69%	44%	54%	58%	7%
All Visitors	54%	43%	38%	41%	7%

8. Grocery Shopping by Visitor Group (percentage of responses)

	Bridge Rd.	Brunswick St.	Smith St.	Swan St.	Victoria St.
Yarra Resident	30%	19%	44%	56%	71%
Local Worker (non-resident)	15%	8%	22%	24%	37%
Other Visitor	8%	7%	8%	21%	64%
All Visitors	16%	12%	24%	38%	65%

9. Café and Restaurant Visits by Visitor Group (percentage of responses)

	Bridge Rd.	Brunswick St.	Smith St.	Swan St.	Victoria St.
Yarra Resident	25%	35%	18%	17%	13%
Local Worker (non-resident)	18%	46%	25%	22%	21%
Other Visitor	43%	58%	32%	22%	35%
All Visitors	34%	48%	26%	20%	24%

10. Mode of Transport by Visitor Group

	Yarra Resident	Local Worker (mom-	Other Visitors	All Visitors
Car driver	16%	42%	43%	32%
Car passenger	2%	10%	36%	10%
Walk	68%	17%	8%	33%
Bicycle	3%	3%	2%	2%
Tram	10%	24%	25%	19%
Train	1%	3%	3%	2%
Bus	1%	1%	1%	1%
Taxi	1%	1%	2%	1%

11. Frequency of Visit by Visitor Group

	Daily	less frequently than daily but at least weekly	less frequently than weekly but at least monthly	less frequently than monthly
Yarra Resident	51%	40%	6%	3%
Local Worker	21%	59%	9%	11%
Other Visitors	4%	25%	23%	48%
All Visitors (survey respondents)	24%	35%	15%	26%

12. Visitor Sentiment Towards Activity Centres

Amenity and Comfort	Bridge Rd.	Brunswick	Smith St.	Swan St.	Victoria St.	All Centres
Poor to Fair	27%	33%	43%	30%	29%	33%
Good to Excellent	73%	67%	57%	70%	71%	67%
Safety	Bridge Rd.	Brunswick	Smith St.	Swan St.	Victoria St.	All Centres
Poor to Fair	16%	18%	43%	26%	33%	27%
Good to Excellent	84%	82%	57%	74%	67%	73%

Part B: Land Use**13. Distribution of Street Frontage by Activity Centre**

Sector	Bridge Rd.	Brunswick St.	Smith St.	Swan St.	Victoria St.	All Centres
Business Services	37%	13%	30%	9%	11%	100%
Cafes, Restaurants & Bars	22%	28%	23%	13%	14%	100%
Clothing & Footwear	41%	20%	26%	11%	2%	100%
Food Retailing	18%	19%	28%	15%	20%	100%
General Retailing	38%	16%	26%	11%	10%	101%
Other	25%	16%	33%	14%	13%	101%
Personal Services	21%	15%	39%	12%	13%	100%
Vacant	22%	21%	19%	22%	16%	100%
Total	30%	19%	27%	12%	11%	100%

14. Distribution of Street Frontage by Retail Sector

Sector	Bridge Rd.	Brunswick St.	Smith St.	Swan St.	Victoria St.	All Centres
Business Services	11%	7%	10%	7%	10%	9%
Cafes, Restaurants & Bars	14%	28%	16%	19%	23%	19%
Clothing & Footwear	25%	19%	17%	16%	4%	18%
Food Retailing	5%	8%	8%	10%	14%	8%
General Retailing	27%	18%	21%	19%	19%	22%
Other	10%	9%	14%	13%	14%	12%
Personal Services	4%	5%	9%	6%	7%	6%
Vacant	5%	7%	5%	11%	9%	6%
Total	100%	100%	100%	100%	100%	100%

15. Total Shop Frontage by Activity Centre

	Bridge Rd.	Brunswick St.	Smith St.	Swan St.	Victoria St.	All Centres
Linear Metres	3,274	2,920	2,057	1,339	1,201	10,791
Percentage of total	30%	27%	19%	12%	11%	100%

Part C: Property Market**16. Vacancy Rates**

	Bridge Rd.	Brunswick St.	Smith St.	Swan St.	Victoria St.	All Centres
Percent	4.7%	7.2%	4.6%	11.2%	9.0%	6.4%

17. Indicative Retail Rental Rates

	Bridge Rd.	Brunswick St.	Smith St.	Swan St.	Victoria St.
Per square metre,	\$450-\$550	\$281-\$440	\$140-\$300	\$380-\$530	\$250-\$470

2. INTRODUCTION

In May 2002, Charter Keck Cramer *Strategic Research* was commissioned by the City of Yarra to assess the performance, function and future directions of five major activity centres within the municipality. The nominated centres are:

- Swan Street, Richmond;
- Bridge Road, Richmond;
- Victoria Street, Richmond;
- Smith Street, Collingwood; and
- Brunswick Street, Fitzroy.

In recognition of the specialist skills required for the visitor survey component of the Study, Charter Keck Cramer *Strategic Research* engaged the services of Virginia Kneebone & Associates. The remainder of the Study tasks were undertaken exclusively by Charter Keck Cramer *Strategic Research*.

As the title of the Study implies, the principle objective was to assess the performance, function and future direction of each activity centre. The current performance and function of an activity centre is reflected in a range of measures including vacancy and rental rates, the nature of a centre's catchment, visitors' shopping behaviour and perceptions of a centre. The future direction of activity centres will be determined by a wide variety of factors. These include new retail formats that may emerge at the industry level, economic developments that may impact differently on each retail sector, and the transformation of individual activity centres in response to the changing characteristics of households in a centre's catchment. Inner Melbourne has experienced significant gentrification over the past decade, together with a shift in its underlying employment base from traditional manufacturing industries to high value adding, knowledge based industries. This has resulted in many activity centres now servicing the needs of relatively higher income visitors seeking higher-order goods and services such as clothing, business services, and cafes and restaurant meals.

This Study investigated and analysed the implications of these factors upon five major activity centres within the City of Yarra in terms of their likely future role, and opportunities for further development. The results of the survey component of the Study provides valuable insight into the characteristics and role of activity centres in terms of meeting the needs of not only local residents, but also local workers and visitors from the wider metropolitan area. Similarly, a land use survey has enabled an analysis of the composition of centres to be undertaken.

The release of Melbourne 2030 by the State Government places greater requirements upon Councils to actively plan for activity centres in order to encourage sustainable development. This Study, and the data upon which it is based, provides a valuable resource from which the City of Yarra may monitor the performance of its major activity centres in terms of meeting the needs of the population and contribute to a reduction in car based transport requirements.

2.1 STUDY OBJECTIVES

The key objectives of the Study as detailed in the Study Brief were to:

- Provide Council with an analysis of the current and future function and performance of identified activity centres;
- Identify retail issues and trends affecting retail with a focus on retail strip centres;
- Establish and analyse a data set of key retail performance indicators that will provide a basis for ongoing monitoring of Yarra activity centres. Key performance indicators are to include centre rent levels, size and composition;
- Provide an insight into the retail performance and consumer characteristics and sentiment in each retail catchment area;
- Clearly identify competitors and competitive influences such as car parking, tenancy mix and consumer amenity on Yarra activity centres; and
- Analyse the likely impact of the Victoria Gardens centre on the surrounding Yarra activity centres.

These objectives reflect an underlying requirement of both the City of Yarra and local business groups for a detailed analysis of the retail environment, both within the municipality as well as at an industry/metropolitan level. Such analysis supports Council's role in providing a positive environment for retail activity through economic development programs and infrastructure provision based upon an understanding of retailers operating environment.

Additional key objectives set by the Consultants for the Study were:

- The establishment of a cost effective survey process to enable the City of Yarra to continue to monitor centre performance on a regular basis; and
- To provide a strategic assessment of each centre taking account of the structure of the retail industry, macro-economic impacts and demographic change.