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Lilydale Major Activity Centre Structure Plan

Economic Assessment

June 2019

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Introduction

Yarra Ranges Shire Council have commissioned a consultant team led by Mesh Planning to prepare a Structure Plan for the Lilydale Major Activity Centre (MAC). The Structure Plan will provide a strategic framework and vision for Lilydale over the next 20-30 years.

The Structure Plan will address a number of issues including (but not limited too) the potential Lilydale and Healesville Bypasses, implications of the future urban development of the Lilydale quarry site on the MAC, future land use mix within the centre, the role and form of industrial land in the Study Area, opportunities for higher-density residential development and the opportunity for an 'urban heart' within the centre.

This technical report provides economic input to the Structure Plan to ensure the Plan is based on a sound understanding of the economic and commercial opportunities that may arise in the future.

Specifically, this report seeks to:

- Provide an overview of the economic and land use context within the Study Area
- Identify future retail, commercial, industrial and higher-density residential development opportunities
- Provide economic input to specific considerations such as the Lilydale Bypass, urban development at Lilydale Quarry, key redevelopment sites and opportunities to maximise future economic opportunities for the region.

The following Chapters are provided in this report:

Chapter 1: Context Analysis

Chapter 2: Regional Economic Overview

Chapter 3: Lilydale Major Activity Centre – Existing Situation

Chapter 4: Retail and Commercial Development Opportunities

Chapter 5: Industrial Land Considerations

Chapter 6: Residential Development Opportunities

Chapter 7: Implications of Lilydale Bypass Considerations

Chapter 8: Summary of Key Implications.

1. Context Analysis

This Chapter provide an overview of the context in which the Structure Plan will be developed including its regional location, identification of the Study Area and key land uses, and an overview of the strategic planning context and relevant influences on the future evolution and development of the Lilydale MAC.

1.1. Regional Context

Lilydale is one of two MACs located in the Yarra Ranges Shire and is situated approximately 35km to the east of the Melbourne CBD. The other MAC is Chirnside Park.

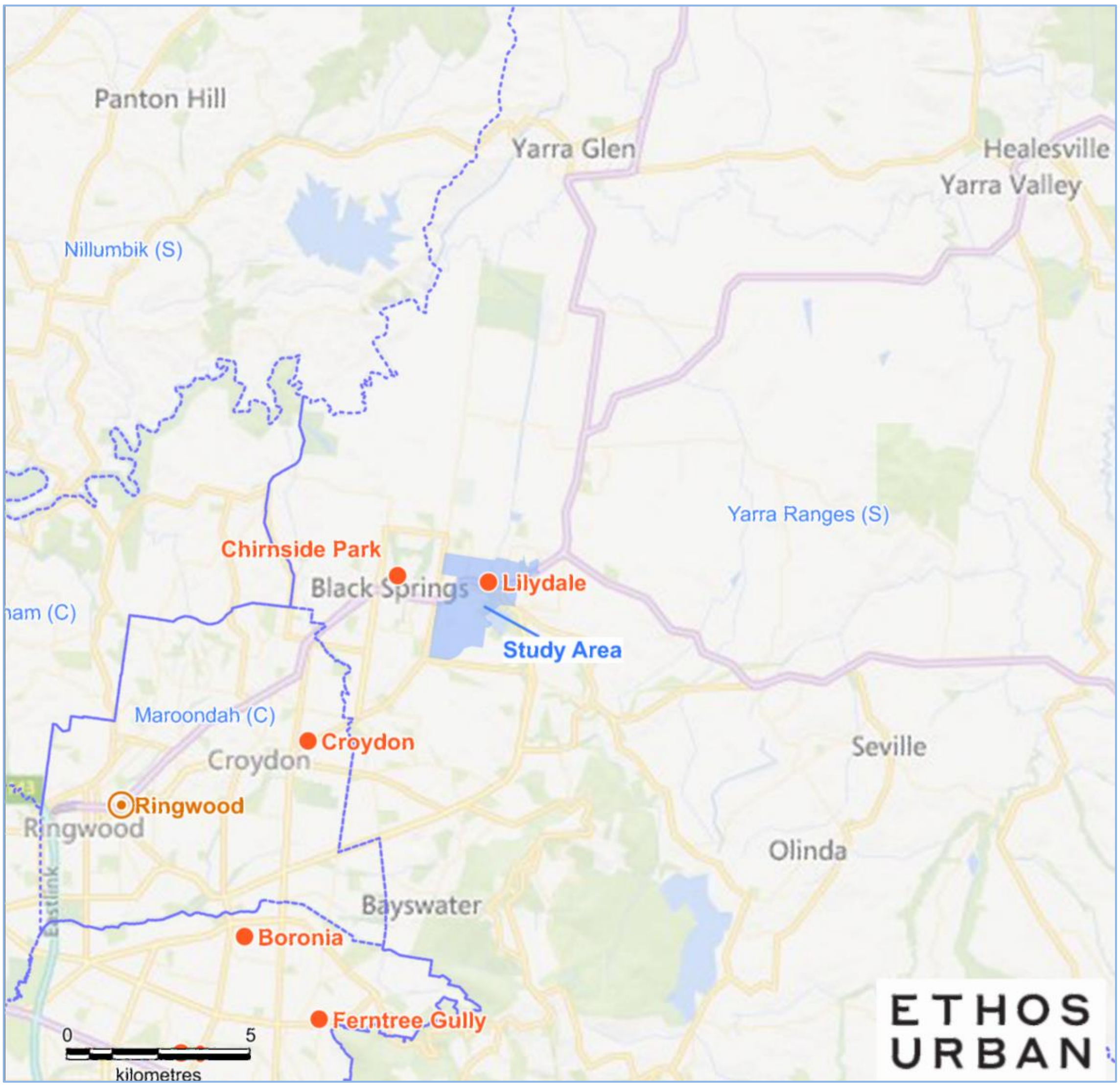
Lilydale services a regional catchment of more than 90,000 residents and provides a range of retail, community, health, educational, industrial, recreation and civic facilities and services. The catchment for Lilydale includes both urban areas (e.g. Lilydale, Mooroolbark, Kilsyth, Chirnside Park) and smaller townships located in the Yarra Valley, the Dandenongs and along the Warburton Highway. Lilydale is considered a ‘gateway’ to the renowned Yarra Valley tourism region.

Straddling both sides of Maroondah Highway, Lilydale is also well serviced by the metropolitan rail network. The Lilydale train line finishes at Lilydale Station.

From a retail and commercial perspective, Mooroolbark Neighbourhood Activity Centre (NAC) and Chirnside Park MAC are also of relevance to the future role and development opportunities within the Lilydale MAC. Mooroolbark NAC is located approximately 4.4km to the south-west and provides neighbourhood level retailing, while Chirnside Park MAC is a sub-regional shopping centre located approximately 3.3km to the west of Lilydale.

Figure 1.1 shows the regional location for which the Lilydale MAC is situated.

Figure 1.1: Regional Location



Produced by Ethos Urban using MapInfo and BingMaps

1.2. Lilydale MAC Structure Plan Study Area

The Lilydale MAC Structure Plan Study Area (referred to as the 'Study Area') comprises a total of approximately 455ha of land including the activity centre itself and surrounding areas of influence. Figure 1.2 outlines the Study Area which is the basis of this assessment.

Key land uses of particular relevance within and surrounding the Study Area include the following:

- **Retail and commercial areas**: The Lilydale MAC includes numerous nodes of activity, such as:
    - Main Street: which comprises a range of speciality shops extending more than 700m from the railway line in the west, over Olinda Creek to Lilydale Village Shopping Centre in the east.
    - Lilydale Marketplace: an enclosed shopping centre situated approximately 250m south of Main Street. Lilydale Marketplace contains approximately 21,000m^2 of retail floorspace including major tenants in Big W, Woolworths and ALDI. Lilydale Marketplace underwent

a major refurbishment and extension in 2013, which included the development of the Big W Discount Department Store (DDS).

  - Lilydale Village: a shopping centre containing 5,420m^2 of floorspace including a Coles supermarket.
  - Homemaker/restricted retail/showroom precincts: located in the eastern extremities of the town centre and to the immediate west of the railway line on Commercial 2 Zoned (C2Z) land. These precincts contain a mix of car showrooms, lower-order homemaker retailing, trade supplies and light industrial uses.

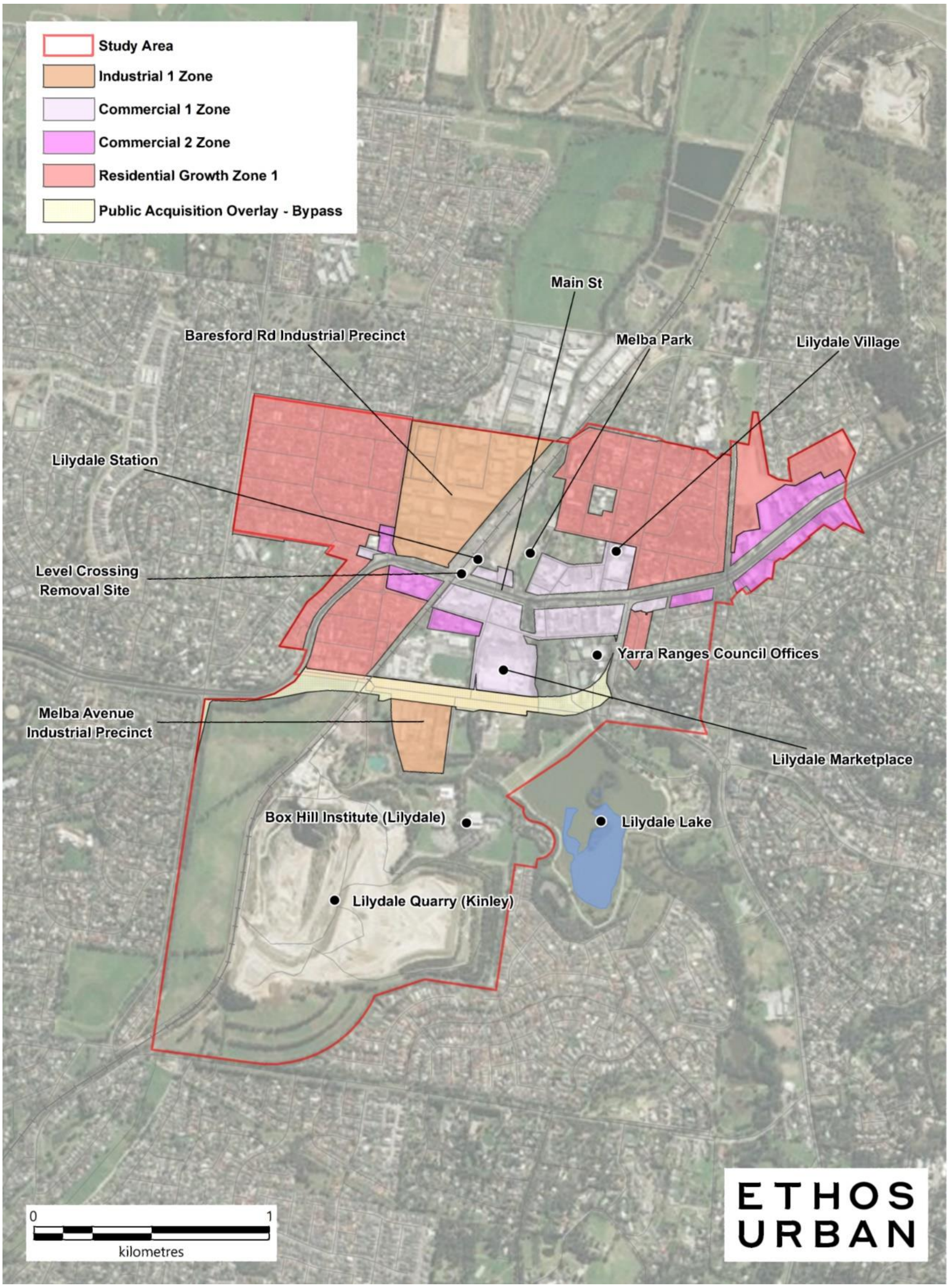
- **Industrial areas**: two industrial precincts are located in the Study Area which provide a range of light industrial and service-related industries serving Yarra Ranges Shire and the broader region. These precincts, which are largely developed in terms of available land capacity, are:
  - Melba Avenue Industrial Precinct: located to the south of Melba Avenue, adjoining the northern boundary of the Lilydale Quarry site.
  - Beresford Road Industrial Precinct: located to the north of the town centre and to the west of the railway line. Olex, a manufacturer of electrical cables, occupy a significant land holding adjacent to the Lilydale train station which is considered a potential future development opportunity.
- **Residential growth zoned land**: the majority of residential zoned land in the Study Area is zoned Residential Growth Zone 1 (RGZ1), which is intended to provide housing at increased density with buildings of up to four storeys permitted.
- **Lilydale Quarry (Kinley)**: the former Lilydale Quarry is a major urban redevelopment site being developed by Intrapac and marketed as ‘Kinley’. The site accounts for approximately 163ha of land in the southern part of the Study Area and is intended to provide for between 2,200 and 3,200 dwellings. The eventual dwelling yield will depend on whether a train station can be developed on the site. Other elements of the proposal include a town centre, tourism opportunities focusing on the cultural and historic values of the site, education and open space.
- **Health precinct**: Lilydale is emerging as a key health precinct serving the broader region. Eastern Health is located at the intersection of Market Street and Clarke Street to the north of Main Street. Additionally, a large medical centre is located at the intersection of the Maroondah Highway and Anderson Street.
- **Box Hill Institute (Lilydale Campus)**: the campus adjoins the north-eastern part of the Lilydale Quarry site overlooking Lilydale Lake. Formerly occupied by Swinburne University until 2013, the site now accommodates Box Hill Institute who currently have approximately 1,000 enrolments in more than 40 courses including certificate, diploma and degree courses across a range of industry areas. Courses offered include Animal Studies, Health and Wellbeing, Hair and Beauty, Bioscience, Trades, OH&S, Business, Design, Sport & Fitness, Education and Workplace Training. The William Angliss Institute work in partnership with Box Hill Institute to deliver courses in Hospitality and Tourism at the Lilydale Campus.
- **Council offices**: Yarra Ranges Shire offices are located at the intersection of Anderson Street and Hardy Street and are proposed to undergo a significant redevelopment in the near future.
- **Melba Park**: Melba Park is a valued community asset which is located to the north of Market Street and includes the Lilydale Outdoor Pool and a bowling club. The Yarra Ranges Museum adjoins the park.

Although not located in the Study Area, Lilydale Lake is a popular regional-level open space area. An estimated 1 million people visit Lilydale Lake a year, including many residents of the Study Area.

Other key influences on the future planning and development of the Lilydale MAC include:

- Potential Lilydale Bypass, which is identified as a Public Acquisition Overlay (PAO) in the Yarra Ranges Planning Scheme, and will provide a physical barrier between the MAC and land to the south which includes the Kinley Estate.
- Maroondah Highway level crossing removal project which is currently in the planning stage and proposed to be completed in 2022. Once completed, the project will improve accessibility to the centre, as well as amenity and safety.
- Future redevelopment of the Olex site, which is located to the immediate west of the Lilydale Station. The site has long been used for manufacturing, however, in the longer-term represents a potential urban renewal site due to it relatively large size and proximity to the station and MAC.
- Increased competitive influences from competing centres, in particular Chirnside Park MAC which is less than 3km (by road) to the west of Lilydale MAC. Chirnside Park MAC has capacity to expand and has recently been nominated as a future location for a Kaufland supermarket.

Figure 1.2: Lilydale MAC Structure Plan Study Area



Produced by Ethos Urban using MapInfo and BingMaps

1.3. Strategic Planning Context

Mesh Planning are preparing a detailed strategic planning overview; however, for the purpose of this assessment it is worthwhile reviewing key strategies guiding the future development of the Lilydale MAC and the Yarra Ranges economy more broadly.

With regard to Lilydale specifically, the previous version of the *Lilydale Structure Plan* was completed in 2006, furthermore, the *Urban Improvement Project – Lilydale Major Activity Centre* was completed in 2008 and builds upon the 2006 Structure Plan. Therefore, it is timely that a new structure plan be prepared that considers changes that have occurred over the past 13 years.

The *Yarra Ranges Activity Centres Network Strategy* was completed in 2012. The Strategy provided a detailed assessment of the demand and supply for retail, commercial and industrial development throughout Yarra Ranges Shire, and provided recommendations to guide the future development of activity centres and industrial areas. With regard to Lilydale MAC, key findings and recommendations included the following:

- Lilydale is identified a Major Activity Area (similar in meaning a MAC) and is intended to provide a large, diverse and intensive mix of retail, commercial, entertainment, cultural and other uses; have strong public transport links; serve a large regional-sized catchment; and be a priority location for future private and public sector spending.
- Higher density residential development is encouraged.
- Support is provided for development/redevelopment proposals that will contribute to a physical consolidation of activity.
- Yarra Ranges has a finite supply of industrial land and there is a need to encourage a greater intensity of development in existing industrial areas that meets modern standards.
- The former Olive Grove Shopping Centre (now a Bunnings) was identified as a key site for redevelopment that has the potential to contribute to the integration of land uses within the centre.
- Consideration of the appropriateness of the Business 4 Zone (now Commercial 2 Zone) land to the south of John Street.

The *Shire of Yarra Ranges Housing Strategy* was adopted in May 2009 and identified Lilydale as one of the activity centres that had “the best capability for additional housing.” The Housing Strategy influenced the location of the RGZ1 which surrounds the Lilydale MAC and which encourages increased residential densities close to the MAC.

Yarra Ranges Economic Development Strategy 2012-2022 identifies manufacturing, retail, home-based and small business, agribusiness and health as ‘strategic sectors’. In addition, tourism, and community businesses and social enterprise are identified as ‘target sectors’. Being one of two MAC in the Yarra Ranges, Lilydale has an important role in fostering many of these sectors in particular the following:

- Retail
- Small business
- Health, given the presence of Yarra Ranges Health in Lilydale
- Tourism, given Lilydale’s proximity to the Yarra Valley and potential to perform a role as a service provider to tourism operators
- Manufacturing, as Lilydale contains one of the major industrial precincts in the Shire.

1.4. Implications

The following key implications have been identified for the Structure Plan from the review of the Study Area, its regional location, key influences of the future planning and development in Lilydale, and strategic planning context:

- Lilydale is one of two MACs in Yarra Ranges and is therefore intended to perform a significant role in providing retail, commercial, health, civic, employment and higher density residential development opportunities.
- A number of key strategic projects are currently at various stages of completion and will influence the future development and planning of Lilydale, these include:
  - The potential Lilydale Bypass for which the timing is unknown.
  - Development of Kinley Estate for which the development yield and eventual land use mix is relatively unknown and dependant on the development of a train station at the site, which is also unknown.
- Nearby Chirnside Park MAC provides strong competition in the retail, entertainment and commercial office sectors. Therefore, Lilydale MAC will need to continually evolve and provide a range of uses in order to compete with Chirnside Park MAC.
- Yarra Ranges only has a finite supply of industrial zoned land, including land within the Study Area, which is important in providing local employment and fostering economic development opportunities.

2. Regional Economic Overview

Lilydale MAC contributes significantly to the wider Yarra Ranges Shire economy. An overview of the regional economy in the Shire is provided in this Chapter, which is based on key socio-economic factors influencing the Study Area and surrounds.

2.1. Regional Population Forecasts

The Study Area is contained within the suburb of Lilydale, which had a population of approximately 17,140 persons in 2016. This was equivalent to 11% of the total population of the Yarra Ranges Shire, which had a population of 155,300 persons at that time.

The share of Yarra Ranges population which resides in the suburb of Lilydale is projected to steadily increase in the future, particularly in the period post 2026. By 2041, id. Consulting forecast the suburb of Lilydale will contain approximately 30,940 persons or 17% of the 185,900 persons residing in the Yarra Ranges. This growth is expected to be underpinned by high levels of residential development, particularly the Kinley Estate, which will result in an additional 2,200 to 3,200 dwellings. Additionally, potential for infill and higher density residential development will contribute to population growth in Lilydale.

In the period from 2016 to 2041, the suburb of Lilydale is forecast to accommodate 45% of the total forecast population growth in Yarra Ranges Shire, as shown in Table 2.1. The population forecasts included in Table 2.1 are based on forecasts prepared by id Consulting for Yarra Ranges Shire.

Table 2.1: Forecast Population for Lilydale suburb and Yarra Ranges Shire, 2016 to 2041

	2016	2021	2026	2031	2036	2041	Total growth 2016-2041
Lilydale suburb	17,140	18,060	20,680	24,400	28,140	30,940	+13,800
Yarra Ranges Shire	155,300	161,330	167,470	174,090	180,340	185,900	+30,600
Lilydale % of Shire population.	11%	11%	12%	14%	16%	17%	45%

Source: .id forecast

2.2. Demographics

An overview of key demographic characteristics of Yarra Ranges residents is provided below. More detailed analysis of demographic characteristics of trade area residents, or people most likely to frequent the Lilydale MAC, is provided in Section 4.2.

Key demographic features of the population residing in the Yarra Ranges Shire, based on the 2016 ABS Census of Population and Housing, are as follows:

- **Income:** Shire residents have median individual and household incomes just below metropolitan Melbourne medians, with median individual incomes of $34,790 (c.f. $35,100 for metropolitan Melbourne) and median household incomes of $78,270 (c.f. $80,990 for metropolitan Melbourne).
- **Age:** the median age of Shire residents is 39 years, which is considered high compared to the benchmark for metropolitan Melbourne of 36 years.
- **Country of birth:** a significant percentage of Shire residents were born in Australia, with 83% of the population Australian born compared to the metropolitan Melbourne benchmark of 65%. This has contributed to approximately 92% of persons residing in the Shire speaking only English at home.

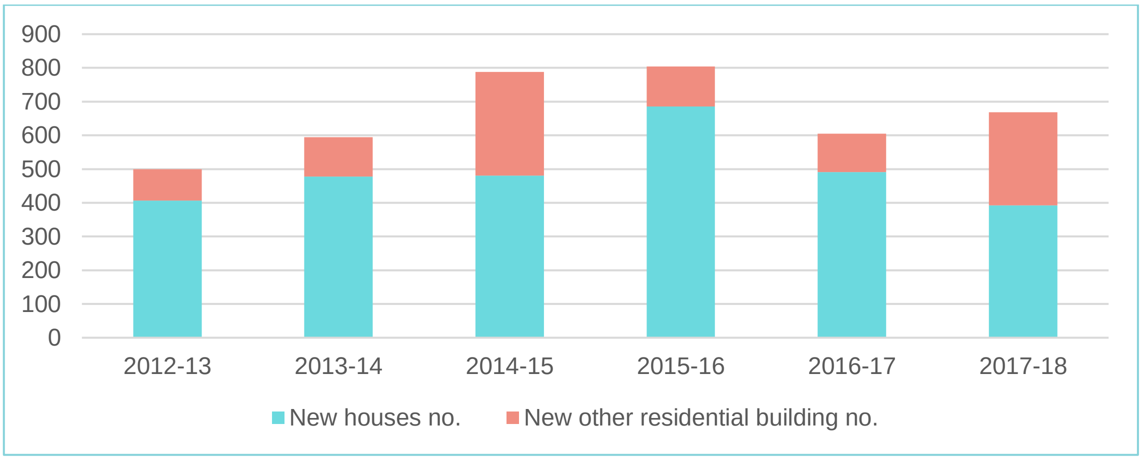
- **Household type:** the Yarra Ranges Shire population mainly comprises families, with 77% of households being family households compared to 72% for metropolitan Melbourne. The most common household type in the Shire is couple families with children, comprising 37% of total households.
- **Housing typology:** separate houses are the predominate dwelling type in the Yarra Ranges Shire, with 94% of dwellings in this category, compared 68% for metropolitan Melbourne.

2.3. Housing Development Trends

As noted, 94% of dwellings located in Yarra Ranges Shire are separate houses, with very limited housing diversity available in the municipality. This lack of housing diversity was an issue identified in the *Yarra Ranges Housing Strategy* (2012). However, recent building approvals trends show a significant level of other residential dwelling types, including townhouses, units, and apartments have been approved in recent years as highlighted in Figure 2.1. Between 2012/13 and 2017/18, 26% of total dwellings approvals in the Yarra Ranges Shire were for ‘other’ dwelling types.

A large proportion of the medium and higher-density residential building approvals have been focused in Lilydale. Further analysis of local level dwelling development trends is provided in Chapter 6.

Figure 2.1: Yarra Ranges Shire Dwelling Approvals, 2013 to 2018



Source: ABS, cat. 8731.0 Building Approvals, 2013-2018

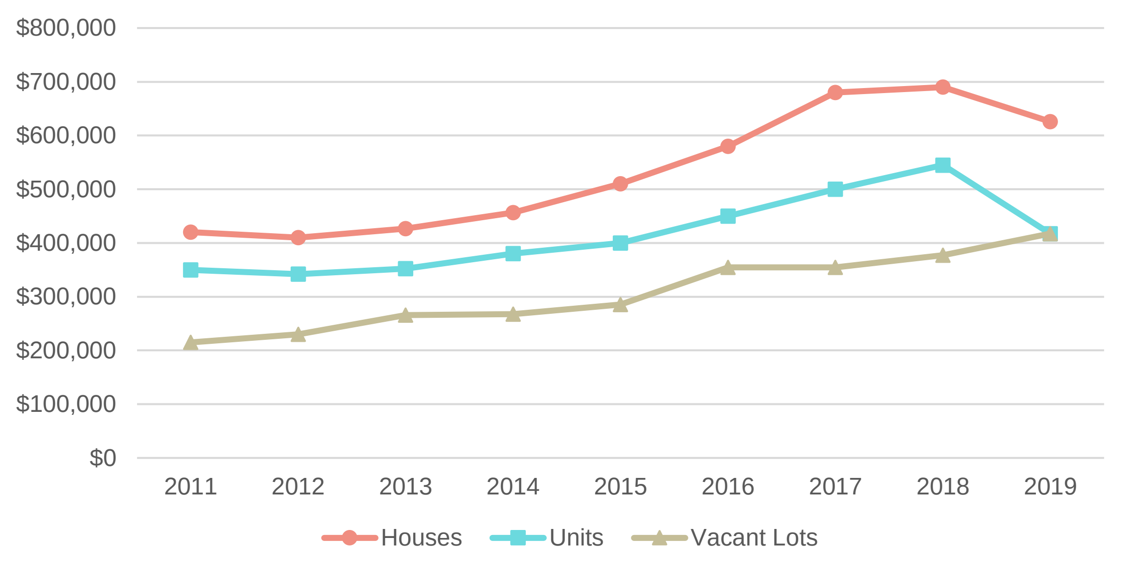
2.4. Property Price Trends

Yarra Ranges Shire has an above average level of home ownership, with 84% of homes owned either outright or with a mortgage compared to 69% for metropolitan Melbourne. Consequently, property prices in the Yarra Ranges have a significant impact on the residents and the economy, with most persons purchasing property also likely to be owner occupiers.

Yarra Ranges property prices have followed a similar trend to that of the wider Melbourne housing market in recent years. After a dip in 2012, house, unit and vacant lot prices rallied, increasing to the peak levels in 2018 of $690,000 (house), $545,000 (unit), and $377,500 (vacant lot). Apart from vacant lots, 2019 is proving a more challenging period for the Yarra Ranges housing market, with significant price falls observed in the period so far, as shown in Figure 2.2.

Note, that the majority of property sales which occur in the Yarra Ranges Shire are houses, with unit and vacant lot sales comprising less than 20% of the total number of sales in the area.

Figure 2.2: Yarra Ranges Shire Median Property Price by Property Type, 2011 to 2019



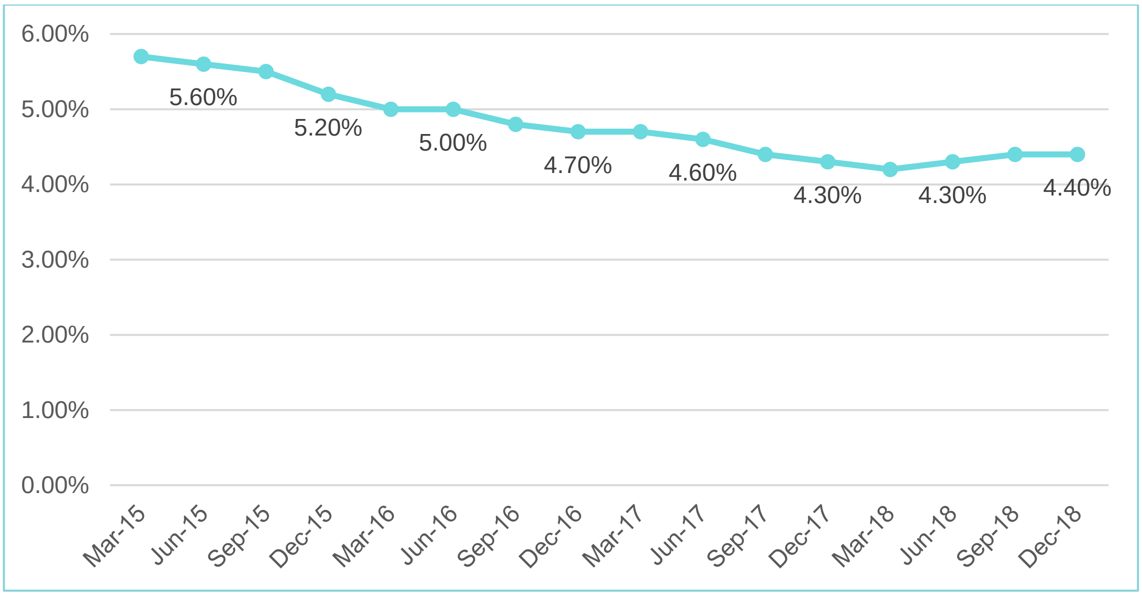
Source: PriceFinder

2.5. Employment

In 2016, Yarra Ranges Shire had an estimated 41,700 persons working within the Shire area. The majority of the population working within the Shire were employed in the industries of retail trade, construction, and education and training, with these industries comprising over a third of the working population in total. Other significant industries of employment include health care and social assistance, manufacturing, and accommodation and food services. These key industries are reflective of the Shire's outer metropolitan location which attracts industrial businesses (construction and manufacturing), the tourism role of the Yarra Valley (retail trade and accommodation and food services), and the area's emerging medical and education role (education and training, and health care and social assistance).

The rate of unemployment in the Shire has been generally decreasing in recent times, with unemployment currently (December 2018) measured at 4.4% of the labour force. This is down from a high of 5.7% in the March 2015 quarter, as shown in Figure 2.3.

Figure 2.3: Yarra Ranges Shire Unemployment Rate, 2015 to 2018



Source: REMPLAN economy profile

2.6. Tourism

The Yarra Ranges Shire is an important tourism area for Victoria, containing the Yarra Valley, which is a popular day-trip and tourist area. The Yarra Valley contains Yarra Glen, Healesville, and surrounding areas, and is known for its natural features, wineries, and other agricultural produce.

Yarra Ranges Shire attracted approximately 2,945,000 visitors in 2017, with the majority of these visitors (85%) being domestic day visitors, presumably from Melbourne and surrounding regions. The region attracted far fewer international visitors, with less than 1% of visitors being from other countries.

Tourism in the Yarra Ranges Shire has contributed significant economic activity to the area, with total visitor spend in 2017 amounting to $384 million. REMPLAN data for the Shire shows every tourism dollar spent, includes 41c on spending on accommodation and food services. In total, tourism in the Yarra Ranges Shire contributes approximately $269 million in value-add to the Yarra Ranges economy, which is equivalent to 4.8%.

Table 2.2: Key Tourism Metrics for Yarra Ranges Shire, 2017

	International	Domestic Overnight	Domestic Day	Total
Visitors ('000)	24	413	2,507	2,945
Nights ('000)	304	1,001	-	1,305
Average stay (nights)	13	2	-	3
Spend ($m)	$21m	$148m	$215m	$384m
Average spend per trip ($)	$860	$359	$86	$130
Average spend per night ($)	$68	$148	-	$130
Average spend (commercial accommodation) per night ($)	$94	$222	-	$199

Source: Tourism Research Australia

2.7. Summary

The Yarra Ranges Shire has a growing population, with approximately 45% of this growth forecast to occur in the suburb of Lilydale. The Shire's population currently comprises primarily Australian-born family households, residing in separate dwellings, with most homes owned either outright or with a mortgage, rather than rented. This suggests a permanent rather than transient population in the area. Residential development in the area has remained stable, with property price trends broadly reflecting that of the wider Melbourne market.

The Shire has a significant working population, with key industries in the area reflecting the geographic position of the Shire, including the outer metropolitan location and the inclusion of the popular tourist area of the Yarra Valley in the area. Employment industry trends suggest that the tourism and services role of the area will increase in the future as a decrease in industrial employment also occurs.

Lilydale, as the primary centre for the Shire, generates a number of strategic advantages for the Yarra Ranges economy. Lilydale is referred to as the "gateway to the Yarra Valley" providing opportunities for tourism operators and service providers including accommodation and food services, and arts and recreation services. Lilydale is also increasingly likely to be a key location for growth in health and education based employment.

3. Lilydale Major Activity Centre - Existing Situation

This Chapter identifies the existing role and function of Lilydale MAC, including its retail and commercial floorspace, vacancy rate, and key competing centres. The Chapter also identifies potential key development sites in the Study Area, and issues or opportunities for the centre.

3.1. Existing Role and Function of Lilydale Activity Centre

The *Yarra Ranges Activity Centre Network Strategy 2012* identifies the Lilydale Activity Centre as one of two Major Activity Centres (MAC) located in the Yarra Ranges Shire. As a MAC, Lilydale provides a range of retail, community, recreational and civic facilities and services to the Yarra Ranges Shire population. Plan Melbourne also identifies Lilydale as a Major Activity Centre.

Lilydale MAC is currently successfully fulfilling its role as a MAC, with the centre providing a range of uses including retail, commercial, civic, community, recreational, and other facilities and services; being accessible via public transport, particularly the Lilydale train station which connects to the wider metropolitan public transport network; and being able to support housing at increased densities.

However, having regard for the competitive influences on the centre and the continually changing dynamic of activity centre development, Lilydale MAC will need to continually evolve if it is to fulfil this MAC role. In particular, this will include maximising benefits associated with its co-location with the train station, remaining a competitive retail location and continuing to provide a broad range of non-retail uses including health, education, commercial, entertainment, community and civic uses.

3.2. Retail and Commercial Floorspace

A retail and commercial floorspace survey was undertaken to inform the Structure Plan in March 2019. An overview of retail, commercial office and vacant floorspace in the Lilydale MAC is provided below.

<u>Occupied Retail Floorspace</u>

In total, the Study Area contains approximately 47,010m^2 of retail floorspace, comprising the following:

- <u>Food, Liquor and Groceries (FLG)</u>: Approximately 10,220m^2 of FLG floorspace of which the majority (9,070m^2 or 89%) is provided with the Woolworths, Coles and ALDI supermarkets. Very limited speciality FLG floorspace is provided within the centre.
- <u>Food catering</u>: Approximately 5,900m^2 of food catering exists in the Lilydale MAC which includes cafés, restaurants and takeaway food stores. Significant growth has occurred in the food catering sector in Lilydale MAC in recent years, having increased from approximately 4,110m^2 of floorspace in 2011 (Essential Economics, Yarra Ranges Activity Centres Network Strategy, 2013).
- <u>Non-food</u>: Approximately 27,550m^2 of non-food retail floorspace is located in the Lilydale MAC, illustrating a significant non-food offering which contains the Big W DDS, speciality non-food retailers at the Lilydale Marketplace and a limited range of bulky goods and homemaker retailing along Maroondah Highway on the edges of the centre.
- <u>Retail services</u>: Approximately 3,340m^2 of retail services which includes hair, beauty, dry cleaning, etc.

Occupied retail floorspace located in the Study Area is shown in Table 3.1.

Table 3.1: Occupied Retail Floorspace in Lilydale Study Area, 2019

Retail Categories	Occupied Floorspace	Share
Food, Liquor & Groceries	10,220m^2	22%
Food Catering	5,900m^2	13%
Non-food	27,550m^2	59%
Services	3,340m^2	7%
Total Retail	**47,010m^2**	**100%**

Source: Ethos Urban

Office Floorspace

While Lilydale MAC is not considered a major office location, it does comprise approximately 12,380m^2 of office floorspace (excluding Council offices) which accounts for 21% of total occupied retail and office floorspace.

The majority of office floorspace is considered to be 'shopfront' office located along Main Street and the immediate surrounds. Centrelink is the largest occupier of office floorspace; other key office space users include ancillary health providers, accountants and financial services, and employment service providers.

Table 3.2: Retail, Commercial and Vacant Floorspace, 2019

Category	Floorspace	Share
Retail	47,010m^2	79%
Commercial office	12,380m^2	21%
Total Occupied Retail and Commercial	**59,390m^2**	**100%**
Vacant Floorspace	2,260m^2	
Vacancy Rate	**3.8%**	

Source: Ethos Urban

In addition to the office floorspace noted above, Lilydale contains the Yarra Ranges Shire offices.

Vacant Floorspace

Only 2,260m^2 of vacant floorspace exists in the Lilydale MAC, which equates to a very low vacancy rate of just 3.8%. Vacant floorspace has increased only slightly since 2011, when vacant floorspace was estimated at approximately 2,090m^2 which equated to a vacancy rate of 5.1% (noting significant growth in total retail floorspace occurred due to the expansion of the Lilydale Marketplace).

Typically, a vacancy rate of 5-7% is considered reflective of a strong performing centre highlighting how successful the Lilydale MAC is currently performing.

3.3. Competing Centres

Chirnside Park MAC and Mooroolbark NAC are the key competing centres for the Lilydale MAC. An overview of these two centres is provided below.

Chirnside Park MAC

Chirnside Park MAC is located approximately 3.2km to the west of the Lilydale MAC, with retail uses on both sides of Maroondah Highway. The centre is a MAC under the Yarra Ranges Activity Centre Network Strategy, and contains the Chirnside Park Shopping Centre, a major homemaker precinct, a business park, and a number of other vacant lots available for development. A Kaufland store is planned to be developed on vacant land in the activity centre in the near future.

Within the Chirnside Park MAC, the main focus of activity is retail, with the Chirnside Park Shopping Centre the primary centre within the area, containing a number of national brand retailers including Kmart, Target, Coles, Woolworths, and ALDI. A Readings cinema complex, bowling alley and laser tag premises provide a complementary entertainment offer.

Conversely, the activity centre has limited civic, community, health and civic uses.

Mooroolbark NAC

Mooroolbark NAC is located approximately 4.5km south-west of the Lilydale MAC. This centre primarily consists of strip-based retail, particularly along Manchester Road and Brice Avenue, with additional retail located in the immediate surrounds. The NAC has limited national retailers; however, is anchored by a Coles supermarket. Retail elements in the NAC serve a primarily convenience role, with significant food retail in the centre.

Other Competing Centres

Further afield, a number of centres operate in the broader area which compete to some extent with the Lilydale MAC, including:

- Numerous neighbourhood activity centres and town centres which provide convenience retailing to their immediate catchments and which include Mount Evelyn, Seville, Yarra Glen, Healesville, Croydon North, Croydon, etc.
- Ringwood Metropolitan Centre, which includes Eastland, and is one of the major retail and entertainment precincts serving outer eastern Melbourne.
- Knox City is also one of the major retail and entertainment precincts serving outer eastern Melbourne.

Proposed Centres

In addition to the above centres, potential exists for a new convenience-based centre at the Kinley Estate. This centre would most likely be a neighbourhood-level activity centre located adjacent the proposed Kinley train station, should it be developed in the future. Although there is limited information available on the level of floorspace proposed at the site, it can be expected that there will be some level of retail activity at Kinley. The extent of floorspace will depend on a variety of factors including the eventual dwelling yield and whether a train station can be secured for the site.

The Yarra Ranges Activity Centre Network Strategy (2013) notes the following regarding retail opportunities at the quarry site (i.e. Kinley):

> "*Although the eventual timing of development and the mix of uses is unknown at this stage, it is anticipated that some form of residential development will eventuate. Depending on the extent of residential development and public transport linkages, opportunities for limited retail development may exist to service the local population; any commercial development should complement the existing activity centre hierarchy*." (p. 5)

Having regard for the above, it will be important that any retail development at Kinley is convenience-based and complements the nearby Lilydale MAC.

3.4. Potential Development and Under-utilised Sites

The following development sites and under-utilised precincts within the Lilydale MAC have been identified based on field visits and a review of key strategic documents. These sites are shown in Figure 3.1:

Development Sites

- 312-318 Main Street**,** a vacant lot which has seen no development in 10 or more years. The site is of approximately 1,030m^2 in size. Buildings on either side of the site, located at 304 Main Street and 322 Main Street, are currently vacant, and potential exists to amalgamate the site into a one major development site of approximately 2,400m^2.

- 5 John Street, is currently vacant, having previously been used as a car sales yard. The site is approximately 970m^2 in size. A showroom is located to the west of the site and a large vacant office building to the east, providing opportunities for site amalgamation.

- 22 Clarke Street, a long, thin site of approximately 560m^2 in size. Up until 2010, the site contained a residential dwelling; however, the site has been vacant since this time.

- 292 Main Street contains the currently derelict Duke's Saloon, which has been closed for almost two decades. The site is privately owned; however, there has been significant community interest in preserving the building, which is over 150 years old.

Duke's Saloon

Under-utilised Precincts

- Olex Site: As noted earlier, Olex have been manufacturing electrical cables for a significant period of time from the Lilydale facility. The site comprises approximately 7.7ha of land and has potential to accommodate a more intense form of urban development due to is proximity to the Lilydale Station and its edge of centre location.

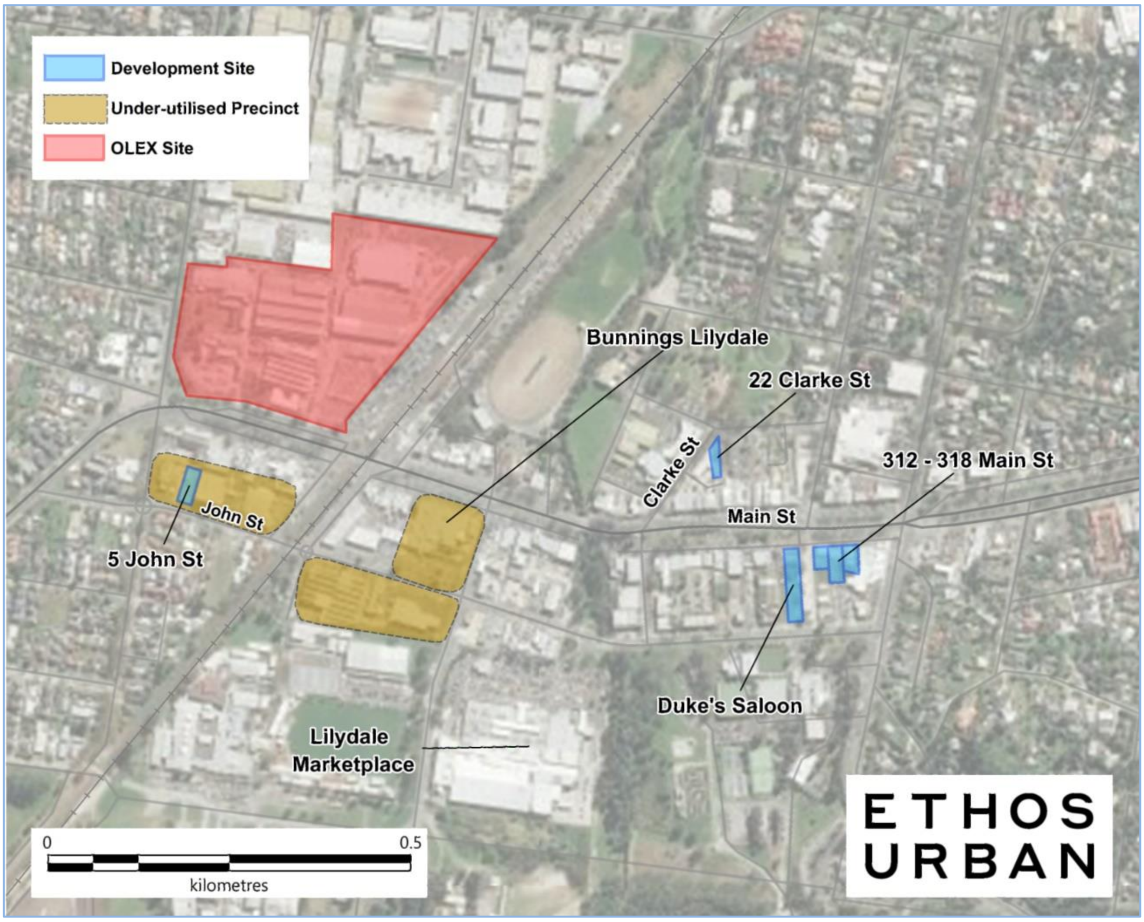
- Bunnings Site and C2Z south of John Street: This land was identified in the Yarra Ranges Activity Centre Network Strategy (2013) as having potential for redevelopment. These parcels of land are considered important as they have the potential to link key precincts within the Study Area including the Lilydale Marketplace, Main Street, Lilydale Station and Box Hill Institute. The Structure Plan should consider the long-term appropriateness of the C2Z in this location.

  It is acknowledged that Bunnings recently moved to the former Olive Grove Shopping Centre site and Bunnings attracts a level of patronage that supports the centre as a whole. However, this does not discount the opportunities for the long-term redevelopment of the site.

- C2Z land in John Street west of the railway line: Land fronting the northern side of John Street is considered under-utilised and presents a number of development opportunities, including a vacant commercial office building which would require significant investment in order to meet modern standards and the vacant site at 5 John Street. This precinct does not benefit from Maroondah Highway frontage.

Potential may exist for the Lilydale train station to be re-located to the south of Maroondah Highway, should this occur, this will improve the redevelopment prospects of under-utilised land identified in Figure 3.1 located to the south of Maroondah Highway.

Figure 3.1: Key Development Sites in Lilydale Study Area



Produced by Ethos Urban using MapInfo and BingMaps

3.5. Issues and Opportunities

The above analysis along with field work highlights a number of both issues and opportunities for the Study Area, which will influence the future of the Lilydale MAC and any development which occurs. These factors are discussed below.

Issues

Currently, Lilydale MAC has no “centre of the centre”, with retail and commercial uses spread along at least a kilometre of the Maroondah Highway, which also acts as a barrier between the north and south sides of the activity centre. Due to the size of the activity centre and the major highway running through it, there is limited connection between various retail strips and uses, with the layout encouraging visitors to drive between places rather than walk. This contributes to a dispersed activity centre, with less persons on the street, and those that are being located a significant distance to each other.

This lack of integration also extends to uses away from Main Street, including Lilydale Marketplace and the train station, both of which feel disconnected from the fragmented Main Street, encouraging these locations to be visited by vehicle rather than on foot.

This is further encouraged by a lack of mixed use and residential development in the centre, with residents in the Study Area and surrounds having to drive to the activity centre to fulfil their retail, commercial, civic or community needs, rather than being able to walk.

Opportunities

The above issues highlight a number of key opportunities within the Study Area, which if successfully implemented would ensure the Lilydale MAC operates as a lively and popular activity centre. The primary opportunity for the area is to create a "centre of the centre", with this including the need to improve amenity and integration of the existing dispersed retail and commercial areas.

An opportunity also exists to increase existing residential densities in the Study Area, with residential areas around Main Street particularly well placed to support higher residential densities. This can also be encouraged through mixed-use developments which include a residential component.

4. Retail and Commercial Development Opportunities

This Chapter assesses the retail and commercial development opportunities in the Lilydale MAC, taking into consideration analysis of the trade area served by the centre, retail sales and market share assessments, and trends associated with commercial development in the region.

4.1. Lilydale MAC Trade Area

A trade area describes the geographic area from which a centre will draw consistent and significant levels of patronage and sales. The trade area reflects the overall size of the market that is to be served, except for passing trade and other sales generated by non-trade area residents.

In this instance, a retail trade area for the Lilydale MAC has been defined by considering:

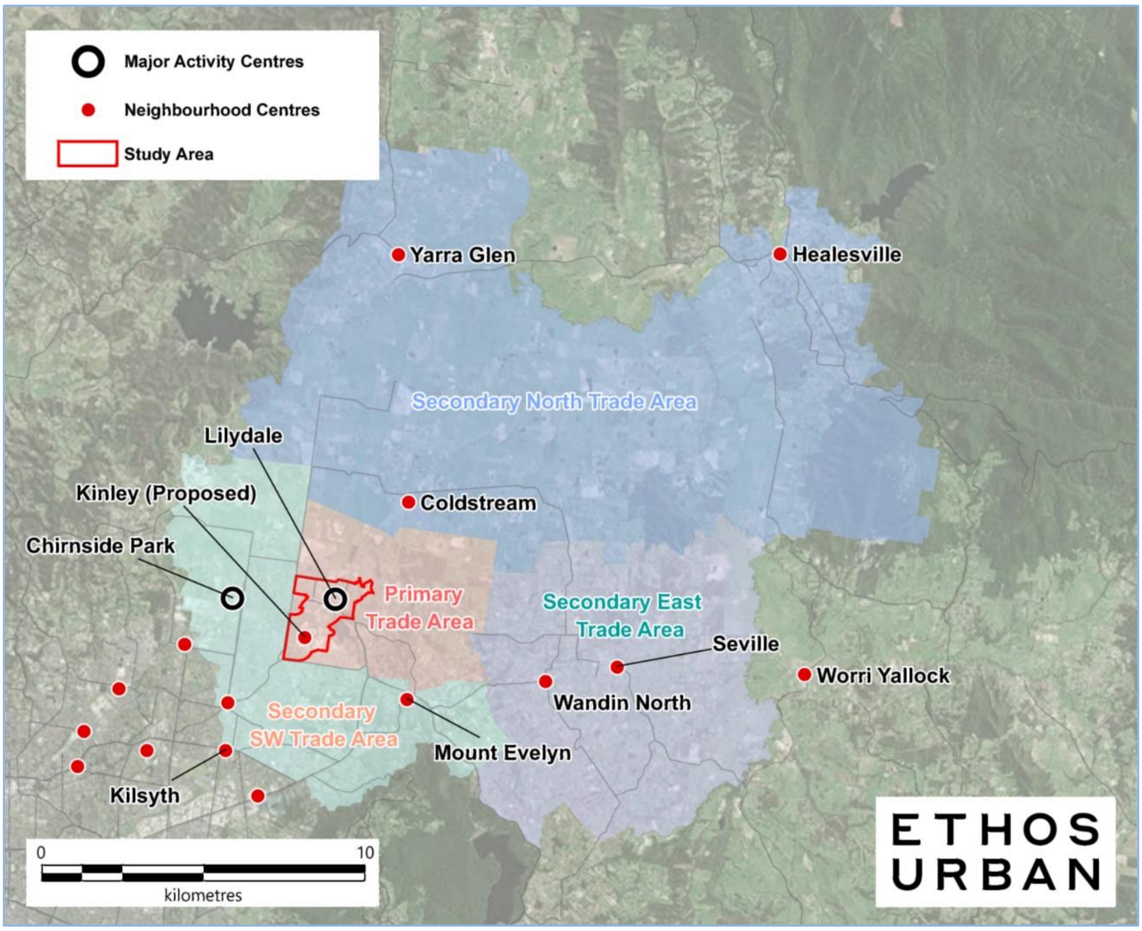
- Local road network and accessibility of the centre from the surrounding region include the Yarra Valley
- The role of Lilydale as a Major Activity Centre
- The location, function and relative attractiveness of other shopping centres
- The region's topographical features (rivers, mountains etc) that create natural barriers to, and influences on, site access.

For the purpose of this analysis the following trade areas have been identified:

- A **Primary Trade Area** (PTA) which includes the Study Area and covers the area from Ingram Road to the north, Boundary Road to the east, Hull Road to the south, and Mooroolbark/Victoria Road to the west. The PTA contains the majority of the Lilydale suburb and the northern part of Mount Evelyn.
- A **Secondary North Trade Area** (STA-North) extending north of the PTA, bounded by Yarra Ranges National Park to the east and Skyline Road to the west and containing the areas of Yarra Glen and Healesville.
- A **Secondary East Trade Area** (STA-East) extending along Warburton Highway to the east. The STA-East contains the towns of Wandin, Seville and the southern part of Gruyere.
- A **Secondary South-West Trade Area** (STA South-West) containing the suburbs of Chirnside Park and Mooroolbark, as well as parts of Kilsyth, Montrose, and Mount Evelyn. The STA South-West contains largely urban areas, while the STA-North and STA-East comprise small towns and rural areas.

The trade area sectors combine to form the Main Trade Area (MTA) as shown in Figure 4.1.

Figure 4.1: Trade Area and Retail Competition



Produced by Ethos Urban using MapInfo and BingMaps

4.2. Trade Area Analysis

Trade Area Population

Lilydale MAC serves a relatively large MTA population currently estimated at approximately 95,010 persons, with 20,000 persons residing in the PTA. The majority (55%) of the majority of the MTA population is contained within the urban areas of the STA South-West, which contains a population of approximately 52,400 persons. While the STA South-West contains a significant population, these residents have a large choice in centres in which to undertake their shopping, as shown in Figure 4.1.

The MTA population is forecast to increase to approximately 112,390 persons by 2033, representing growth of approximately 17,400 persons over the 15-year period from 2018. The PTA (with forecast growth of 8,750 persons between 2018 and 0233), and the STA South-West (growth of 7,150 persons) are forecast to account for the majority of population growth in the MTA.

By 2033 the population of the PTA is forecast to will be approximately 28,750 persons.

Table 4.1 summarises the recent and forecast population growth in the MTA and are based on ABS estimated resident population data and forecasts prepared by id Consulting.

Table 4.1: Trade Area Population Historic and Forecast, 2011 to 2033

	2011	2016	2018	2023	2028	2033
Population (No.)						
PTA	18,560	19,610	20,000	21,890	25,100	28,750
STA North	13,280	14,080	14,350	14,790	15,080	15,270
STA East	7,840	8,110	8,240	8,490	8,680	8,800
STA South-West	47,350	50,670	52,420	55,440	57,690	59,570
Total	**87,030**	**92,470**	**95,010**	**100,610**	**106,550**	**112,390**
Average Annual Growth (%)						
PTA		+1.1%	+1.0%	+1.8%	+2.8%	+2.8%
STA North		+1.2%	+1.0%	+0.6%	+0.4%	+0.3%
STA East		+0.7%	+0.8%	+0.6%	+0.4%	+0.3%
STA South-West		+1.4%	+1.7%	+1.1%	+0.8%	+0.6%
Total		**+1.2%**	**+1.4%**	**+1.2%**	**+1.2%**	**+1.1%**
Average Annual Growth (No.)						
PTA		+210	+200	+380	+640	+730
STA North		+160	+140	+90	+60	+40
STA East		+50	+70	+50	+40	+20
STA South-West		+660	+880	+600	+450	+380
Total		**+1,080**	**+1,290**	**+1,120**	**+1,190**	**+1,170**

Source: ABS, Estimated Resident Population, 2018; id. Forecast; Ethos Urban

Demographic Characteristics

The socio-economic features of the trade area population from the 2016 ABS Census of Population and Housing are summarised in Table 4.2, and compared with metropolitan Melbourne averages.

The main points relevant to the MTA include:

- **Income:** on average, household incomes for residents in the MTA are in-line with the median for Greater Melbourne. However, variation in incomes exist within the MTA with lower incomes in the PTA and STA-North compared to incomes in the STA-East and STA-South-West.
- **Household type:** the majority of households in the MTA comprise families, with 78% of household types being families, compared to the metropolitan Melbourne median of 72%. Family households are particularly predominant in the STA-East and STA-South-West, with both these areas comprising over 80% family households.
- **Dwelling structure:** over 90% of the total dwellings in the MTA comprise separate houses, well above the metropolitan Melbourne median of 68%. However, the PTA has a lower percentage of separate houses compared to the MTA (but still well-above metropolitan Melbourne), with this dwelling type comprising 82% of total dwelling stock. Alternatively, the PTA has a larger proportion of semi-detached dwellings, with these dwellings comprising 16% of the dwelling stock in the PTA.
- **Tenure type:** the MTA has significantly lower levels of dwellings being rented compared to the metropolitan Melbourne median, with 16% of occupied dwellings being rented compared to the metropolitan median of 31%. Conversely, the MTA has higher levels of dwellings owned outright or with a mortgage.
- **Car ownership:** the MTA has high levels of car ownership, with 70% of households owning two or more cars, compared to 55% for metropolitan Melbourne.

Table 4.2: Socio-Economic Characteristics by Trade Area, 2016

Category	PTA	STA North	STA East	STA South West	MTA	Greater Melb.
Income						
Median h'hold income (annual)	$75,020	$69,660	$83,460	$85,550	**$80,130**	*$80,990*
Var'n from Greater Melbourne median	-7.4%	-14.0%	3.0%	5.6%	**-1.1%**	*na*
% of h'holds earning $2,500pw+	20.6%	17.0%	20.9%	23.9%	**21.8%**	*25.6%*
Age Structure						
0-4 years	5.8%	6.0%	6.2%	6.7%	**6.3%**	*6.4%*
5-19 years	20.0%	19.0%	22.1%	19.3%	**19.7%**	*17.9%*
20-34 years	19.0%	16.1%	17.4%	20.5%	**19.2%**	*23.7%*
35-64 years	39.3%	40.4%	40.9%	38.5%	**39.2%**	*38.0%*
65-84 years	14.1%	16.4%	12.4%	13.6%	**14.0%**	*12.0%*
85 years and over	1.8%	2.1%	1.1%	1.4%	**1.6%**	*2.0%*
Median Age (years)	38.6	41.4	38.0	37.4	**38.3**	*36.3*
Country of Birth						
Australia	85.1%	87.0%	89.3%	81.9%	**84.0%**	*65.0%*
Other Major English-Speaking Countries	8.1%	8.8%	6.2%	8.7%	**8.3%**	*6.9%*
Other Overseas Born	6.8%	4.2%	4.5%	9.4%	**7.7%**	*28.1%*
% speak English only at home	*92.9%*	*95.9%*	*94.6%*	*89.4%*	***91.6%***	*65.7%*
Household Composition						
Couple family with no children	26.3%	28.1%	28.1%	27.0%	**27.1%**	*24.3%*
Couple family with children	35.8%	32.9%	44.4%	40.4%	**38.5%**	*35.5%*
One parent family	12.4%	12.2%	9.8%	11.9%	**11.9%**	*10.7%*
Other families	0.9%	0.3%	0.4%	0.9%	**0.7%**	*1.3%*
Family Households – Total	75.4%	73.5%	82.7%	80.2%	**78.2%**	*71.8%*
Lone person household	22.9%	24.5%	16.2%	18.1%	**20.0%**	*23.3%*
Group Household	1.7%	1.9%	1.1%	1.8%	**1.7%**	*4.9%*
Dwelling Structure (Occupied Private Dwellings)						
Separate house	81.7%	91.6%	99.3%	96.5%	**92.7%**	*68.1%*
Semi-detached	16.5%	7.2%	0.1%	3.3%	**6.6%**	*16.8%*
Flat, unit or apartment	0.8%	0.3%	0.2%	0.2%	**0.3%**	*14.7%*
Occupancy rate	*93.0%*	*90.8%*	*91.3%*	*92.6%*	***92.3%***	*90.4%*
Average household size	2.6	2.6	2.9	2.8	**2.7**	*2.7*
Tenure Type (Occupied Private Dwellings)						
Owned outright	33.1%	36.5%	34.2%	34.1%	**34.3%**	*31.4%*
Owned with a mortgage	46.2%	44.5%	55.1%	49.7%	**48.5%**	*37.1%*
Rented	19.4%	18.5%	10.2%	15.6%	**16.5%**	*30.9%*
Car Ownership per Dwelling						
None	4.4%	3.0%	0.8%	2.6%	**2.9%**	*9.0%*
One	31.0%	29.7%	18.0%	26.2%	**27.1%**	*35.9%*
Two	40.1%	40.4%	42.6%	44.3%	**42.6%**	*37.8%*
Three of more	24.5%	26.9%	38.6%	26.9%	**27.3%**	*17.3%*

Source: ABS, Census of Population and Housing, 2016

Retail Spending Forecasts

Estimates of per capita retail spending by trade area residents have been prepared with reference to the *MarketInfo* retail spending model. *MarketInfo* is a micro-simulation model which uses data from the ABS Household Expenditure Survey, the ABS 2016 Census of Population and Housing, ABS Australian National Accounts, and other official sources.

The retail spending data is presented in four major spending categories:

- **Food, Liquor and Groceries (FLG)**, which includes fresh food, groceries and take-home liquor.
- **Food Catering**, which includes cafés, restaurants and takeaway food.
- **Non-Food**, which includes apparel, homewares, bulky merchandise and general merchandise.
- **Services**, which includes hairdressers, beauty salons etc.

At $13,950 per capita in 2018, average per capita retail spending for the MTA population is only -2.2% below that of Greater Melbourne, which has per capita retail spending of $14,270. However, both the food catering, and services per capita spending in the MTA are well-below the metropolitan Melbourne average, at -12.9% and -9.6% below respectively.

Table 4.3: Main Trade Area Per Capita Retail Expenditure, 2018 ($2018)

Trade Area	Food, Liquor and Groceries	Food Catering	Non-Food	Services	Total Retail
Per Capita Spending ($2018)					
Primary Trade Area	**$6,160**	**$1,730**	**$5,850**	**$480**	**$14,220**
Secondary North	$6,070	$1,600	$5,660	$460	$13,780
Secondary East	$5,880	$1,590	$5,360	$430	$13,250
Secondary South West	$6,000	$1,720	$5,810	$470	$14,000
Main Trade Area	**$6,030**	**$1,690**	**$5,760**	**$470**	**$13,950**
Greater Melbourne	*$5,820*	*$1,940*	*$6,000*	*$520*	*$14,270*
Variation from Greater Melbourne average					
Primary Trade Area	**5.8%**	**-10.8%**	**-2.5%**	**-7.7%**	**-0.4%**
Secondary North	4.3%	-17.5%	-5.7%	-11.5%	-3.4%
Secondary East	1.0%	-18.0%	-10.7%	-17.3%	-7.1%
Secondary South West	3.1%	-11.3%	-3.2%	-9.6%	-1.9%
Main Trade Area	**3.6%**	**-12.9%**	**-4.0%**	**-9.6%**	**-2.2%**

Source: MarketInfo; Ethos Urban

Combining current and future population forecasts from Table 4.1, with per capita category spending estimates from Table 4.3 above, provides estimates of total available trade area spending, as shown in Table 4.4. Note that figures in Table 4.4 exclude the effects of price inflation and are expressed in constant $2018 dollars. An allowance has also been made for real growth in spending per capita based on long-term ABS Australian National Accounts historical data.

Total retail spending by MTA residents is forecast to increase from $1,325.4 million in 2018 to approximately $1,467.4 million in 2023 (in constant 2018 dollars), and reaching $1,797.9 million by 2033. The majority of this retail spending is generated by the large population residing in the STA South-West; however, the PTA also generates significant retail spending with 21% of the MTA retail spending currently generated by PTA residents. Total retail spending in the PTA is forecast to increase from $284.4 million in 2018 to $468.1 million in 2033.

Note, all figures are expressed in constant 2018 dollars.

Table 4.4: Main Trade Area Retail Spending Forecasts, 2018 to 2033 ($2018)

Retail Category	2018	2023	2028	2033
Primary				
FLG	$123.3m	$136.9m	$159.1m	$184.9m
Food Catering	$34.5m	$38.7m	$45.5m	$53.5m
Non-Food	$117.1m	$138.7m	$172.2m	$213.6m
Services	$9.5m	$11.0m	$13.3m	$16.1m
Total Retail	**$284.4m**	**$325.3m**	**$390.3m**	**$468.1m**
Secondary North				
FLG	$87.1m	$91.0m	$94.1m	$96.6m
Food Catering	$23.0m	$24.3m	$25.4m	$26.3m
Non-Food	$81.2m	$90.6m	$100.1m	$109.7m
Services	$6.6m	$7.2m	$7.7m	$8.3m
Total Retail	**$197.8m**	**$213.1m**	**$227.3m**	**$241.0m**
Secondary East				
FLG	$48.5m	$50.6m	$52.5m	$54.0m
Food Catering	$13.1m	$13.8m	$14.5m	$15.1m
Non-Food	$44.1m	$49.2m	$54.5m	$59.8m
Services	$3.5m	$3.8m	$4.1m	$4.4m
Total Retail	**$109.2m**	**$117.5m**	**$125.6m**	**$133.3m**
Secondary South West				
FLG	$314.5m	$337.4m	$356.0m	$372.8m
Food Catering	$90.1m	$97.6m	$104.2m	$110.3m
Non-Food	$304.8m	$349.0m	$393.1m	$439.5m
Services	$24.6m	$27.4m	$30.2m	$32.9m
Total Retail	**$734.0m**	**$811.4m**	**$883.5m**	**$955.6m**
Main Trade Area				
FLG	$573.4m	$615.9m	$661.8m	$708.3m
Food Catering	$160.6m	$174.5m	$189.6m	$205.2m
Non-Food	$547.2m	$627.6m	$719.9m	$822.7m
Services	$44.2m	$49.4m	$55.3m	$61.7m
Total Retail	**$1,325.4m**	**$1,467.4m**	**$1,626.6m**	**$1,797.9m**

Source: MarketInfo; Ethos Urban

4.3. Lilydale MAC Sales and Market Share Assessment

Retail sales in the Lilydale MAC in 2018 are estimated at approximately $243m, representing an average trading level of approximately $5,160/m^2 across all retail categories. Table 4.5 provides a summary of estimated retail sales by retail category for the Lilydale MAC.

These estimates have been prepared with the application of appropriate average trading levels (sales per square metre) to the retail floorspace estimates presented earlier in this report. The sales estimates are based on information on likely trading performance gathered from the consultant's floorspace survey, and typical industry benchmarks associated with retail trading performance. The retail turnover figures should therefore be regarded as a fair and reasonable approximation of existing trading conditions for retailers in the Lilydale MAC.

The average sales level of $5,160/m^2 is broadly in-line with the expectations of Lilydale MAC in its existing retail trading role. The turnover estimates shown in Table 4.5 take into account the tenancy mix, including the following:

- The presence of three strong performing supermarkets which account for the majority of sales in FLG, and which results in high average sales levels in the FLG category.
- A relatively low average trading level for non-food retailing reflects the presence of some larger tenancies in Big W and Bunnings, which tend to have lower average sales levels.
- The relatively strong performance of the Lilydale Marketplace.

Assuming 90% of sales are derived from the MTA, which is considered reasonable given the geographic size of the MTA, retailers in the Lilydale MAC achieve a market share of 16.5% of total retail spending which includes a 18.4% market share in FLG, 13.7% market share in food catering, 14.9% market share in non-food and 20.4% market share in retail services.

Table 4.5: Study Area Retail Sales and Main Trade Area Market Shares, 2018 ($2018)

Category	FLG	Food Catering	Non-Food	Services	Total
Retail Floorspace	10,220m^2	5,900m^2	27,550m^2	3,340m^2	47,010m^2
Average Sales	$11,500/m^2	$4,150/m^2	$3,290/m^2	$3,000/m^2	$5,160/m^2
Total estimated sales	**$117.5m**	**$24.5m**	**$90.6m**	**$10.0m**	**$242.6m**
Sales from MTA residents (@ 90%)	$105.8m	$22.0m	$81.5m	$9.0m	$218.3m
Market Share	**18.4%**	**13.7%**	**14.9%**	**20.4%**	**16.5%**

Source: Ethos Urban

4.4. Retail Development Opportunities

The Lilydale MAC is considered to be a relatively strong performing centre as a whole, illustrated by the relatively strong sales levels and market shares described in Section 4.3 and the low level of vacancies. Population growth in the PTA will contribute to additional demand for retail floorspace, particularly in convenience-based retailing.

An indicative analysis of retail floorspace demand is shown in Table 4.6 and assumes the Lilydale MAC maintains its existing market share of 16.5% of MTA retail spending, continues to attract 10% of sales from beyond the MTA and achieves growth in average retail sales (i.e. $/m^2) of 0.75% per annum.

Based on these assumptions, an indicative demand for approximately an additional 10,000m^2 of retail floorspace is supportable over the 2018 to 2033 period.

Table 4.7: Supportable Retail Floorspace, 2018-2033

	2018	2033
MTA Market Share	16.5%	16.5%
Retail Spending	$1,325.4m	$1,797.9m
MTA Sales	$218.3m	$296.2m
Total Sales	$242.6m	$329.1m
Average $ per sqm	$5,160/m^2	$5,770/m^2
Occupied/Supportable Floorspace 2033	47,010m^2	57,030m^2
Additional Supportable Floorspace		**+10,020m^2**

Source: Ethos Urban

Opportunities for retail development within the Study Area include the provision of limited convenience retailing at the Kinley Estate comprising a small neighbourhood centre, dependant on the eventual development yield and market demand. Any retail development at Kinley should be complementary to the retail role of the Lilydale MAC.

In addition, potential exists for the consolidation of under-utilised sites that have the potential to improve the connectivity between the Lilydale station, Main Street and the Lilydale Marketplace. Examples of land use change in these areas already exist. For example, a new café/restaurant/bar has opened called Hendriks in a premise that was previously a motor mechanic (see image below).

Source: Henricks

It is not anticipated additional land will be required in the Lilydale MAC to accommodate significant retail demand over the next 10-15 year due to the following:

- The size and location of under-utilised sites

- The likely development of limited convenience retailing at Kinley Estate
- The desire to consolidate the centre
- Strong competition in the retail sector from the nearby Chirnside Park MAC.

4.1. Other Commercial Development Opportunities

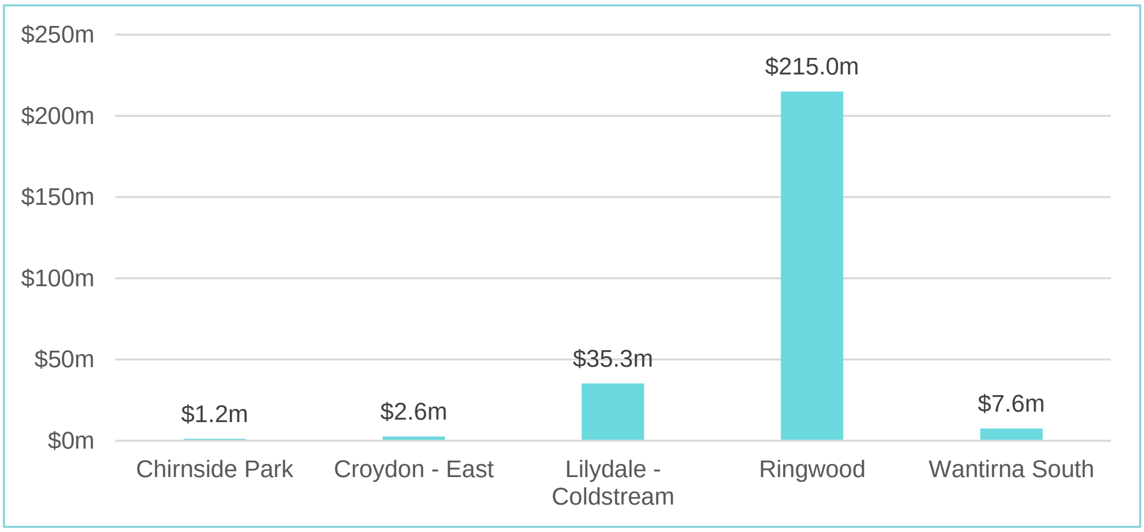
Commercial Office

As a Major Activity Centre, it is desired that Lilydale play a significant commercial office role in serving the Yarra Ranges Shire. Lilydale already performs a significant role in providing civic and health-related office services. However, at present there are no major, large-scale private-sector office tenants located in the centre, with commercial office floorspace in the Study Area comprising primarily employment services, accountants, banks, and allied health services.

Key competing commercial office locations in the vicinity of Lilydale include Ringwood and Chirnside Park. Ringwood is designated as a Metropolitan Centre in *Plan Melbourne*, while the East Ridge Business Park in Chirnside Park is one of the largest office developments in Yarra Ranges Shire.

Recent building approvals data shows that the Lilydale area (defined as the Lilydale-Coldstream SA2) has experienced $35.3 million in office building investment since July 2011. While this level of investment is significantly below that of Ringwood ($215 million), it is significantly above the areas which contain other larger activity centres in the region including Chirnside Park ($1.2 million), Croydon ($2.6 million) and Wantirna South which includes Know City ($7.6 million).

Figure 4.2: Total Office Investment from July 2011 to February 2019



Source: ABS Stat

Commercial floorspace currently comprises 21% of total occupied retail and commercial floorspace in the Lilydale MAC, as shown in Table 3.2 in this report. Based on the supportable retail floorspace as determined in Table 4.7, it is forecast that by 2033 an additional +2,700m^2 of commercial office floorspace could be supported in the Study Area assuming office floorspace continues to account for 21% of occupied retail and commercial floorspace.

However, it is desired that the Lilydale MAC perform an increased role in providing office-based employment, having regard for its role as a MAC and the need to provide a range of non-retail uses. Assuming the share of office floorspace could increase to 30% of retail and commercial floorspace in future, this would support an additional +11,820m^2 of commercial office floorspace. This analysis is summarised Table 4.8.

Table 4.8: Supportable Commercial Floorspace, 2033

	2018 (Current)	2033 (20% Commercial)	2033 (30% Commercial)
Retail Floorspace	47,010m²	57,050m²	57,050m²
Commercial Floorspace	12,630m²	15,330m²	24,450m²
Total Retail and Commercial Floorspace	59,640m²	72,380m²	81,500m²
Commercial Floorspace Share	21%	21%	30%
Additional Supportable Commercial Floorspace		**+2,700m²**	**+11,820m²**

Source: Ethos Urban

Government Sector Office

As the major activity centre for the Yarra Ranges Shire, Lilydale currently performs a key role as the major civic hub for the municipality. This includes the provision of government sector offices including Yarra Ranges Shire, Centrelink, Medicare, Lilydale Justice Service Centre, Lilydale Community Link, and a number of employment service providers in the Lilydale area.

It is expected that Lilydale will continue to fulfil this civic centre role for the Yarra Ranges Shire in the future, with the possibility of additional government sector offices, which do not currently have representation in the area, locating in the activity centre, such as a local NDIS office.

Further to this, the existing council offices will be undergoing a significant upgrade of their facilities to create a modern, fit-for-purpose workplace. This redevelopment will involve an investment of $31.6 million and will allow all council employees to be accommodated on one site. The works will also create new public space which will be available for council and public use. This investment highlights the continuing role of government sector offices in Lilydale as the civic hub for the Shire.

Health

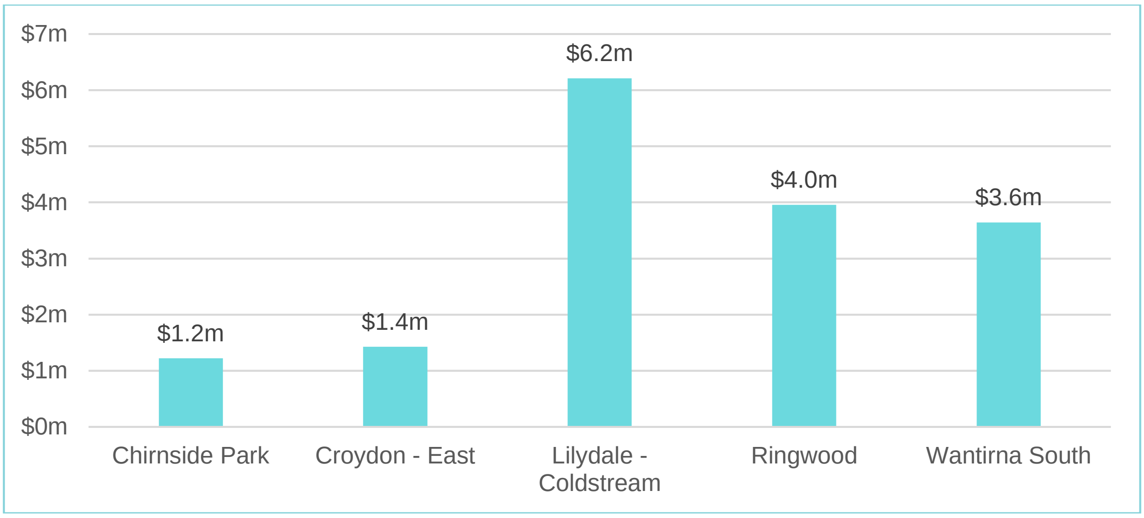
The Study Area currently contains a significant health services offer, with this offer aligned with Lilydale's designation as a MAC. Yarra Ranges Health is located in Lilydale and is a small hospital which accommodates the needs of local residents and reduces their need to travel for some services including day surgery, ambulatory care, including cataract removal, plastic surgery, endoscopy, oncology, dialysis and chemotherapy.

Other health precincts in the Study Area include the medical centre development at 351-355 Main Street which comprises of two buildings containing a range of health and allied health services, including a medical centre, radiology, medical scans and testing, podiatry, orthodontics, physiotherapy, and other uses. In addition, a number of additional medical centres and approximately 15 other allied health practitioners are located throughout the Study Area which include hearing specialists, osteopathy and physiotherapy, podiatry, dentists, cosmetic and skin clinic, and psychologists and counselling. Lilydale performs a significant role in providing health services to the broader Yarra Rages Shire.

An analysis of ABS health-related building approvals data shows that Lilydale experienced the highest level of health-related building investment since mid-2011 compared to similar centre such as Chirnside Park, Croydon, Ringwood, and Knox. Health-related building approvals in the Lilydale area amounted to $6.2 million over this time, as shown in Figure 4.3.

Significantly, $5.0 million of this investment occurred since mid-2017.

Figure 4.3: Total Health Investment from July 2011 to February 2019



Source: ABS Stat

It is expected that Lilydale will continue to play a key health services role, providing localised health care and allied health support for residents in the wider Yarra Ranges Shire. It is not expected that the opportunity would exist for higher level care in the area, such as the more diverse care provided by larger hospitals.

Tourism

Lilydale is considered the gateway to the Yarra Valley, with the Yarra Valley fulfilling a significant Victorian tourism role. As identified earlier in this report, the Yarra Valley and Yarra Ranges attract a significant level of visitors, with the majority of these being day-trip visitors.

While a lack of quality accommodation exists in the Yarra Valley, demand for major accommodation facilities is unlikely to be strong in the Study Area, for the following reasons:

- The majority of overnight visitation to Yarra Valley is for ‘holiday’ purposes, rather than business purposes. Commercial accommodation in Lilydale MAC would have to compete with other providers located in more picturesque locations in the Yarra Valley.
- Lilydale is not a major business travelling location and this is likely to remain the situation for some period into the future.
- Other large scale conferencing facilities with accommodation in the Yarra Valley include Heritage Golf Course and Balgownie Estate Vineyard Resort and Spa. Any commercial accommodation and conferencing facility at Lilydale would need to compete with these facilities, which are located with attractive rural outlooks.

While demand for commercial accommodation is unlikely to be strong, Lilydale MAC still has a role to perform in regard to tourism which may involve providing entertainment and dining options for those visiting the region. Lilydale can also provide tourism servicing opportunities, including commercial catering, cleaning, industrial servicing of wineries, and similar services, which may benefit from a location central to the Yarra Valley and the amenity of Greater Melbourne.

4.2. Implications

Having regard for the analysis presented in this Chapter, the key implications for the Structure Plan are as follows:

- Lilydale MAC currently provides a range retail and non-retail uses and successfully performs its role as a MAC serving Yarra Ranges Shire and the broader region. Key features of the centre include:
  - Serves a Main Trade Area population of 95,000 people in 2018, which is forecast to increase to 112,000 persons by 2033.
  - Comprises 47,010m^2 of retail floorspace and 12,380m^2 of commercial office floorspace.
  - Has a very low vacancy rate of only 3.8% of floorspace.
  - Is considered to be a relatively strong performing centre as a whole and achieves annual retail sales of an estimated $243 million.
- Indicative demand for approximately 10,000m^2 of additional retail floorspace and 11,000m^2 of additional commercial office floorspace is forecast over the next 15 years.
- It is not anticipated additional land will be required in the Lilydale MAC to accommodate forecast retail/commercial demand over the next 10-15 year due to the following:
  - The size and location of under-utilised sites
  - The likely development of limited convenience retailing at Kinley Estate
  - The desire to consolidate the centre.

5. Industrial Land Considerations

This Chapter examines the industrial land context in the Study Area, including its current role, key uses, and its future role and opportunities for the industrial sector.

5.1. Existing Role of Industrial Land in the Study Area

The Study Area currently contains approximately 37ha of industrial land; this land is in the Industrial 1 (IN1Z) and Industrial 3 (IN3Z) zones. Industrial land in the Study Area forms part of the Beresford Road Industrial Precinct and includes the entire Melba Avenue Industrial Precinct, as identified in Figure 1.2 of this report.

The most significant of these precincts is the Beresford Road Industrial Precinct (24.6ha), which includes the previously mentioned Olex site. Of the 37ha of industrial land in the Study Area, the Olex site comprises approximately 21% and the Beresford Road Precinct (including the Olex site) comprises 67% of industrial zoned land.

Within the context of metropolitan Melbourne, Lilydale and the east of Melbourne is not considered to be a major industrial location, with State Significant Industrial Precincts located in the north, west and south-east. Industrial land (including C2Z land) in the Yarra Ranges Shire contributes only 1.3% of the total 26,017ha of industrial land in metropolitan Melbourne.

While Lilydale may not be considered a major industrial area in a metropolitan context, it is important in the context of providing employment and services for the Yarra Ranges. Industrial precincts in Lilydale and Kilsyth are considered the major industrial precincts in Yarra Ranges Shire. As identified in the *Yarra Ranges Activity Centre Network Strategy*, very limited industrial land exists that is available for development in the Shire. The Strategy recommends intensification of existing industrial areas.

Both industrial precincts in the Study Area perform a largely local service role and this is reflected in the mix of uses in these precincts. The precincts include a large number of service industrial businesses such as vehicle and machinery sales, plumbing and bathroom supplies, auto repair and servicing, and other similar uses.

5.2. Beresford Road Industrial Precinct and Olex

The Beresford Road Industrial Precinct, located between Cave Hill Road and the train line on either side of Beresford Road, is the primary industrial land precinct in the Study Area, with the precinct extending beyond the Study Area boundary to the north. The area serves a local industry role, comprising primarily auto repair and servicing, garden supplies, leisure sport facilities, as well as containing Olex, a national electrical cable manufacturer.

It is recommended this industrial precinct be maintained to ensure the continued availability of local industrial based services to the local population, as is currently provided. It is also important this land is maintained to allow for continued employment uses, with limited industrial land located in the Yarra Ranges Shire.

The Olex site, at approximately 7.7ha, represents a potential future urban renewal site by virtue of its proximity to the Lilydale Station and level-crossing removal, its proximity to the core areas of the Lilydale MAC and the size of the site which would enable a well-planned outcome. It should be acknowledged that Olex are a significant local employer and that any future development at the site would be dependent on Olex’s future plans, which are unknown at this stage.

Potential may exist for the Olex site to accommodate a ranges of more intensive employment uses and/or higher-density residential uses, having regard for its proximity to the train station.

5.3. Melba Avenue Industrial Precinct

The industrial precinct located off Melba Avenue covers approximately 12.3ha of land and is the location for small to medium sized factorettes along Brock Industrial Drive. Self-storage sheds and two larger industrial premises are located to the east of Brock Industrial Drive. The precinct if fully developed and serves as a small service orientated industrial precinct.

The precinct provides industrial-related employment and services to the surrounding region; therefore, it is recommended that as a minimum the precinct be maintained. However, potential may exist for intensification of the precinct in the future.

Kinley Estate adjoins the precinct which, along with the potential Lilydale Bypass, has the potential to change the nature of the surrounding area. Furthermore, the precinct adjoins the Box Hill Institute and the William Angliss Institute site. Potential exists for partnerships to be developed between the major education providers and nearby businesses.

Many examples exist throughout the world where ‘innovation’ precincts have developed based on private sector partnerships with education institutions. This type of land use at the Melba Avenue precinct is supported by Council’s *Economic Development Strategy* (2012-2022). Lilydale has a strong health presence and is also considered a ‘gateway’ to the Yarra Valley, a renowned tourism, winery and food produce region. Potential may exist for advanced industries associated with servicing the health, winery, agriculture and tourism industries.

Potential may exist for the new Commercial 3 Zone (C3Z) to apply to the Melba Avenue precinct. The C3Z aims to facilitate business growth and innovation, with a focus on creative industries, small manufacturers and start-up businesses. The resulting precinct would be a mixed-use employment zone which would be dense, economically diverse, affordable, accessible, and amenity rich. Applying this zone to the Melba Avenue Industrial Precinct would allow for the retention of existing employment uses while also transitioning the area for the future and allowing connection between the existing Lilydale area and the newly developed Kinley Estate. It may be prudent to explore the implications of the C3Z on the Study Area throughout the process of developing the Structure Plan.

5.4. Implications

Due to the limited employment land located in the Study Area and surrounds, it is recommended that industrial land in the Study Area be retained for employment uses.

However, there is an opportunity for certain precincts to transition to other, more intensive employment uses to having regard for their locational characteristics, and a desire to intensify employment and respond to changes in employment markets. These opportunities include intensifying employment at the Melba Avenue industrial precinct and at the Olex site (should this site become available for development in the future).

6. Residential Development Opportunities

This Chapter considers the residential development opportunities in the Study Area, specifically medium and higher-density development.

6.1. Residential Development Trends

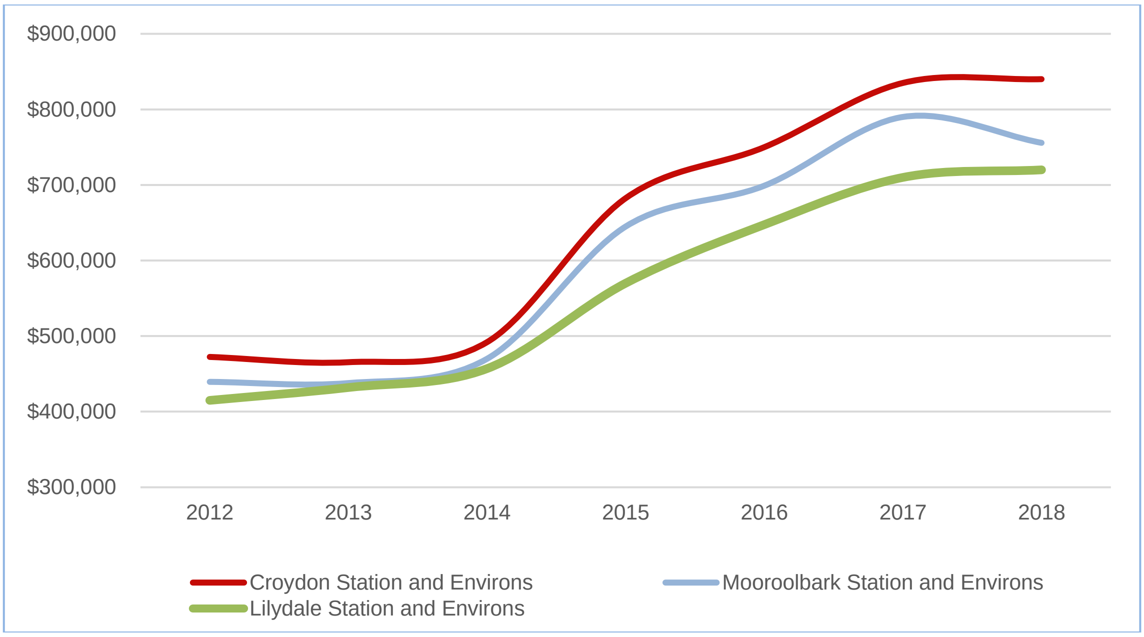
Medium-density residential development around stations and their associated centres in the outer eastern suburbs of Melbourne has begun to gain prominence in recent years. Such development is progressing along the Lilydale train line as follows:

- Apartment development occurring around Ringwood, the Metropolitan Centre serving outer eastern Melbourne
- Despite strong growth in median house prices around East Ringwood Station, medium and higher-density development has been constrained.
- Three to four-storey apartment developments accelerated around Croydon Station in 2014/15.
- The redevelopment of an old school site in Mooroolbark in 2014/15 for townhouse developments set a market example of medium-density development in Mooroolbark.

As shown above, interest in medium and high-density housing has progresses along the Lilydale line. Compared to the above-mentioned centres, limited medium and high-density residential development has occurred in recent years in Lilydale.

Interest in higher-density housing is typically aligned with median house prices. Figure 6.1 shows the recent trends in median house prices around stations and their environs. As shown, median house prices around Lilydale lag behind those for Mooroolbark and Croydon. However, with continued long-term growth in property prices (allowing for short-term downward fluctuations), it is anticipated demand for medium and high-density housing will eventuate over the next 10 to 15 years.

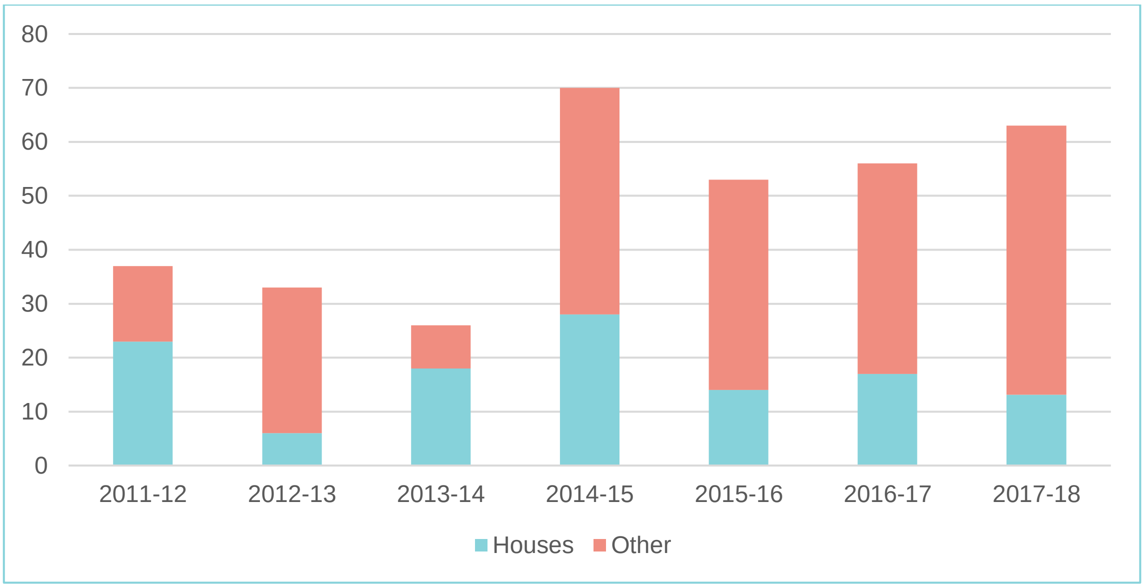
Figure 6.1: Median House price Around Stations, 2012-2018



Source: PriceFinder

While Lilydale has not been a major location for increased residential densities, recent trends indicate growing acceptance of this form of housing. As shown in Figure 6.2, the share of 'other' dwelling approvals in the Study Area, which reflect medium and high-density housing, has increased notably since 2014/15. In 2018 approximately 79% of dwelling approvals in the Study Area were for other dwelling types, compared to only 38% in 2012.

Figure 6.2: Study Area Dwelling Approvals, 2012 to 2018



Source: ABS, cat. 8731.0 Building Approvals, 2012-2018

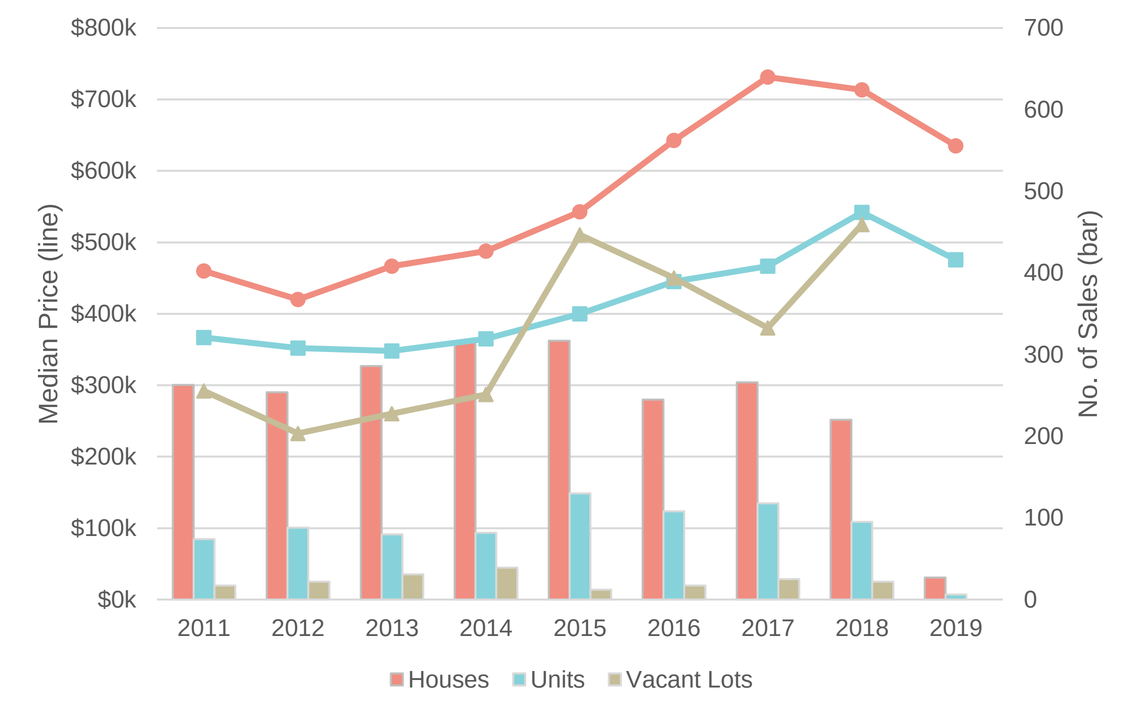
6.2. Residential Sales and Price Trends

The majority of property sales which occur in the suburb of Lilydale are the sale of houses, which accounted for approximately 70% of the total property sales since 2011 of houses. Conversely, only 6% of property sales in this period were for vacant lots, with this likely reflecting the availability of vacant land for residential development at that time, as well as the high percentage of existing separate dwellings in the region.

Within Lilydale, property prices have followed a similar trend to that of the wider metropolitan Melbourne housing market. This trend saw a decline in property prices in 2012, with prices increasing after 2012 and then beginning to decline again in recent years. The more recent decrease in property prices has only become evident since 2018 for houses and units in the region, with sales for 2019 so far reflecting this softening, whereas vacant lot prices have been decreasing since 2015, with prices increasing again in 2018.

The median house price for Lilydale in 2018 was $713,500, while the median unit price was $542,000 and the median vacant lot price was $525,000, as shown in Figure 6.3 below.

Figure 6.3: Lilydale Median Property Price by Property Type, 2011 to 2019



Source: PriceFinder

6.3. Considerations for the Structure Plan

It is anticipated that increased demand for medium and high-density housing in and around the Lilydale MAC will occur over the next 10-15 years. This demand will be driven by a variety of factors which may include:

- Affordability, as median house prices rise.
- Demand for smaller housing to meet an ageing population.
- Improved amenity, employment opportunities, educational opportunities, and increased services in the Lilydale MAC.

Importantly, encouraging increased residential densities in and around the MAC will contribute to the viability of local businesses. Furthermore, permitting residential development in the centre also contributes to increased activity levels within the centre, including after normal business hours.

The structure plan should consider encouraging increased residential densities throughout the Study Area, including in and around the MAC.

7. Other Considerations

7.1. Implications of Lilydale Bypass

The Lilydale Bypass has long been discussed as a possible opportunity for Lilydale. The bypass, if constructed, would bypass the Main Street by connecting Maroondah Highway to the west of the centre to Anderson Street. The alignment of the bypass runs between Lilydale Marketplace and the Melba Avenue Industrial Precinct, before joining with Anderson Street. A public acquisition overlay is in place along the proposed route.

Should the bypass be constructed, it would have a number of impacts on the existing Lilydale MAC.

Previous work undertaken by Ethos Urban on bypass projects throughout Australia, found that other impacts may influence the economic prosperity of a community more so than a highway bypass, with bypasses in most cases resulting in economic development benefits for bypassed areas, with positive impacts including amenity uplifts, increases in business mix and employment, and increased land values.

The main indicators for change post bypass include population size and economic base, with larger populations and a wider economic base, particularly with a minimal dependence on highway generated trade, indicating a strong economy post-bypass. In the case of Lilydale, were the bypass to be constructed, it would be expected that Main Street would continue to function strongly, being supported by both a significant population, a diverse economic base and limited range of businesses that are dependent on the highway.

However, it is noted that the impact of bypasses are varied and a number of other factors also have the potential to increase the vulnerability of an area post bypassing, including low urban design and limited amenity. The disconnection identified on Main Street, although likely to be improved if the bypass were constructed, may still impact on the strength of the local economy were appropriate urban design and amenity interventions not undertaken.

In summary, the Lilydale bypass has the potential to have positive implications on the Lilydale MAC, providing continual improvements in design and amenity of the centre are undertaken. A potential alternative to the bypass is the widening of Maroondah Highway which would further contribute to the dis-connection between different precincts within the Lilydale MAC and reduced amenity.

Table 7.1: Issues and Opportunities Associated with Bypasses

Issues
• **Initial trading impact** – associated with businesses which are geared towards highway trade, noting that initial impact to Lilydale would be limited due to the trading context of existing businesses, which serve primarily residents rather than passing trade. • **Construction phase** – including disruption during construction and potential loss of trade during this phase from disruption. • **Disconnect with Kinley Estate and Education Precinct –** the location of the bypass would create a barrier of movement between Kinley Estate and Box Hill Institute.
Opportunities
• **Long term benefits** – including an improved urban environment due to reduced noise, dust, and other disturbances associated with reduced levels of motor traffic. • **Public realm opportunities** – including opportunities to leverage urban environment improvements with placemaking or public realm improvements. • **Business mix** – including increased opportunities for alfresco dining and similar. • **Investment** – in the longer term, benefits can be dependent on investment in the centre being bypassed, with investment in centre connection and amenity being particularly important in Lilydale. • **Improved road access for Melba Avenue industrial precinct –** providing opportunities for businesses that rely on accessibility to an arterial road network.

Source: Ethos Urban

7.2. Comment on Location of Train Station

The Lilydale level crossing removal project at Maroondah Highway is due to occur in 2022. This project may present an opportunity to relocate the train platform and station from its current location north of Maroondah Highway to a location south of Maroondah Highway. This opportunity should be investigated.

Although any decision to change the station location will need to be examined with reference to the level crossing removal design including the level of the rail line, the level of the road, and pedestrian movement, initial thoughts are able to be provided on the benefits of differing locations of the station.

Initial observations indicate the Lilydale MAC would benefit from the relocation of the platforms and stations to the south of Maroondah Highway. This would provide an opportunity for the planning of and reinvestment in the under-utilised precincts (refer Section 3.4) to the south of Maroondah Highway. Consolidating activity to the south of Maroondah Highway would also assist in the current disconnection between precincts with the MAC.

If the train station was to remain north of Maroondah Highway it would be important to ensure strong pedestrian connections were provided over Maroondah Highway to facilitate the improved connectivity throughout the centre.

8. Summary of Key Implications

The main implications for the Lilydale MAC Structure Plan arising from the research and analysis presented in this report are as follows:

- Lilydale is one of two MACs in Yarra Ranges and is therefore intended to perform a significant role in providing retail, commercial, health, civic, employment and higher density residential development opportunities.
- Lilydale MAC currently provides a range retail and non-retail uses and successfully performs its role as a MAC serving Yarra Ranges Shire and the broader region. Key features of the centre include:
  - Serves a Main Trade Area population of 95,000 people in 2018, which is forecast to increase to 112,000 persons by 2033.
  - Comprises 47,010m^2 of retail floorspace and 12,380m^2 of commercial office floorspace.
  - Has a very low vacancy rate of only 3.8% of floorspace.
  - Is considered to be a relatively strong performing centre as a whole and achieves annual retail sales of an estimated $243 million.
- Having regard for the competitive influences on the centre and the continually changing dynamic of activity centre development, Lilydale MAC will need to continually evolve if it is to continue fulfil this MAC role. This will include:
  - maximising benefits associated with its co-location with the train station,
  - remaining a competitive retail location, and
  - continuing to provide a broad range of non-retail uses including health, education, commercial, entertainment, community and civic uses.
- Indicative demand for approximately 10,000m^2 of additional retail floorspace and 11,000m^2 of additional commercial office floorspace is forecast over the next 15 years.
- It is not anticipated additional land will be required in the Lilydale MAC to accommodate forecast retail/commercial demand over the next 10-15 year due to the following:
  - The size and location of under-utilised sites
  - The likely development of limited convenience retailing at Kinley Estate
  - The desire to consolidate the centre.
- Lilydale will continue to play its current role as a civic centre, key education destination, and a provider of health care and allied health services for residents both in the area and in the wider Shire. Opportunities exist to expand upon strong health and education sectors.
- Due to the limited employment land located in the Study Area and surrounds, it is recommended that industrial land in the Study Area be retained for employment uses.
- The opportunity exists for certain precincts to transition to other, more intensive employment uses to having regard for their locational characteristics, and a desire to intensify employment and respond to changes in employment markets. These opportunities include intensifying employment at the Melba Avenue industrial precinct and at the Olex site (should this site become available for development in the future).
- It is anticipated that increased demand for medium and high-density housing in and around the Lilydale MAC will occur over the next 10-15 years. This demand will be driven by a variety of factors which may include affordability, as median house prices rise; demand for smaller housing to meet an ageing population; and improved amenity, employment opportunities, educational opportunities, and increased services in the Lilydale MAC.

- The structure plan should consider encouraging increased residential densities throughout the Study Area, including in and around the MAC as it will contribute to business viability and increased activity levels within the centre, including after normal business hours.
- The Lilydale bypass has the potential to have positive implication on the Lilydale MAC, providing continual improvements in design and amenity of the centre are undertaken.