pracsys.

Town of Cottesloe and Shire of Peppermint Grove

Cottesloe Centre Economic Sustainability Assessment

Final Report

December 2019

Document Control				
Document Version	**Description**	**Prepared By**	**Approved By**	**Date Approved**
v 1.0	Preliminary Draft – For Review and Comment	Robert Kyne / Per Sauer	Per Sauer	23/10/2019
v 2.0	Draft Economic Sustainability Assessment	Robert Kyne / Per Sauer	Per Sauer	12/11/2019
v 2.1	Final Economic Sustainability Assessment	Robert Kyne / Per Sauer	Per Sauer	2/12/2019

CONTENTS

1 Introduction

This report has been prepared for the Town of Cottesloe and Shire of Peppermint Grove and provides an economic sustainability assessment of the Cottesloe Town Centre activity centre as well as a number of potential interventions to assist in achieving the collective aspirations for growth in the centre.

The development of plans and initiatives to improve the function of the centre will requires an evidence base to assist in the decision making process. This report has been structured to provide insights into the current and future economic sustainability of the centre considering the following key stakeholders:

- Activity Centre Users (the surrounding resident catchments)
- Developers and Operators (industries and workers)
- Regulators (Local Government)

In-depth context and current state analysis assists in building a base-line of how the centre is currently used. This is supported by an economic analysis (with associated benchmarks) and an urban form analysis which highlights specific strengths and weaknesses of the centre. The assessment provides a means of identifying the core opportunities and threats to the centre. This knowledge is then used to provide recommendations and potential interventions that are designed to assist the local authorities in developing the centre according to the desired vision.

Please refer to Appendix A for further background on Activity Centre Strategy development.

1.1 Key Findings

The key strength, weaknesses, opportunities and threats relevant to the centre and its surrounds are listed below, with further discussion following.

Current Strengths	Current Weaknesses
Highly educated, high income resident catchment. Residents provide high levels of discretionary expenditure. Delivers a diverse range of local resident's needs. Retail offerings are of high quality and cater to the local demographic Very low vacancy rates. High employment density relative to floorspace. Centre provides some high-knowledge employment (e.g. health). Centre is compact and highly walkable (except Stirling Hwy crossing).	Low density resident catchment limits the available expenditure pool. Residents are away for longer of the year. Underutilisation of aged Cottesloe Train station. Heavy use of vehicular travel. Little to encourage alternative modes of travel to work. Limited spaces for recreation and play. Does not provide non-commercial spaces to dwell (except the Grove Library). Does not cater well to tourists, despite close proximity to Cottesloe beach. Buildings around the centre's periphery are generally older and of poorer quality. Parking is dispersed throughout centre, limiting foot traffic. Rail patrons tend to bypass centre due to parking locations. Poor entry statement at corner of Napoleon St and Stirling Hwy
Future Opportunities	**Future Threats**
New dwelling will increase expenditure pool. Retail can be further strengthened with more entertainment and recreation options, including a greater evening / night-time economy. An improved parking layout and more usable spaces can help increase foot traffic and dwell time. The centre can likely attract high-knowledge activities, such as specialised health and education services. The centre can attract a wider user group, and in particular, more tourists (who are also likely to be high income). An improved Cottesloe train station will encourage rail patronage and connectivity to Cottesloe beach. Appropriate high quality buildings can increase the centre's attractiveness (while retaining / not detracting from heritage feel).	Expansion and improved quality of competing centres may draw away centre users. Low growth of surrounding residential areas will limit growth potential. Aging building stock and infrastructure will detract from the attractiveness of the centre. Increase traffic on Stirling Hwy will further disconnect east and west portions of the centre Without integration, a redeveloped centre on the corner of Leake St and Stirling Hwy may capture and internalise centre users.

The following findings present the key outcomes of the economic sustainability assessment of the Cottesloe Centre to date. They are intended to summarise the results of the study and provide initial recommendations for integration into the centre research and planning process.

Activity Centre Users

Surrounding residents are currently the key source of demand and driver for growth of the centre. Key characteristics include:

- High income and education levels
- Typically older with a deficit of young children and those aged 20 to 39
- Tend to occupy their residences for less time than others (e.g. may be overseas)
- Tend to work in close proximity
- Tend to travel to work by car, but with proportionally large contingent who walk, cycle or use the train (versus the Greater Perth average)

The upside of this resident base is the high availability of discretionary spending. It should be considered however that the current core 'up-market' offering may limit the potential for a wider user base given the extreme level of advantage in the area. A key decision for the future of the centre is whether or not to build on the current offering, using it as a unique aspect of the centre, or to diversity to a more generalised user base. Future interventions that will support the growth of the centre include increased density in and around the centre and further diversifying the uses and offerings within the centre to attract a wider range of visitors and tourists.

Given the low use of public transport, there is also the potential to improve the Centre function as a transport based hub, for instance, by improving the design of the Cottesloe train station, improving feeder services and cycling links to the centre, and increasing the availability of (ideally free) parking in a manner that funnels commuters through the centre. The increased use of public transport requires coordinated investment to attract residents to alter their behaviour, however the benefits of such efforts can be significant and extend beyond the economic sustainability of the centre. For example, the conversion of a 10 per cent of the 1,800 surrounding residents who commute via cars would result in total benefits in the order of $13 million.[1]

Developers and Operators

The nature of businesses in the centre is that they are predominantly population-driven. Most businesses are retail or entertainment related, and occupy the core of the centre. A proportion of businesses are knowledge intensive, such as architects, health professionals and finance and investment services. Office space accommodating these businesses is typically located around the periphery of the centre and is now somewhat aged, indicating that there may be a market for new higher quality office space if provided at competitive rates. Employees in the centre are typically:

- Highly educated but earn lower than average incomes (in retail and entertainment)

[1] Please refer to page 18 for underlying assumptions.

- Travel from within a relatively localised area
- Typically use their cars to get to work

Policy and interventions should be focused on activating the area to encourage new business and maintaining the flexibility for the private market to deliver what is ultimately demanded by the consumer. Other planning policy to increase the diversity would be centred on improving the demand drivers for retail. There is also a role for local government in attracting strategic industry to the area, dependent on the ultimate vision for the centre. Key areas for future industry growth and business attraction include:

- Retail and entertainment
- Tourism and accommodation
- Population-driven professional and specialist services, including architecture and design, finance and wealth management, legal services, specialised medical/health services and specialised education services

Initial strategies aimed at attracting a more diverse and higher quality employment base could include:

- Identification and facilitation of aggregation of larger lots suitable for major redevelopments
- An improved Cottesloe train station design to facilitate movement of tourists and workers into the centre, as well as access to Cottesloe Beach
- Provision of high quality internet and shared facilities, such as end-of-trip facilities and temporary working/meeting spaces

Economic Performance Benchmarking (Regulators)

The benchmarking of the centre relative to other District (and larger) centres found that the centre currently has:

- A moderate amount of built floorspace given its land area, with capacity for further densification
- High employment intensity for the amount of floorspace
- A high diversity of employment
- A low level of strategic employment
- A high travel time to the CBD via public transport given the straight-line distance (due to the nature of the Fremantle rail line)
- Very low residential density in the surrounding catchment

It is important to consider the centre's performance in the context of its role and function. Following from the above, the centre has lower employment quality relative to other centres, reflective of a lack of export-oriented activity and knowledge intensive businesses-to-business services (termed strategic employment). Instead, the centre currently plays an important role in providing for a diverse range of local resident's needs.

Pedestrianisation and Centre Activation

Economic activation within the Centre is currently constrained by the following factors:

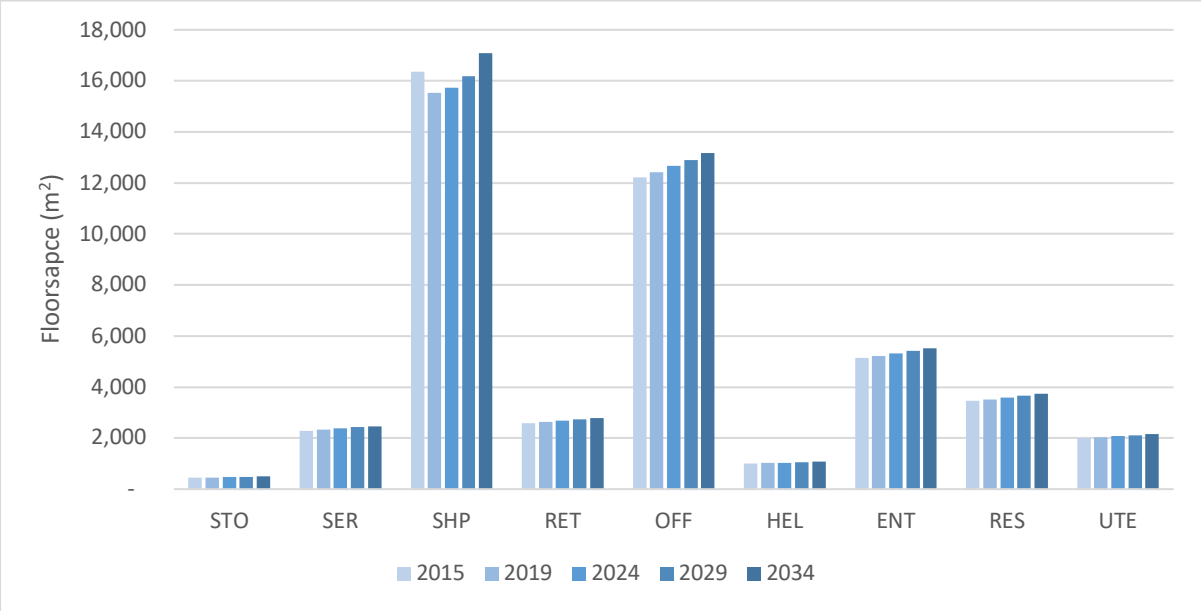
- Poor connection between key anchors within the centre across Stirling Hwy and Leake St, being the Napoleon St high street, the Grove Library and Cottesloe Central (shopping centre)
- Poor entry statements to Napoleon St at the corner of Stirling Hwy and adjacent to Cottesloe Train Station
- A lack of options for centre utilisation and visitation outside of purely commercial offerings (with the exception of the Grove Library)
- The ability for rail patrons to by-pass the centre with parking directly adjacent to the train station
- Some parking where the objective is to 'capture' users on a specific site, rather than integrate with the surrounding centre

Improved accessibility and pedestrianisation of the centre is likely to provide an important source of additional income, supporting growth and lower vacancy rates. It is suggested that the Town of Cottesloe and Shire of Peppermint Grove apply the principles of economic activation in conjunction with other planning principles when considering future development of the Centre. A selection of potential opportunities for improved activation have been developed using the economic activation framework, including:

- Provide appropriate pedestrian access across Stirling Highway and effectively connect separated parts of the centre
- Consolidate parking in areas that can distribute pedestrian traffic through the Centre's core and not concentrated in one place, diversify away from Cottesloe Central
- Develop shop frontages along pedestrian passages (remove non street parking from in front of commercial premises in the Centre's core)
- Encourage activation events and further alfresco dining and expand the purpose of place to broader tenancies
- Support activation of laneways and thoroughfares from carparks
- Improve connection with the beach and other tourist destination
- Support the attraction of a suitable anchor tenant in the West side of the Centre

Commercial Floorspace Demand (Base Case)

Figure 1. Business as Usual Floorspace Demand



STO – Storage and Distribution, SER – Service Industry, SHP – Shop/Retail, RET – Other Retail, OFF – Office/Business, HEL – Health/Welfare/Community Services, ENT – Entertainment/Recreational/Cultural, RES – Residential and Accommodation, UTE – Utilities/Communications[2]

Source: Pracsys (2019)

A retail gravity model has been prepared as part of the current project, which has been applied to estimate the capture of expenditure of the Centre relative to surrounding competing centres. In total, the Centre is estimated to attract $128 million in retail expenditure per year. The results of the modelling and a centre audit indicate that retail is currently slightly oversupplied. The estimated vacant floorspace in the centre has increased from 1,100m2 in 2015 to a current 5,400m2, with the closure of Bunnings in Cottesloe Central accounting for a large proportion on this increase. Expected increases in population and retail spending under a gradual 'business-as-usual' base case scenario are expected to gradually increase the demand for floorspace with total occupied floorspace expected to increase from the current 45,500m^2 to 49,000m^2 by 2034. Given these results, without any interventions it is expected that demanded floorspace will be relatively stagnant, which will act as a constraint to future re-development and Centre improvements. The development of the retail gravity model for this study can enables the investigation of the impacts of additional residential and retail development on supportable floorspace.

Potential Interventions

Before deciding on appropriate interventions for the centre, a clear picture or vision of the future (and relevant goals) must be established. Possible futures for the centre are varied and require different levels of investment, commitment and time, and ultimately, they will depend on what the local authorities and residents want to

[2] Department of Planning, Lands and Heritage (2017)

achieve with the centre. However, possible futures or individual components of futures for the Centre could include:

- Improved diversity of floorspace and tenancies appealing to a broader range of residents and visitors
- Higher levels of strategic employment and broader industries of employment
- Greater use of the centre as a community asset
- Greater use of the centre as an event location and gathering place for people of all ages

Further details of these interventions are provided in Section 7 in the body of the report.

1.2 Next Steps

In progressing concepts for the centre, consideration should be made of the following:

- Given land values in the area and current broader economic conditions, a significant change in the resident profile is unlikely unless a direct intervention to provide a wider range of housing options is enacted, noting developers of apartments are likely to target more affluent individuals.
- A future proposed 'build-out' of the centre, including height limits, should consider that demand for commercial and retail floorspace is closely tied to quantum of local residents. Care should therefore be taken to balance the provision on residential, retail and commercial floorspace. This aspect of Centre planning can be supported through the use of the retail gravity model prepared as a part of the current study.
- This balance may be somewhat altered by efforts to attract a wider user base, including a wider catchment of residents, tourists and workers, and this may form the basis for alternative improvement scenarios. The work conducted to date can therefore be built upon to test a range of future concepts developed by the broader project team.

2 Activity Centre Users

Key to making decisions about the future of an activity centre is understanding the context and environment of where an activity centre operates and also it's unique characteristics from the perspective of those who depend on it as a place to work and a place to visit. This understanding provides a reliable baseline from which a vision for the centre can be established and viable development scenarios with relevant interventions can be designed.

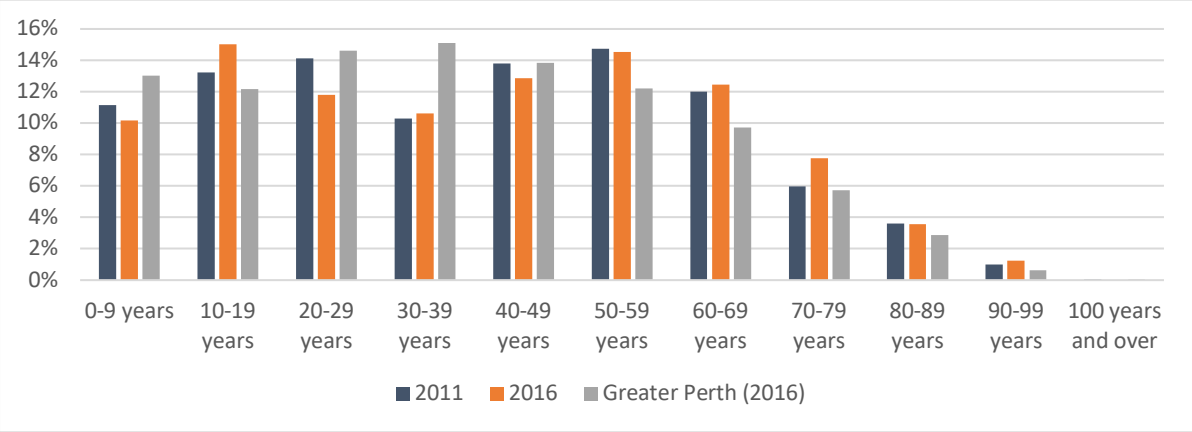
Without users regularly accessing the centre for goods and services, the centre will contract and fail to grow, reducing its amenity to residents and visitors. It is therefore prudent to examine the characteristics of the userbase to ensure that future planning is relevant and addresses their needs. Statistics in this section are either examined against a previous year or against a greater Perth comparator depending on appropriateness.

2.1 Demographic Profile

Demographics in the Town of Cottesloe and Shire Peppermint Grove have remained steady (as could be expected) over the past 5 years. The largest changes have been a decline in the 20-29 age bracket and an increase in the 10-19 age group. Of additional note is the low proportion of 30-39 year-old's in the immediate catchment. This is likely reflective of both declining local economic conditions and the low affordability of the area for young working adults and young families. In the coming years, these changing demographics may influence the demand for particular services and offerings in the centre, such as early childhood education.

Particular design elements may be incorporated into the centre in order to better target a particular mix of users. Examples may include an increased stock of mid-price housing, public open space and community services to attract those wishing to access the area's high quality schools, or an increased stock of small apartments to capitalise on the centres excellent public transport links to attract a young CBD-based worker population.

Figure 2. Resident age profile

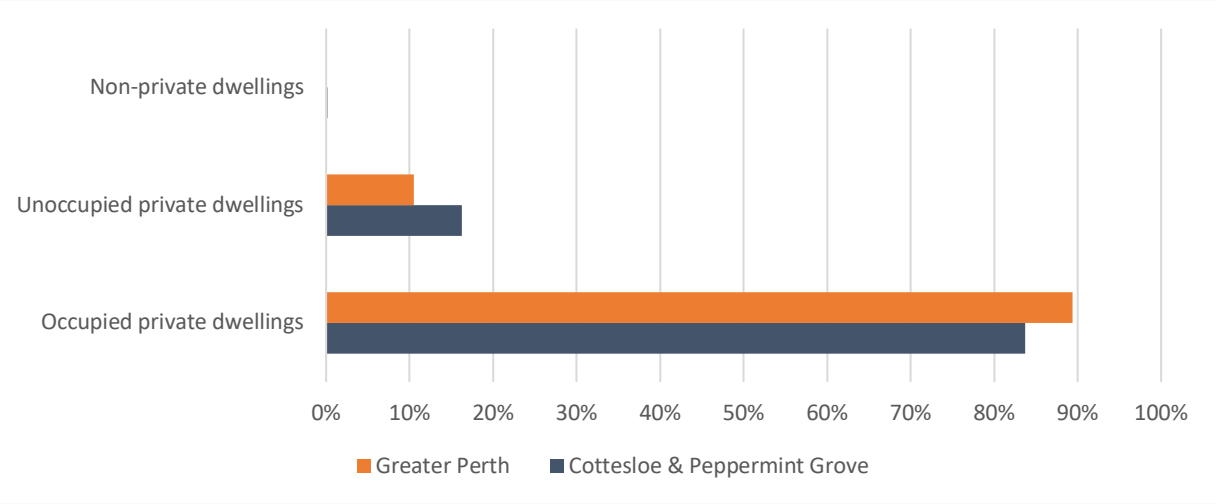


Source: ABS Census 2016

2.2 Occupied Dwellings

At present, there is close to 4,200 dwellings between the Town of Cottesloe and Shire of Peppermint Grove (Figure 3). Approximately 700 (16.5%) of these were unoccupied at the time of census, in comparison to the Greater Perth average of 10%. As such, it would be prudent to assume that many of these houses are unoccupied for large swathes of the time, reducing the potential user base of the activity centre.

Figure 3. Occupied dwellings



Source: ABS Census 2016

2.3 Income Profile

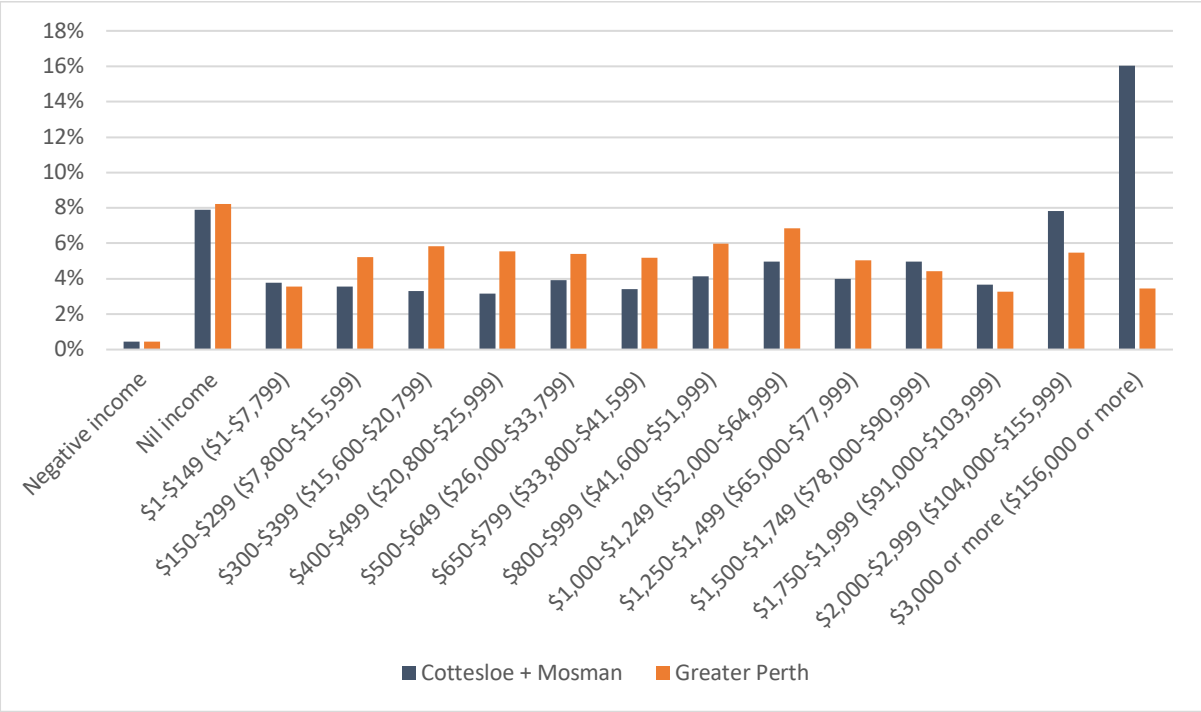
As could be reasonably expected, Cottesloe and Peppermint Grove has a large proportion of its residents with high incomes. This offsets the reasonably high unoccupied dwelling rate given that those with higher incomes have a greater proportion of disposable income and tend to spend more in general. This distribution of income is likely to result in increased demand for goods and services on balance.

Goods and services in the centre need to be targeted toward this predominant user group. This in turn means that the centre, and mix of offerings, may be unattractive to those not on high incomes. There may be some opportunity to diversify and broaden the appeal of the activity centre through urban improvements, activation strategies and activity centre design that appeals to a broader range of users in the area and promotes diversified tenancies. Alternatively, the 'high-end' character of the centre may be chosen as a base for a unique proposition and strengthened in order to set the centre apart from surrounding competing offerings.

Major industries of employment of residents in the area have been identified as doctors and other hospital workers, financial, legal and accounting services, medical services, professional and consulting services, and mining and resources. These industries align with the high incomes seen in the area. Many of these professions are likely to be flexible work arrangements or shift workers (particularly medical) and therefore there may be

scope to look at increasing retail hours to suit these users (with further verification and data to backup demand).

Figure 4. Weekly personal income profile (yearly income in brackets)



Source: ABS Census 2016

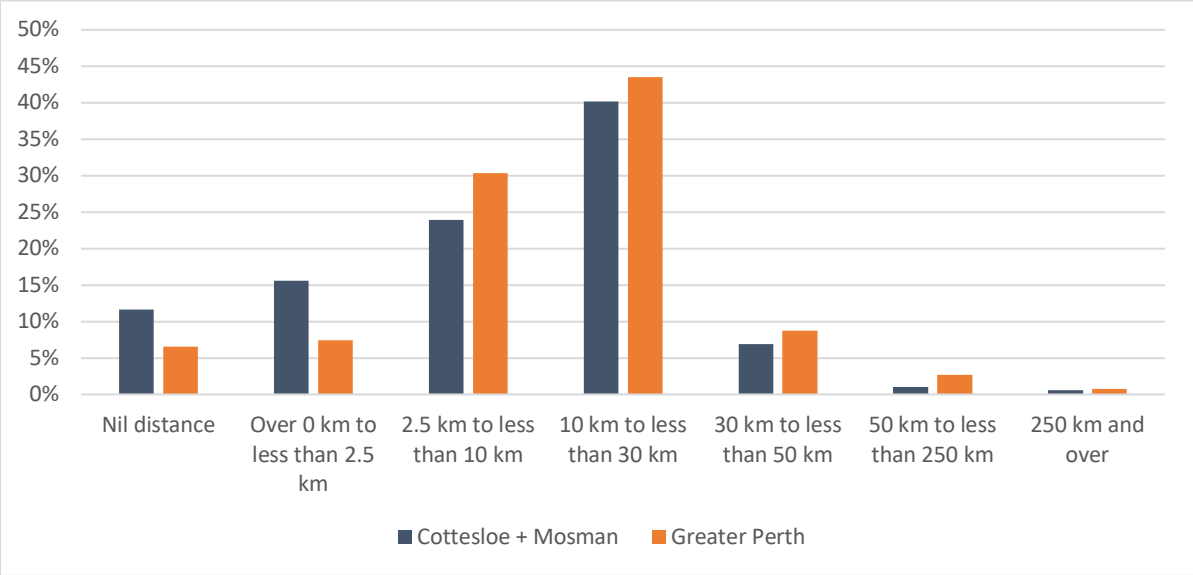
Also of note is the high level of social advantage within the area, with Peppermint Grove and Cottesloe ranked 4th and 5th respectively on the national SEIFA index[3]. Measuring both indicators of advantage (such as education) and disadvantage (unemployment), the result reflects a consistently high degree of advantage across the local area, with an absence of pockets of those experiencing disadvantage.

2.4 Journey to Work

Residents in the area tend to live closer to work than the majority of the Greater Perth area, with a larger proportion living between 0km and 2.5km to work and smaller proportions living 2.5km to 250km away from work (Figure 5). This is reflected in the place of work data, which identifies Cottesloe, Mosman Park, Subiaco, Nedlands and Claremont amongst the top work destinations for residents from the Town of Cottesloe and Shire of Peppermint Grove (Figure 6). There is a high proportion of residents that both live and work within the surrounds, illustrating a high proportion of captive expenditure in the area.

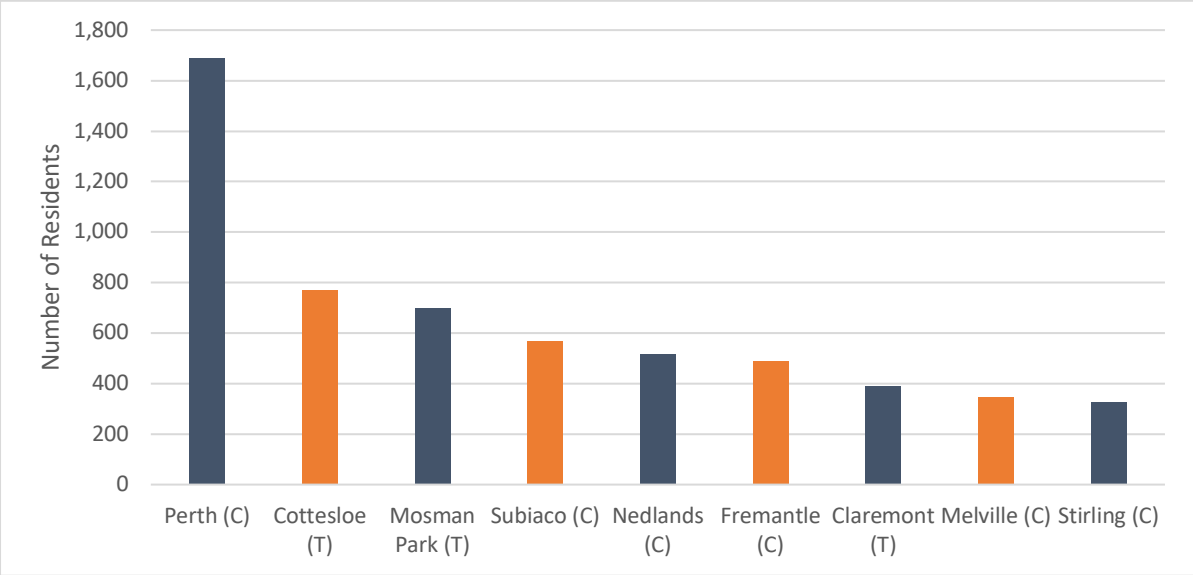
[3] ABS, Socio-Economic Indexes for Areas: Advantage and Disadvantage (2016)

Figure 5. Distance to work for Cottesloe and Peppermint Grove residents



Source: ABS Census 2016

Figure 6. Place of work for Cottesloe and Peppermint Grove residents

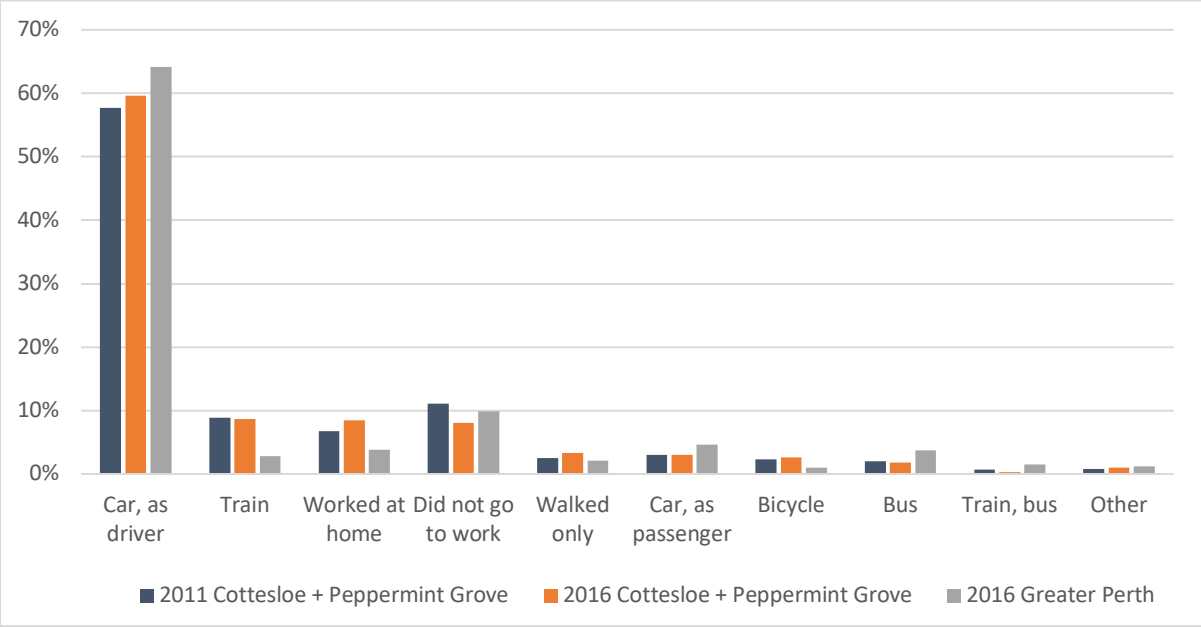


(C) – City of, (T) Town of

Source: ABS Census 2016

A review of mode of travel statistics shows that despite being adjacent to a train line and primary bus routes (on Stirling Hwy), and the primary destination for work being the CBD, the use of cars for commuting is dominant and comparable to the Greater Perth average. Amongst other modes however, train usage, walking and cycling are well above Greater Perth averages, demonstrating that there is merit in further encouraging these modes as they already have a degree of support.

Figure 7. Mode of travel to work for Cottesloe and Peppermint Grove residents (ranked by 2016)



Source: ABS Census 2016

Efforts to support journey to work mode shift can be supported by the detailed calculation of economic and social benefits, which are likely to be significant. For instance, if the current 1,800 car based commuters from the surrounding area were to shift to public transport, the benefits realised would be in the order of $10 million per year excluding the health benefits of associated active transport (walking and cycling). This is equivalent to $130 million over a 30-year project life.[4] While only a portion of vehicle users will choose to shift mode, it is important to note that the development of new dwellings in close proximity to the Cottesloe train station will likely result in a higher utilisation rate of the existing rail infrastructure and is in-line with State Government policy and strategy.

2.5 Summary

The population and userbase of the Cottesloe Centre is high income which presents both an opportunity and a challenge. As an opportunity it reflects a greater disposition to spending more which supports greater floorspace and employment. As a challenge, it can mean that floorspace and tenancies are not accessible to a wider proportion of the population, limiting the possible catchment. This problem is further exacerbated by the relatively dispersed population with a low density, further hampered by water bodies on each side of the centre reducing the geographic extent of the catchment.

With a relatively high proportion of residents living and working in the area, it presents an opportunity for the centre to capture a greater proportion of expenditure from the surrounding worker population, but this would

[4] Based on a typical 30 minute commute and private vehicle travel cost of $41/hr excluding vehicle travel time costs of $16/hr given travel time will also be incurred on public transport. A discount rate of 7% has been applied to convert to whole-of-life benefits in present value terms.

require a compelling value proposition matched to the needs of these individuals. Examples may include a greater variety of business services or shared co-working spaces.

Increasing the number of residents in the catchment and expanding the catchment through improving the value proposition of the centre and encouraging diversification of tenancies (that appeal to a broader range of the community) will likely support the centre to grow. Supporting the diversification of tenancies will require the activity centre appealing to a broader user base. This can be achieved through improving connectivity and links to tourism anchors such as the beach and improving public space in the area to increase dwell times and support the centre as a place to dwell and enjoy outside of purely commercial offerings.

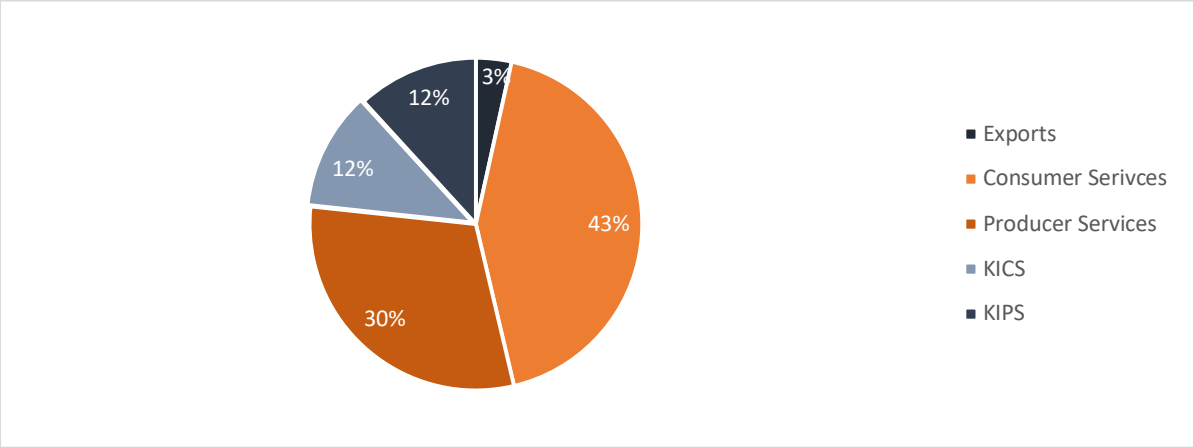
3 Activity Centre Operators

This section examines the activity centre in terms of its business and worker userbase, being those who use the centre to derive an income. Understanding the type of workers and how and for what they operate in the activity centre will help develop a vision and interventions that suits their requirements. This could include initiatives to obtain specific infrastructure to support the growth of business or extra floorspace of varying types to support growth. An understanding of the types of industries that exist in the activity centre can inform what types of infrastructure and urbanisation initiatives may work best. Similarly, deficits in desired types of activity can be examined and initiatives identified in attempting to reduce the deficit.

3.1 Employment Quality

Figure 8 shows us the employment quality[5] of Cottesloe Centre. The key components of employment quality are those that make up strategic employment, namely, Exports and Knowledge Intensive Producer Services (KIPS). Approximately 3% of jobs in the centre are export related and 12% are KIPS. This is a total of 15% strategic employment, well below the 20% average across the Greater Perth area.

Figure 8. Employment quality at Cottesloe Centre



Refer to Appendix C: Glossary for definitions of all employment quality categories

Source: Pracsys analysis based on ABS Census 2016

This indicates that the centre is one that is predominantly population-driven in nature, with some knowledge intensive services but predominantly consumer (be it high-end) goods and services. Only 27% of employment in the centre is either knowledge intensive or export based, necessitating a higher skill level of employees. Given this, employment in the centre is predominantly low skilled and retail and hospitality based, and to a large extent does not accommodate the types of jobs that would provide the opportunities for most highly skilled residents to work and live in place.

Additionally, the results highlight that growth in the employment base in the centre will require growth in the catchment population[6]. A large shift in the level of employment quality would be needed to change this.

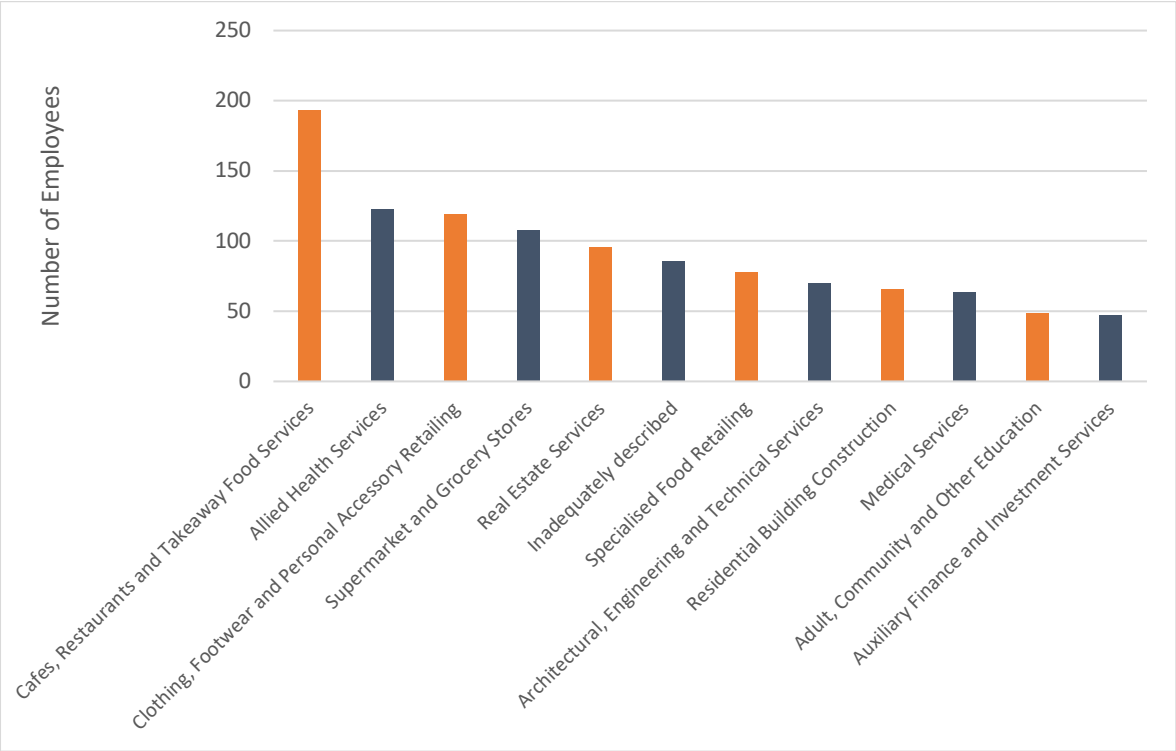
[5] Please see Appendix C: Glossary for an explanation of employment quality categories
[6] As explained in previous section (Floorspace Drivers)

3.2 Industry of Employment

Building on these results, Figure 9 displays the top industries of employment within Cottesloe Centre. The results are consistent with the relatively low employment quality and high population-driven industry with many of the top industries being either consumer or producer services. This includes cafés and restaurants, retail and real estate services.

Knowledge intensive employment is accommodated by medical and allied health services as well as other professional services including, architects, finance and investment services in the area. These also likely cater to a local, high income catchment.

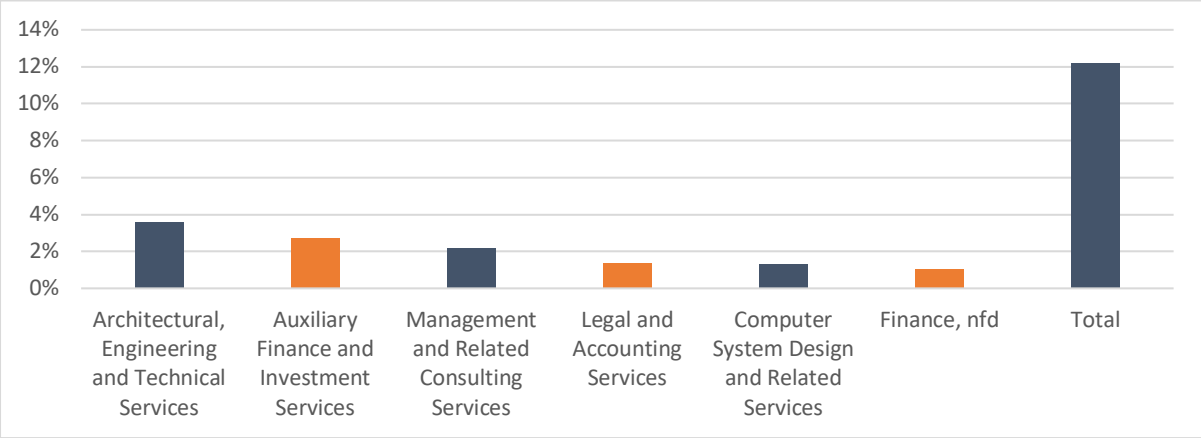
Figure 9. Industry of employment



Source: ABS Census 2016

The prevalence of office-based employment is reasonably high for a suburban, population-driven centre. This is likely a function of the residents in the area but is illustrative of a possible base of office employment that can be built upon in the future. Further interventions and construction of office space could be supportable as there is evident current demand. Figure 10 illustrates the percentage of selected office based employment (higher quality). As shown, approximately 12% of the centre's employment is from these high quality office based sources.

Figure 10. % of Total Employment Selected Industries



Nfd refers to 'not further defined' (please note that this is a term used under the standard Australian Bureau of Statistics industry classification system)

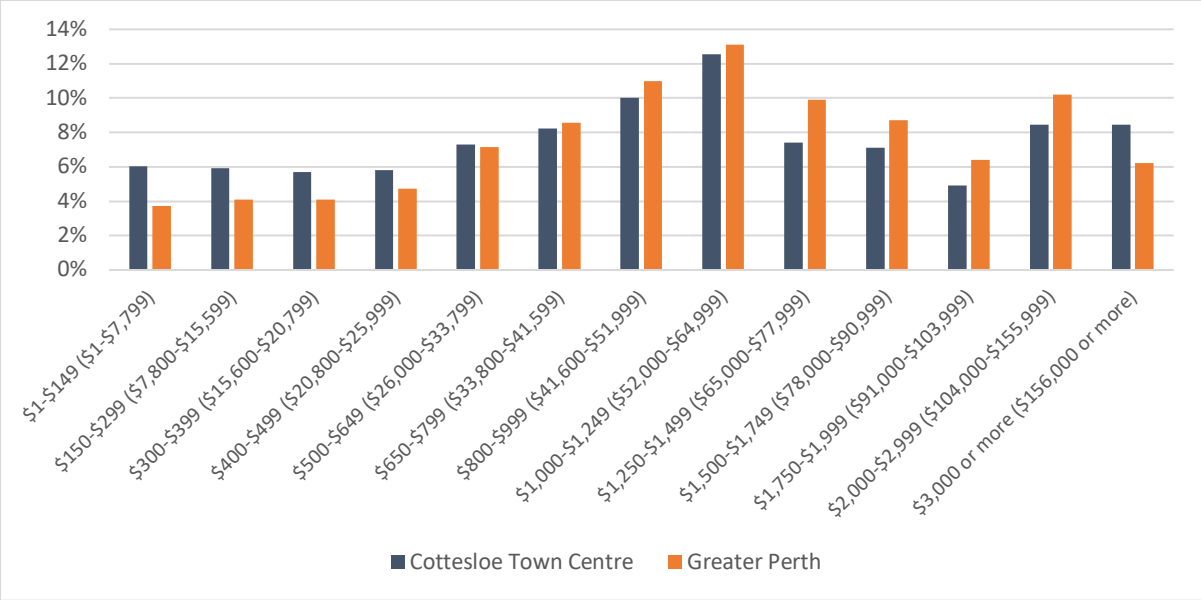
Source: ABS Census 2016

Further agglomerations and growth in this type of employment will require investment in capacity but the current existence is indicative of possible demand.

3.3 Employee Income

The lower employment quality and the type of industry on offer is also reflected in the incomes of the workers at the centre. As shown, the proportion of employees earning high incomes lags the Greater Perth average with the exception of the highest bracket which is skewed in favour of the study area (Figure 11). This is likely due to the presence of a few specialised firms for professional services or business owners. In contrast the lower incomes experienced are likely a result of part time retail workers in the area.

Figure 11. Employee incomes

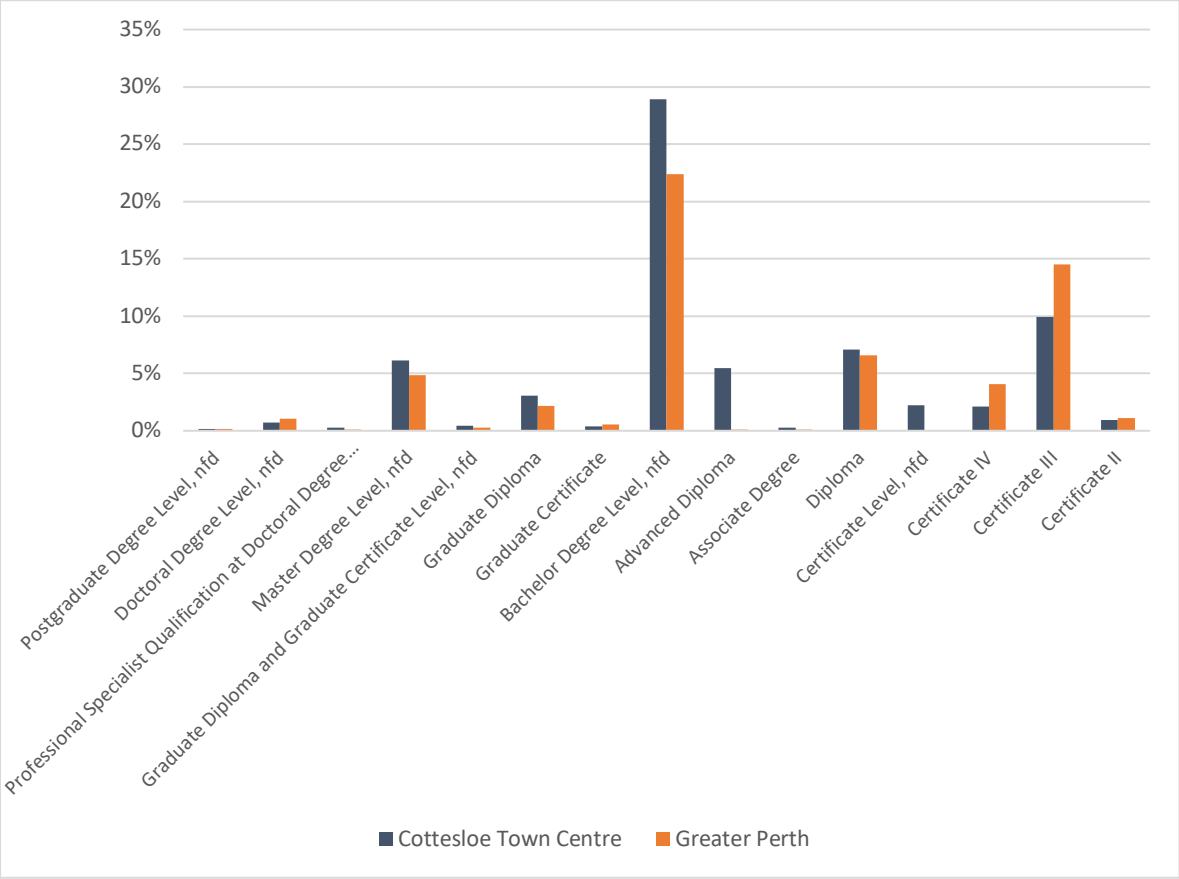


Source: ABS Census 2016

3.4 Employee Education Level

Despite the relatively low employment quality, education level data indicates that workers in the area are generally better educated than the Greater Perth area, with a higher proportion of Bachelor and Master Degrees. This does not necessarily mean that they have achieved a degree in their chosen field or that they have finished studying, and as such may reflect temporary work until they have found employment in their desired field. This reconciles with a relatively high proportion of part-time employees.

Figure 12. Employee education levels

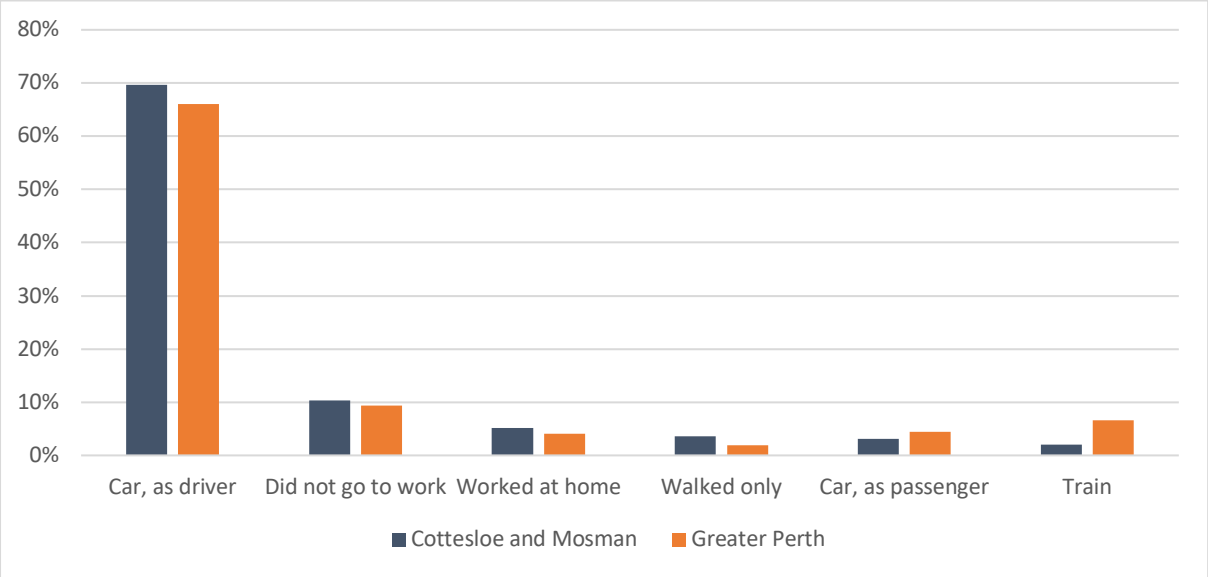


Source: ABS Census 2016

3.5 Employee Mode of Travel

Figure 13 shows the mode split of Cottesloe Centre workers (and broader destination zone) for their journey to work. As shown, 'car as driver' is the highest proportion at 70%, higher than the Greater Perth average of 66%. Also of note is that despite the presence of a train station, the use of the train to get to work at the centre (and surrounds) is only 2% versus 7% for the Greater Perth area. This could also be a symptom of the type of employment not being of the kind to be necessary to attract people from afar that would use the train to arrive (see below).

Figure 13. Mode of transport for employees

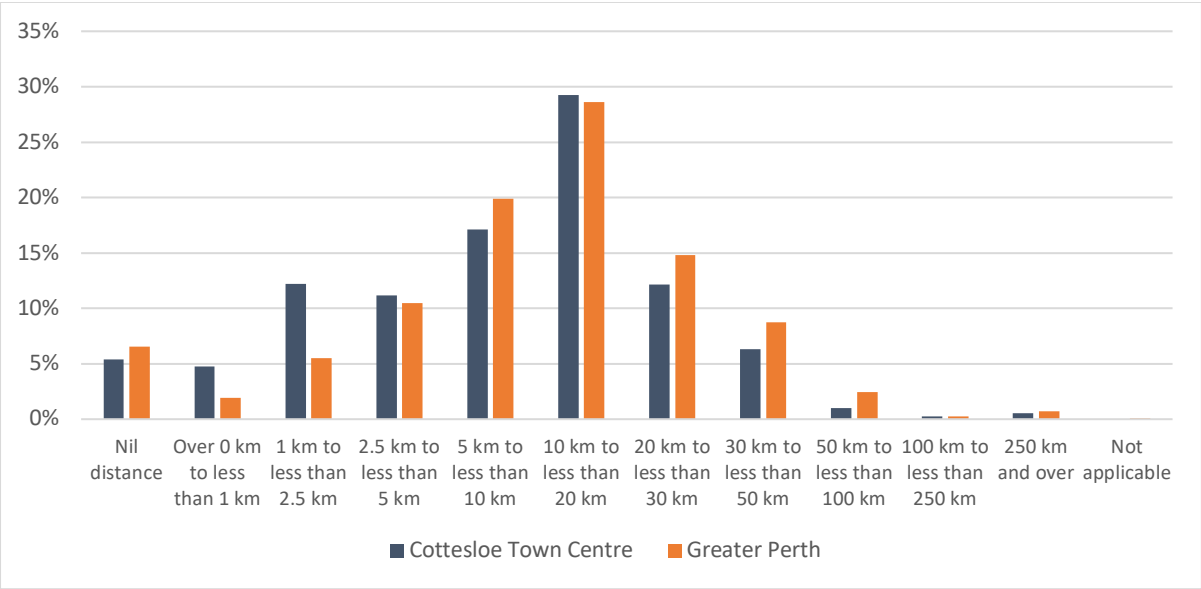


Source: ABS Census 2016

3.6 Distance to Work

Figure 14 shows the average commute distance to work for workers in the Cottesloe Centre. Despite the high mode share for car and the good connectivity of the centre, commute distances are relatively short and tend to be lower than the Greater Perth average. These short commute distances indicate that a shift in mode share may be feasible to encourage. If parking is currently an issue at the centre, promoting non car-based travel to work could be one avenue to pursue to free up further parking and increase the value proposition of the centre by making it more accessible for users.

Figure 14. Cottesloe Centre Distance to Work



Source: ABS Census 2016

3.7 Summary

The employment base in Cottesloe Centre is predominantly population-driven, lower income (apart from a select proportion of professional and health services) and part-time in nature. The workers themselves are generally higher educated indicating that they are potentially working transient jobs until they can secure other employment. Most workers arrive at the centre via car and only travel relatively short distances to work. Given these findings, there may be opportunities to encourage workers to arrive via non car-based modes which would free up parking for consumers. Improved cycling and walking links within the local area will help facilitate this, as would improved end of trip facilities.

As a potential gap, the centre could also seek to grow employment and size by encouraging growth in strategic employment. This would require further study providing a detailed understanding of its unique value proposition and the potential comparative advantages for export-oriented and business-to-business operators. The value of seeking to attract a wider spectrum of businesses in a competitive office-space environment should be carefully considered, however the approach could be tested through initial consultation with those knowledgeable in the commercial property market. For example, is the lack of high-grade office space in the centre a constraint for business-to-business operators and would the development of new high-grade office spaces be successful in attracting these businesses given its location?

4 Activity Centre Performance (Regulators and Managers)

In this section we examine the economic sustainability and physical characteristics of the activity centre. Many of these aspects can be influenced through local government planning to encourage the growth, or alter the characteristics of the centre. Pracsys uses a series of economic sustainability metrics and the Six Principles of Economic Activation to measure the relative health, resilience and urban form from an economic perspective. Gaps in the performance of the centre can be reconciled with a centre vision and planning framework aligned to the aspirations and needs of the existing and targeted future user and worker populations of the centre.

4.1 Purpose of the Metrics and Policy context

SPP 4.2 (State Planning Policy 4.2 – Activity Centres for Perth and Peel) identifies only a few very high-level measures of activity centre performance. The metrics detailed below have been developed to assess activity centre performance in greater detail, and to provide reliable, replicable measures of performance. This approach has been used to provide an assessment of the current performance of the Cottesloe Centre. The metrics can be used to understand the changes that need to be made in activity centres to fulfil the vision set for each centre. They can also be applied periodically to measure changes in future performance to test how far the centre has progressed towards the targeted vision. Performance metrics have been assessed in two fields, economic sustainability and urban form. Economic sustainability has been assessed against district level and above centre benchmarks. The following section details the rationale behind these metrics.

4.2 Economic Performance Metrics

Economic performance is measured in four areas:

- Intensity
- Diversity
- Employment, and
- Accessibility

These metrics have been aligned to a simple scoring metric; however, it is important to view the results as a toolkit or an analysis tool to identify facets of an activity centre that are lacking. These should then be used to set targets in accordance with role and function that the activity centre has been envisioned to fill in the future.

Intensity

Co-locating activity within a vibrant, intense space ensures walkability, social interaction and economic activation. Intense agglomerations of activity have been shown to increase the productivity of certain industry mixes through a reduction in transport and communication costs, improved links to suppliers and markets and the ability to learn from others and share knowledge.

The intensity metric measures floorspace density within the centre and residential density within specific catchments of the centre. The rationale being that a high intensity of activity will produce productivity and

efficiency benefits and contribute to centre success. This metric provides a good indication of how efficiently land is used within a centre.

Diversity

A diverse mix of users and activity is desirable for an economically, environmentally and socially sustainable centre. Highly diverse centres enable users to access multiple needs with fewer trips and retain users in the centre for longer periods of time, to interact both socially and economically. In addition, providing more local job opportunities within a variety of industries will contribute to higher rates of employment self-sufficiency.

The metric is combination of the percentage of mixed-use employment and diversity index:

- The mixed-use metric calculates the proportion of jobs within the centre that are in categories other than retail. This is in recognition of the policy goal to transform internally focused shopping malls into diverse activity centres that provide a wide range of transaction opportunities.
- The diversity index measures how evenly jobs are distributed across various industries to ensure that all amenities are represented, and certain land use categories do not dominate the mix at the expense of others.

While SPP 4.2 mandates a minimum diversity threshold, based on the percentage of total floorspace devoted to retail, measuring the mix of non-retail employment and the distribution of these provides a better assessment of the impacts of the land use mix.

Employment

Centres require both quantity and quality of employment, as befits their position within the centres hierarchy. Employment is one of the main drivers of our collective standard of urban living.

The employment metric is a combination of the employment quantum and employment quality index:

- Quantity of employment refers to the number of jobs directly situated within a defined activity centre.
- Quality of employment differentiates between business orientation (e.g. population-driven) and the knowledge intensity of employment (see Section 3.1).

It is important to measure the quality and quantity of employment, as it is a key driver for ensuring the sustainability of local economies. It is also important to accommodate different qualities of employment within a centre to improve the potential employment self-containment of the centre, as it provides the opportunity for people of varying levels of qualification to work near their place of residence.

Accessibility

Centres must be accessible to a wide mix of user groups utilising different modes of transport. This reduces the impact of petrol price shocks, increases sustainable centre catchments and facilitates movement between employment nodes.

The accessibility metric is a combination of a transport infrastructure assessment and connectivity with the CBD. The centre accessibility score relates to how easily a centre can be accessed from other employment nodes, the CBD in particular, and by the surrounding residential catchment. Being close to major employment nodes creates the opportunity for activity centres to develop supply chains and knowledge networks that can generate efficiency and productivity gains. Centres without good transport connections will find it difficult to attract higher knowledge employment, and their expansion potential may be limited through the transport network.

4.3 Role in Centre Hierarchy

As a District Centre, a mix of other Perth District and Secondary Centres have been applied as benchmark comparisons to Cottesloe Centre. The comparison of District to Secondary function presents a useful tool for informing aspirational targets. Figure 15 outlines performance expectations of both Secondary and District Centres.

Figure 15. Expectations of activity centre performance

Performance Criteria	District Centres	Secondary Centres
Intensity	Intense levels of district education/ healthcare, retail and household services within centre, with potential for significant residential densities within the areas of influence.	Intense, with residential, sub-regional education/ healthcare and education, retail and household services integrated with strong relationships both internally and within the defined areas of influence.
Diversity	Focused district retail and household services uses and users with a limited amount of local education and healthcare activities.	Diverse mix of population-driven uses and users interacting within the centre over an extended period of the day.
Employment	A district employment node with significant densities of population-driven employment.	A sub-regional employment node for higher-order population-driven employment, as well as significant densities over overall employment.
Accessibility	Fine grain walking and off-road cycle network providing direct and convenient access everywhere throughout the centre. Multiple medium frequency radial bus routes, regional road passing through the site, and a clear access point for freight vehicles.	Fine grain walking and off-road cycle network providing direct and convenient access everywhere throughout the centre, centralised public transport interchange. at least two high frequency radial bus routes, and one high frequency cross-centre route. A regional road passing through the site, and a clear access point for freight vehicles.

4.4 Economic Sustainability Results

The economic performance metrics are provided in Figure 16 over-leaf. These have been calculated and compared to a range of centres of varying archetypes to outline possible development scenarios and areas that could be improved to fit the desired vision for the centre.

Figure 16. Economic performance metrics

		District Centres				Secondary Centres		Strategic
		Cottesloe Centre	Scarborough	Mt Hawthorn	Canning Bridge	Claremont Town Centre	Leederville	Fremantle City Centre
Intensity	Floorspace to Land Area	**59%**	62%	50%	75%	69%	43%	45%
	Density (Dwellings/ha) to 400m from Centre	**22.1**	38.5	26.6	30.1	15.6	27.9	29.9
	Density (Dwellings/ha) to 800m from Centre	**19.2**	21.3	23.3	*14.9	15.6	24.8	13.5
	Density (Dwellings/ha) to 4km from Centre	**4.3**	6.0	13.0	*7.0	5.2	13.0	5.0
Diversity	Mixed Use (non-retail)	**64%**	90%	64%	94%	51%	76%	76%
	Employment Diversity Index	**0.73**	0.38	0.66	0.58	0.66	0.57	0.78
Employment	Total Employment	**1,163**	741	1,006	1,504	1,816	3,049	6,476
	Employment Density	**15.1**	5.8	12.5	15.1	17.2	37.9	10.6
	Strategic Employment	**15%**	14%	19%	30%	8%	25%	18%
Accessibility	Presence of Train Station	**Yes**	No	No	Yes	Yes	Yes	Yes
	Distance to CBD (km)	**11.5**	15.2	5.2	10.2	9.5	4.1	22.7

It is noted that residential density surrounding the Canning Bridge centre has increased significantly since the release of data forming the basis of analysis

Source: Pracsys analysis based on Department of Planning, Lands and Heritage Land Use and Employment Survey (2015), and ABS Census (2016)

Interpretation of Results

The key findings of this the analysis is that Cottesloe Centre currently has:

- a moderate degree of floorspace density with high employment density;
- a high degree of employment diversity;
- middle to low range employment quality (at 15%); and
- middle to low proportion of floorspace outside of retail uses.

The results contrast to Canning Bridge, for example, which has similar employment density for a much more significant employment quality of 30%. These results reflect the current function of the centre and it should not necessarily be concluded that result represents a 'gap' for the centre, as discussed in the prior sections. The attraction of strategic employment (export and knowledge intensive business-to-business providers) is however a potential avenue available to encourage the growth of the centre while providing increased opportunities for residents to live and work locally.

The high diversity of employment in the centre is a particular strength, demonstrating that the centre plays an important function outside of pure retail needs, however the lack of strategic employment shows that needs are primarily of the local resident catchment.

A key limiting factor for the centre is that residential density/intensity is particularly low, which is reflective of the current residential zoning. Measures have already been taken by both Cottesloe and Peppermint Grove local governments to allow increased density along the Stirling Hwy corridor. If extended to Cottesloe Centre, the additional centralised population base would clearly act as a driver for increased floorspace within the centre.

5 Pedestrianisation and Centre Activation

5.1 Economic Activation and Walkability

From a centre design and ongoing management perspective, there are certain economic activation principles that can be implemented to ensure that the place is as user-friendly as possible, maximising the number and length of visits, which is critical to developing a sense of activation and ensuring the viability of local businesses. The following principles have been applied to assess the performance of the centre (with further details of the principles supplied in Appendix B).

Six Principles of Economic Activation

1. Purpose of Place
2. Access – Arrival Points
3. Origins – Car Parking and Transport Nodes
4. Exposure – Pedestrian Movement
5. Destinations – Major Attractions
6. Control – Strategic Sites

The six principles of activation, and in particular, origin and access recommendations, are designed to increase the walkability of the centre. Walkable environments promote increased economic activity; research has shown positive correlation between improved walkability, increased local retail expenditure, enhanced value of local services and the creation of employment.[7] These positive outcomes are achieved through an increase in the visitation and duration of stay in an area resulting from a pleasant and safe environment. It has been found that improving pedestrian access in commercial centres can provide a competitive return of up to $11.80 per $1 invested.[8] This is particularly important for a centre such as Cottesloe which is suffering from an aggregate demand problem.

There is a significant body of international evidence regarding the connection between pedestrianisation projects and footfall. Recent research by Living Streets shows that making places better for walking can boost footfall by up to 40%.[9] Evaluation of pedestrian improvement in Coventry and Bristol showed a 25% increase in footfall.[10] Turner et al. (2011), as cited in Lawlor (2013), conducted a pre and post analysis of new or improved commercial precincts in eight New Zealand cities known to create difficulties for pedestrians. These included the provision of kerb extensions, refuge islands and controlled crossings, all of which were aimed at improving the pedestrian experience at origin and access points. Pedestrian use increased in seven of the eight sites, ranging from 7% to 90%.[11] The most extensive and applicable study of pedestrianisation is the Hass-Laus (1993) meta-analysis on the impacts of walkability improvement and traffic calming on retailing. Based on the extensive review of the evidence from Germany and the UK, Hass-Klau has concluded that a pedestrianisation

[7] ARUP, 2016, Cities Alive: Towards a walking world, pg. 55.
[8] ARUP, 2016, Cities Alive: Towards a walking world, pg. 55.
[9] Lawlor, 2013, The Pedestrian Pound: The Business Case for Better Streets and Places, pg. 6.
[10] Lawlor, 2013, The Pedestrian Pound: The Business Case for Better Streets and Places, pg. 7.
[11] Lawlor, 2013, The Pedestrian Pound: The Business Case for Better Streets and Places, pg. 17.

scheme can result in footfall increases of 20 to 40%.[12] A review of studies by Newby (1992), Hass-Klau (1993) and the European Federation for Transport and Environment suggests a range of 10% to 25% for retail increased turnover (Whitehead et al. 2006). The authors calculated that retail footfall increased by approximately one third and retail turnover by 17% as a result of improvements to pedestrian access in commercial centres.

5.2 Centre Assessment

Purpose of Place

At present the centre acts as the major hub for retail and services for Cottesloe and Peppermint Grove. This gives it a clearly defined purpose that its users can relate to. The core of the centre is along Napoleon Street and has the greatest activation including shop fronts and popular tenancies such as Vans Café and specialty shops.

As an aged centre, Cottesloe Central (shopping centre) does not currently capture or internalise activity in the broader centre, instead promoting visible connection to Napoleon St. Future redevelopment of this centre should be handled with care and provisions included to ensure a seamless transition for users between the inner and outer components of the broader centre, include The Grove Library site. This will enhance the purpose of place as both a retail and entertainment hub with vibrant active outside areas.

The current centre offerings are targeted toward the local affluent and mature population catchment with a dominant mix of:

- Socialising e.g. café's, restaurants and small bars
- Personal wellbeing and beauty e.g. gyms, cosmetic surgery, up-market sauna
- Comparison luxury goods e.g. clothes and jewellery
- Travel services and goods e.g. travel agencies and sports equipment such as kayaks, SUPs and snow gear
- Convenience goods and services, including up-market offerings e.g. supermarket, pharmacy, bank, wine cellars – notably, the Boat Shed (up-market supermarket with attached wine cellar, seafood and delicatessen/butcher)
- Specialist services e.g. wealth management, architects, high-end residential builders, real-estate agents (selling high-end properties)
- Specialist learning services (top-up) for school age children e.g. core academic and language
- Child physical recreation e.g. ballet/dance, martial arts
- Community services, such as the Grove Library

[12] Hass-Klau, C, 1993, Impact of Pedestrianisation and Traffic Calming on Retailing, Environmental and Transport Planning, Brighton, pg. 30.

Future Opportunities

Future opportunity will be based on building on and expanding its current offering to expand the reasons for people visit the centre. Without a changed value proposition, growth of the centre will be heavily correlated with slow local population growth. Some opportunity exists to link in with the existing train service as well as the beach as an anchor. Increasing either accommodation or residential dwellings in the area would also provide a new purpose of place and expand the local userbase encouraging organic growth of the centre.

There is opportunity to expand the current purpose of place to something more akin to a place that people want to dwell. This may be in competition with the nearby Cottesloe Beach, but may also act in symbiosis giving users a break from those tourist heavy areas. More open space (and relevant urban form and activation improvements) should be provided for people to meet and spend time in the centre, ideally appropriate for families and the aged. Supporting commercial opportunities that can take advantage of these increased dwell times should be facilitated as they become available. Laneways could be improved by activating the space giving users further reason to move through the space.

Access

Current access is predominantly car based as supported up by analysis in previous sections, limited residential density in the walkable catchment. Vehicle access is summarised below:

- To the East of rail: via Stirling Hwy, this is likely to be the major feeder and arterial in the area with traffic lights likely to offer important access points. In addition, Leak St provides an important access point given the lack of other traffic lights adjacent to the centre.
- West of the rail presents accessibility challenges given the barrier but access will predominantly be from Jarrad St via Curtin Ave.

Future Opportunities

The removal of the level crossing is in line with policy and direction from the Public Transport Authority and Department of Transport, and as such, this is likely to present an opportunity to change the local street layout and improve centre accessibility. This should be pursued when relevant.

"Arrival" at the centre could be better signalled through the use of appropriate streetscape, road marking, intersection set-backs (similar to CBD) and road surface treatment. Peak hour traffic flows will be an important consideration given State priorities, but is a design issue that can be accommodated.

Origins

As shown on the connectivity map, origin points are currently well dispersed and encourage users to move into the core of the centre. The small amount of free street parking on Napoleon Street acts as a central place of origin for centre users, particularly during the day when user volumes are lower. It's userbase and flow of traffic encourages passive surveillance and people to utilise and walk down the alleyways. Without this, the street is likely to feel 'empty' and lose the feeling of activation to the detriment of commercial tenancies, as seen in locations such as the High Street mall (versus the Fremantle Café Strip). There is currently no strong

imperative for major changes from a crash perspective with only "Property Damage Only" incidents recorded along the road in the relevant area.

Other larger parking areas are generally on the periphery of the centre, which is ideal for creating activation and passer-by foot traffic for other commercial tenancies. Parking could be improved by removing stand-alone 'village centre' parking located on Station St and the corner of Jarrad and Stirling.

Cottesloe Central remains a problem with origin points at the back of Cottesloe Central funnelling traffic directly into the shopping centre and excluding the rest of the centre, exacerbated by the lack of connection between Cottesloe Central and the rest of the town centre. While necessary from a retail centre point of view, care should be taken to avoid a redeveloped Cottesloe Central to become the dominant parking origin point for pedestrians visiting the broader centre. High quality covered free parking at other points around the periphery of the centre will help balance parking supply.

Future Opportunities

Future opportunities include consolidating the current amount of parking into areas that are likely to flow through commercial tenancies towards anchors should be pursued. Parking should be moved away from directly next to the train station to capture more associated pedestrian movement through the centre to encourage further commercial purchases. While not currently the policy of the PTA, the value of land adjacent to the train station for commercial activation should be considered in conjunction with a reasonable walking distance for park-and-ride patrons.

Exposure

Minimal North-South lanes and passages are appropriate for the centre and adds a degree of "laneway" character. Some of these laneways are activated with integration of commercial frontages (e.g. the covered connection between Napoleon and Station St). Pedestrian connection between The Grove Library and Cottesloe Central and Napoleon St is relatively weak, discouraging users from moving between the separate anchors, effectively internalising activity between these three separate major nodes. There is some channelling from Napoleon St to Cottesloe Central through a small area of streetscape and activated frontage to Cottesloe Central. This is not well reciprocated on the Napoleon St side with poor frontages. The historical building on the northern corner is vacant which would typically be a key strategic site. On the south, build quality and appearance is very poor and does not offer a suitable entry statement to those using this area.

Future Opportunities

Connection over Stirling Highway should be undertaken to improve access between each of the major anchor points with commercial frontages encouraged where possible. Care should be taken to retain Napoleon St as the primary anchor and encourage more attractive uses and street fronts to ensure there is an even balance of anchors to stimulate the flow of pedestrian traffic between them. Existing laneways should be activated before efforts to expand are undertaken so as not to disperse activity further than can be supported.

Destinations

A strong Napoleon Street core is critical to the success of the broader centre. Cottesloe Central currently acts as a strong anchor point for activity but should not dominate to the detriment of other businesses. Activating the Napoleon Street core and ensuring it has sufficient gravity to attract users will naturally stimulate the flow of pedestrians between these points and encourage activation and development opportunities. This, in conjunction with increasing the ease of access between these anchors will offer excellent opportunities for growth and increasing dwell times. Current predominant destinations are centred around Napoleon St, Cottesloe Centre and the train station.

Future Opportunities

New attractions and core anchor tenants in around Napoleon Street will be important to drive more visitation and pedestrian traffic. This could include activated public open space and the development of the centre as an experience. For example; dining, children's activities and temporary attractions (e.g. pop-up markets or kids' entertainment) at key times to engrain visiting the centre into schedules. These will also increase dwell times and improve visitation from a broader catchment.

Control

Local governments can affect change on their own land and guide future private development but cannot control when private land is developed. Influence can be exerted through planning controls and funding for events. Key sites for influence and control include the train station and its parking, corners of Napoleon Street and Stirling Highway, The Grove Library, and Cottesloe Central and associated parking. Beyond these key sites, a key barrier to re-development of the Centre is the availability of large lots suitable for major redevelopment. From this perspective a potential role for Local and State Government authorities is to facilitate the aggregation or provision of large lots, such as those adjacent to the Cottesloe train station, or the aggregation of smaller private lots.

5.3 Summary

It is suggested that the Town of Cottesloe and Shire of Peppermint Grove apply the principles of economic activation in conjunction with other planning principles when considering future development of the Centre. A selection of potential opportunities for improved activation have been developed using the economic activation framework, and include:

- Provide reasons for a wider group of users to visit and dwell in the centre outside of pure commercial uses. In particular-provide activated, comfortable and usable public spaces with adjacent shop fronts. Consider the needs of tourists and the surrounding worker population as well as local residents.
- Provide appropriate pedestrian access across Stirling Highway and effectively connect the Napoleon Street core to other key sites of Cottesloe Central, the Grove Library and Cottesloe Train Station.
- Consolidate parking around the periphery of the centre in a manner that can 'funnel' pedestrian traffic to the Centre's core and take care to maintain balance with Cottesloe Central parking.

- Strengthen key entry statements to the centre, being the corner of Napoleon St and Stirling Hwy, and adjacent to Cottesloe Train Station
- Develop shop frontages along pedestrian passages where-ever possible (e.g. remove parking from in front of commercial premises in the Centre's core).
- Encourage activation events and expand the purpose of place to broader tenancies.
- Support the attraction of a suitable anchor tenant in the West side of the Centre.

6 Future Trends

6.1 Retail and Entertainment Trends

As a predominantly retail and entertainment dominated activity centre, the trends should be considered when planning interventions are made. These trends have the potential to impact the amount and type of floorspace that is ultimately demanded as well as how the centre is utilised. This will affect actions from a regulation and activity centre design point of view, particularly in a high street and laneway style of much of Cottesloe Centre.

TREND - CRITICAL MASS:

Suburban shopping mall expansions across Perth have drastically increased the retail floorspace across the network

DRIVERS

Replacement of the old State Planning Policy 4.2: Metropolitan Centres Policy with the Activity Centres for Perth and Peel policy in 2010 has allowed shopping malls to expand and provide a greater offer to catchment consumers.

Suburban shopping malls need to provide a competitive value proposition to limit the leakage of expenditure from their catchment to online, interstate and internationally.

Deregulation of retail trading hours in 2010.

EXAMPLES

Karrinyup

Westfield CAROUSEL

GARDENCITY

Lakeside Joondalup

TREND - INTERNATIONAL RETAIL:

The last few years has seen an influx of international brands penetrating the Australian market

DRIVERS

Untapped Australian market.

Australian consumers desire goods they can see online but can't experience.

Ability to geoblock products and charge higher prices in the Australian market.

EXAMPLES

ZARA

TOPSHOP

H&M

ALDI

TREND - SMALL RETAIL:

Specialty shops and smaller shop floorplates are becoming more popular

DRIVERS

Smaller stores with more curated selections, and specialty shops with niche products and more knowledgeable staff are predicted to be more competitive than larger stores where products can be harder to find.

EXAMPLES

MECCA COSMETICA vs. DAVID JONES

H&M vs. MYER

TREND - RETAILTAINMENT:

Entertainment as an integral part of the retail experience

DRIVERS

Popularity of online retail channels has resulted in physical retailers needing to provide a retail experience or social experience as a point of difference.

Millennials integrate retail and entertainment as a single social experience.

EXAMPLES

The Mezz, Mt Hawthorn: shopping mall wraps around an outdoor "town square" with a playground, couches, TV screen and live music. Incorporation of virtual reality, coffee shops in retail stores.

TREND - PERSONAL RETAIL:

Consumers are desiring products that can be personalised

DRIVERS

Consumers are going shopping with a strong idea of what they want, rather than shopping to see if what is available fits their needs. They want to find a product that reflects their personal brand, and is tailored to their needs rather than generic and mass-produced.

EXAMPLES

Shoes of Prey Etsy

REDBUBBLE

TREND - FAST RETAIL:

Business models comprised of virtual stores accessible from anywhere and fast distribution networks

DRIVERS

Technology has enabled consumers to decide when, how and where to shop. No longer beholden to opening times or physical geography, consumer desires rather than retailers are driving consumption.

EXAMPLES

Australian customers to ASOS in the UK provides access to hundreds of global brands and low threshold free shipping, delivered within 5 working days to metropolitan locations (standard)

ASOS discover fashion online

TREND - SUBSCRIPTION RETAIL:

Keep customers loyal to a brand/distributor

DRIVERS

Retailers need a business model to "lock-in" customers to increase the threshold of switching brands.

EXAMPLES

Amazon Prime in the US allows free delivery of a large range of goods for a yearly fee of $99. Shipping times vary from 2-hour, same day, to 2-day options.

amazon Prime COSTCO WHOLESALE

TREND - OMNICHANNEL RETAIL:

DRIVERS

Emergence of digital marketing across a range of devices, platforms and applications has provided multiple channels for retailers to market their products. Physical stores need an online presence to be competitive, as consumers may shop using both means at different times.

EXAMPLES

Kathmandu POTTERY BARN

Target.

TREND - "CONSCIOUS" RETAIL:

Ethical, sustainable, local

DRIVERS

Many consumers have made a lifestyle choice to have a smaller global footprint, support brands which provide better conditions for factory workers in developing countries, or support local products. They are willing to pay a premium for these products if they are of sufficient quality, and of the brand aligns with their personal brand promoted on social media.

EXAMPLES

Suburban farmers markets
Ethical fashion lines within popular brands (e.g. ASOS)
Sustainable fabrics/materials (e.g. bamboo, organic cotton, vegan leather)

TREND - DATA RETAIL:

"Big data" is being used as to continually monitor and respond to changing customer desires, shortening the product cycle

DRIVERS

Collecting and analysing data on retail sales is being used to inform all parts of the retail sale process, from supply to chain to understanding customer satisfaction with their purchase. Retailers who don't use data to inform their decisions are much less likely to understand their customer preferences or forecast demand, and may find difficulty in remaining competitive with those that do.

EXAMPLES

patagonia
JUSTFAB™

TREND - MOBILE DEVICES:

Accessing retail via mobile devices, and integrating mobile devices into the retail experience

DRIVERS

Mobile devices provide unprecedented 24/7 access to retail offerings. The vast majority of mobile phones are smartphones, with internet access. Tablets and other mobile devices can also be used to access retail offerings.

EXAMPLES

Checking stock levels online prior to a retail trip
Using a mobile device to scan QR codes in a retail shop
Ordering retail products using a mobile device

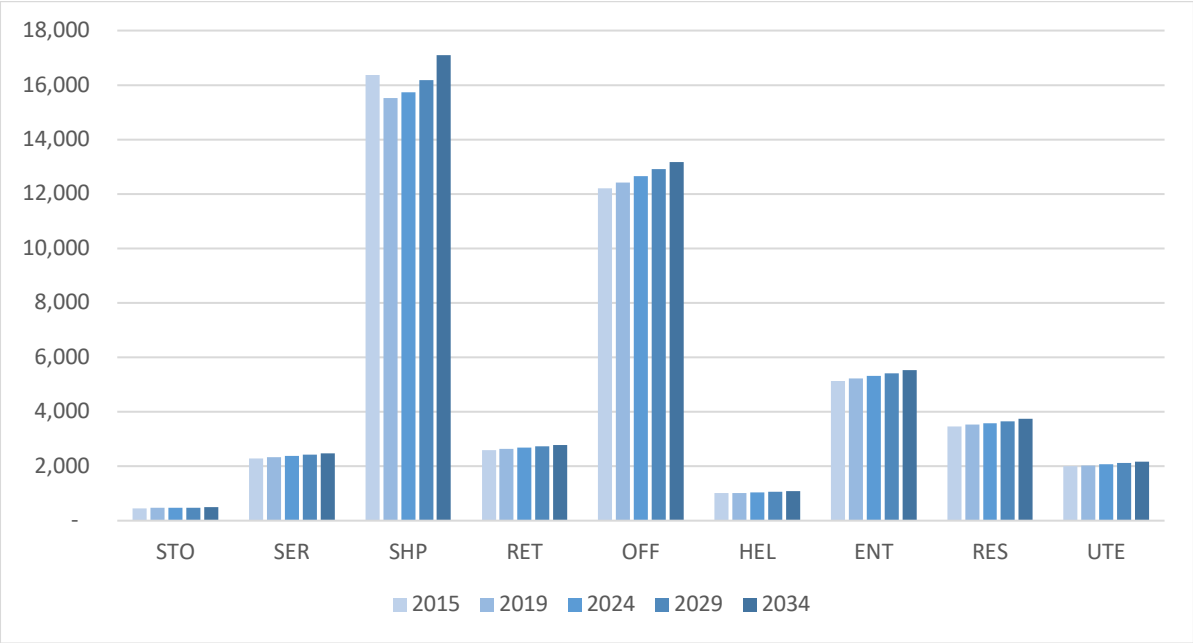
Sources: http://www.smartcompany.com.au/industries/retail/top-five-retail-trends-watch-2017/; https://www.rangeme.com/blog/6-trends-that-will-reinvent-retail-in-2017/; https://www.appearhere.co.uk/inspire/blog/the-retail-trends-with-staying-power; http://digitalmainstreet.ca/retail-trends-10-experts-share-their-predictions-for-2017/; https://www.vendhq.com/au/university/retail-trends-and-predictions-2017; https://www.digitalpulse.pwc.com.au/retail-trends-2017-paul-zahra/; https://www.forbes.com/sites/bernardmarr/2015/11/10/big-data-a-game-changer-in-the-retail-sector/#63dc4fbd9f37

6.2 Commercial Floorspace Demand (Retail Gravity Model)

This section identifies commercial floorspace demand under a business-as-usual baseline growth scenario using the WA Tomorrow 'Band-C' population projections. This reflects population growth only and does not incorporate any specific investment and policies that the Town of Cottesloe and Shire of Peppermint Grove might enact to stimulate growth. Under this scenario, population in the surrounding area[13] increases by 10% between 2019 and 2034, equivalent to rate of 0.7% per annum.

Figure 17 shows the growth in floorspace demand from its 2015 level recorded in the Land Use and Employment Survey through to the calculated demand based on population and retail modelling.

Figure 17. Business-as-usual floorspace demand



STO – Storage and Distribution, SER – Service Industry, SHP – Shop/Retail, RET – Other Retail, OFF – Office/Business, HEL – Health/Welfare/Community Services, ENT – Entertainment/Recreational/Cultural, RES – Residential and Accommodation, UTE – Utilities/Communications[14]

Source: Pracsys 2019, Land Use and Employment Survey 2015

It estimated that the Centre currently attracts approximately $128 million in total retail expenditure per year, compared to Claremont, for example, which is estimated to attract $186 million. The results of the modelling indicate that, given expenditure patterns and other centres in the region, retail is currently oversupplied[15] by some 1,000m^2 or some 6%. This result is backed by an observed increase in vacancy rates based on a centre audit. Expected increases in population and retail spending are expected to gradually increase the demand for floorspace with total occupied floorspace expected to increase from the current 45,500m^2 to 49,000m^2 by 2034, however it should be noted that major expansions in surrounding centres will impact this result.

[13] Includes Town of Cottesloe, Shire of Peppermint Grove and Town of Mosman Park based as required by the nature of the data provided by WA Tomorrow
[14] Department of Planning, Lands and Heritage (2017)
[15] Based on a floorspace productivity assumption of $7,500/m^2

Given the results, without any interventions it is expected that demanded floorspace will be relatively stagnant. This will limit the demand for commercial and retail redevelopment and, combined with the expansion of adjacent centres, will likely result in increased vacancy rates and a slow decline of the performance and of the centre.

6.3 Alternative Floorspace Development

While demand for floorspace under a business-as-usual scenario is relatively muted, should the City of Cottesloe and Shire of Peppermint Grove pursue redevelopment opportunities and residential infill it is expected that demand for floorspace would significantly increase. Some of the potential targets for non-residential and non-retail uses considered for Cottesloe Town Centre could include:

- Tourism developments (e.g. hotels or serviced apartments)
- Medical and therapeutics
- Education
- Financial and business administration (with a business-to-business focus)

A review of employment data shows that these industries are already present in and around the Centre to some degree, with over 200 people employed in health and medical services, and approximately 380 people working across the selected industries.

The potential for expansion of each of these uses is further assessed under the following four categories:

- Economic prerequisites
- Infrastructure requirements
- Transport connections
- Urban and physical form requirements

Figure 18. Key considerations for industry growth

Land Use	Key Considerations			
	Economic	Infrastructure	Transport	Urban and Physical Form
Tourism Development	No agglomeration required. Hotels can stand alone and are supported by other demand generators. Best supported through a vibrant retail and entertainment and links to key surrounding attractions (e.g. Cottesloe Beach).	Pedestrian friendly links to the centre – current train station design is an impediment. IT and fast broadband to support visitors, events and conferences.	Train link likely an advantage for easy access to the City and Airport. Pedestrian links to beach and restaurant and shopping precincts.	Likely to be custom built / iconic. Need a relatively large lot size to support multiple dwellings needed to sustain a successful operation.

Medical and Therapeutics	The area's demographics and income profile supports growth of the sector subject to surrounding competing offerings. Smaller medical developments tend to co-locate with other medical establishments to obtain economies of scale. Current trend is toward mega-clinics which service all needs including pharmacies, dental, GP, pathology and medical imaging.	Parking (users are unlikely to take public transport). High quality internet to support GP clinics as they increasingly become more digitally focused.	Unlikely to use the train or bus. Adequate parking is important.	Ground or second floor premises suitable for medical facilities. Signage and other wayfinding will be necessary to indicate where they are located. Access to Stirling Hwy and high levels of passing traffic beneficial. Larger lots likely to be needed.
Education Specialists	Centre is ideally located in relation to surrounding public (primary) and private schools, and high income demographic profile.	High-quality internet is becoming more important. Larger facilities are likely to require access to usable open space.	Although public transport usage should be encouraged it is not current trend in the area. The centre will benefit from coordinating transport with surrounding schools.	For smaller providers upper floors are suitable, however signage/exposure is necessary. Larger facilities may result in congestions depending on number of students entering and exiting buildings and as such may necessitate extra access requirements.
Financial and Business Administration	Agglomeration of opportunities preferred with professional services often located near each other and major clients. Co-location assists business connections that benefit both (or multiple) firms	High quality broadband to facilitate file transfers and other productivity measures	Parking necessary, some use of public transport likely but based on current usage patterns, unlikely to be significant	Upper floors suitable, some signage necessary. Small lots possible, with flexibility in spaces useful for attracting tenants.

7 Vision and Possible Interventions

Before deciding on appropriate interventions for the centre, a clear picture or vision of the future (and relevant goals) must be established. Possible futures for the centre are varied and require different levels of investment, commitment and time, and ultimately, they will depend on what the local authorities and residents want to achieve with the centre. Possible futures or individual components of futures could include:

- Improved diversity of floorspace and tenancies appealing to a broader range of residents and visitors
- Higher levels of strategic employment and broader industries of employment
- Greater use of the centre as a community asset
- Greater use of the centre as an event location and gathering place for people of all ages

The following table outlines potential interventions depending on example goals for the centre.

Figure 19. Potential interventions

Future Goal	Potential Interventions
Greater diversity and quantum of floorspace and expansion of centre under existing use	• Increase catchment size through increased residential density (e.g. medium rise in the area) • Increase catchment appeal through improving links to tourism anchors • Encourage multiple reasons for people to visit the activity centre through activation strategies and improved centre design with ample public open space • Increase connectivity between key tenancies to improve the flow of people through the activity centre, increasing exposure • Reduce barriers between segments of the activity centre e.g. Napoleon Street and Cottesloe Central • Increase level and quality of public open space and community gathering places to support activation and extended use of the activity centre
Higher levels of Strategic employment and broader industries of employment	• Identify unique comparative advantage of the centre and appeal to business • Business location preference survey to identify why current industries locate where they do • Business prospective and business attraction strategy to identify and attract target industries
Greater use of the centre as a community asset and gathering place	• Increase proportion of community use assets in the area including, for example, event spaces, childcare or crèche facilities, end of trip facilities for workers and activated play or sports spaces • Increase connectivity and exposure through the centre and improve public open space to encourage greater dwell times and further multipurpose trips where users are encouraged to explore the entirety of the centre

Greater use of the centre as an event location and gathering place for people of all ages	• Identify appropriate events for target demographics • Include local businesses as a core component of event planning to ensure they are beneficiaries (rather than external businesses) • Highlight the centres existing strengths such as small bars laneway and high-street character and providers of fine food and wine as an example

In addition to the above, local government can have a core role in utilising its position as a landholder or utilising its funding to test the market and de-risk private sector investment for the good of the community. This could include an assessment of demand from local business (expansions) or identifying and assessing demand from new businesses. This could also occur through the local government developing office space (or any type it wishes to test) to test the market and provide evidence that there is latent demand for this type of floorspace. Similarly, there may be a role for local government in aggregating lots to address a specific constraint in lot sizes that may inhibit development of some more aspirational projects.

These potential interventions can be built upon to assist in moving the activity centre toward an increased role for the community and provider of employment opportunities. With a greater role in the community it will necessitate the increase in the levels of floorspace above what is currently projected to be required. This in turn will result in a positive feedback loop in which the increase in use promotes ever increasing visitation by the local and wider population, including tourists, creating more demand and vibrancy within the centre. These high-level interventions will improve the function of the centre, but must be guided by a defined desired future for the centre. Following this, more detailed interventions can be specified.

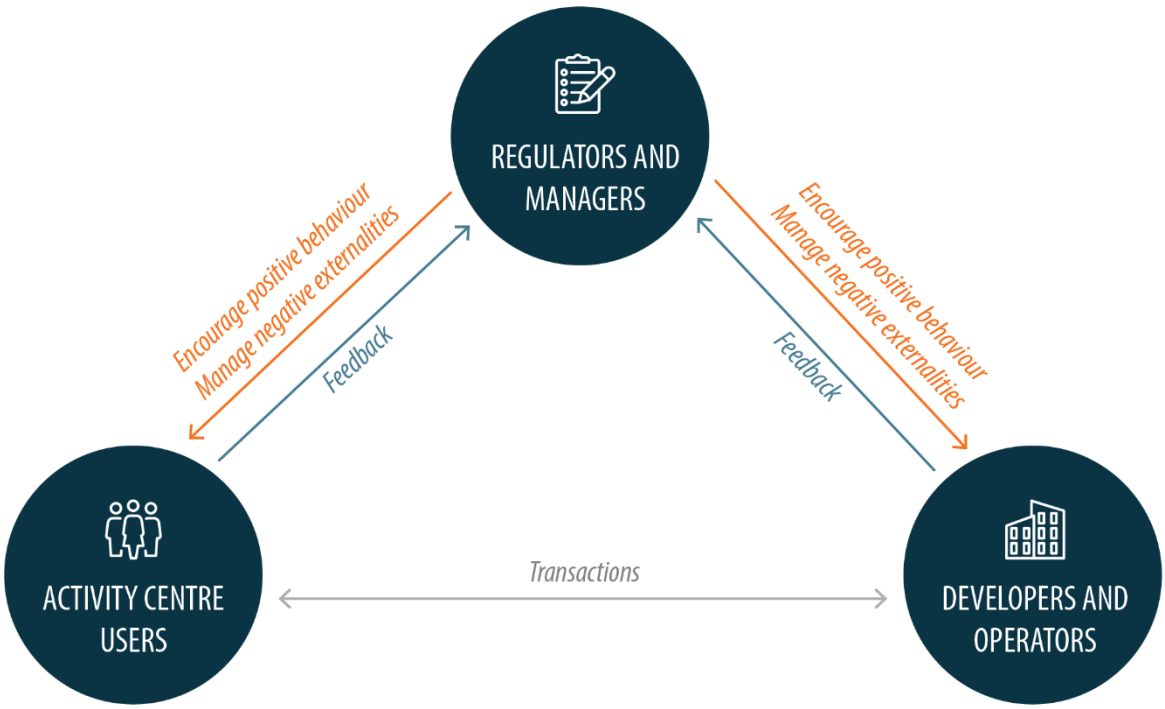
Appendix A: Activity Centre Strategy

Any strategy to reimagine the function, scale or use of the Cottesloe Centre should respond to the 'felt needs' of the user groups it is catering for. To develop a strategy, the current and future user groups must first be defined. User groups typically fall into three different categories, namely:

- Activity centre users;
- Enterprise developers/operators (and the workers); and
- Regulators/managers.

Decisions are made to benefit one or more of the user groups in the context of an overarching strategy vision that will be informed by the current background review process. Figure 20 illustrates the interactions of these three groups in the context of the integrated local plan.

Figure 20. User group interactions



The integrated local plan will work to benefit all three of these user groups. Understanding the drivers of user behaviour is an excellent starting point for developing a vision for the activity centre. Notably in this framework of behaviour, regulators and managers (e.g. State and Local government and other authorities) can only encourage or influence certain behaviours, rather than control them. Ultimately the market and centre users will decide what activity is viable for the centre, with regulators and managers able to exert influence toward a desired approach. It is therefore paramount that the centre vision and planning framework represents a vision that is aligned with the desired outcomes of users and employment providers.

The following sections outline the context in which the Cottesloe Centre operates from a local resident perspective (as the most prominent userbase), a developers and operator perspective, and finally from an activity centre performance perspective (representing what regulators and managers can monitor and influence).

Drivers

Businesses can broadly be defined as population-driven and non-population-driven. Population-driven businesses typically meet the needs of a well-defined local catchment. Conversely, non-population-driven businesses typically target external export markets and/or meet the needs of other businesses. Changes in floorspace are ultimately decided by the market and will respond to a number of drivers. For the make-up of the centre to change, there is a requirement for a change in the drivers for floorspace which can come from either users, workers or the local authority. Figure 21 and Figure 22 illustrate this point.

Figure 21. Example demand drivers for population-driven businesses

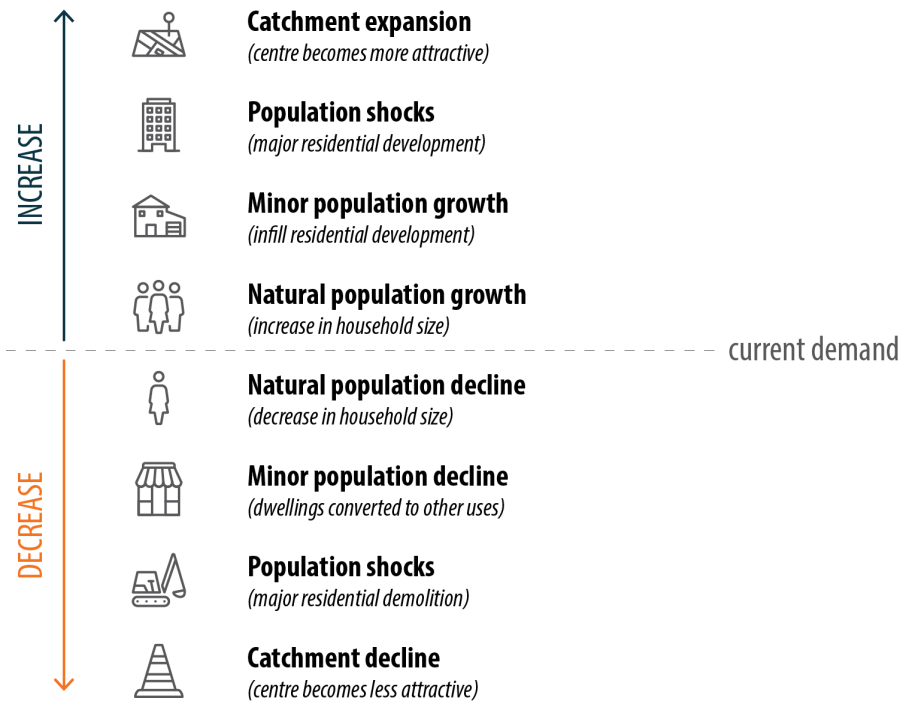
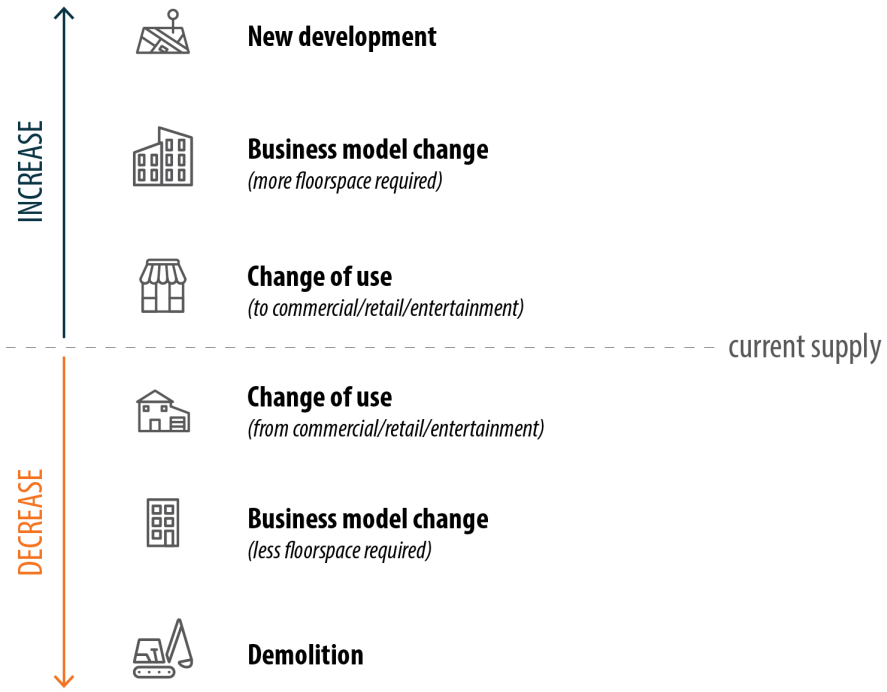


Figure 22. Example supply drivers for population-driven businesses



A change in any of the above characteristics will promote a change in floorspace and interest from the market for redevelopment. For example, on the demand side, an increase in the level of density surrounding the centre increases the effective userbase and proportion of expenditure that is likely to be directed and captured by the centre, this will provoke a competitive response from developers in which investment will be made to capture this extra expenditure pool.

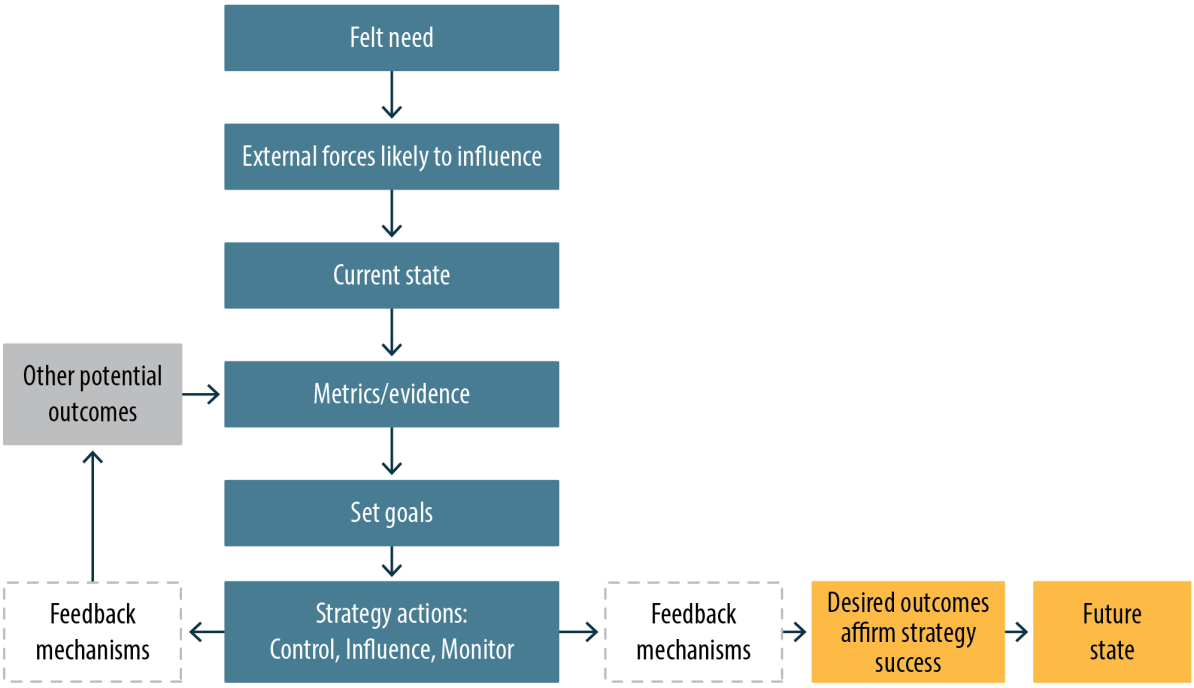
Similarly, a change in the urban fabric (on the supply side) that makes the centre more attractive will increase the catchment of the centre. This could, for example, be improved streetscaping or connectivity, activation and event strategies within the centre or improved connection to the local tourism areas. This will provoke a similar competitive response from developers wishing to take advantage of the extra expenditure pool.

When considering non-population-driven employment, these drivers are largely exogenous to changes in these drivers and principally rely on the individual decisions of businesses. Changes in non-population-driven employment can be affected through promoting the unique advantages of the area to business, encouraging business collaboration and other business friendly policies. Typical considerations include travel time to the CBD (to access clients), travel time to work for employees and the cost of the premises.

Strategy Framework

The framework used to develop the evidence base to support any actions within the Cottesloe Centre is shown in Figure 23. The framework shows that the first requirement for change in an activity centre is a change in the felt need. In this case the Town of Cottesloe and Shire of Peppermint Grove have identified that the Town Centre can be improved to better serve local residents and attract business growth. Once felt need has been established, relevant trends that may affect floorspace should be identified and an assessment of the current state made. The assessment of the current state lends itself to the development of an evidence base from which to make future decisions. At this point, a vision and series of goals for the centre should be made, questions around "what should the centre function as?", "who should it serve?" and "what are we trying to achieve?" should be asked. Upon this being agreed, a series of interventions and strategy actions can be designed. These actions can then be assessed under the framework shown below.

Figure 23. Strategy framework



Appendix B: Six Principles of Economic Activation

From a centre design and ongoing management perspective, there are certain economic activation principles that can be implemented to ensure that the place is as user-friendly as possible, maximising the number and length of visits, which is critical to developing a sense of activation and ensuring the viability of local businesses.

Economic activation is defined as the frequency and concentration of social and economic transactions carried out by the diverse user groups of a place. A successful place must respond to the current and potential future needs of its users and provide an environment that both attracts and retains people.

Six principles of economic or place activation have been developed as a framework to apply to urban renewal projects. These principles are described below:

Figure 24. Summary of the Six Principles of Economic Activation

Principle	Summary
1. Purpose of Place	• Address the question – what does this place represent to its target user population (residents, workers, visitors)? • Successful places usually emanate from a single point, so establish a core precinct and ensure that the periphery follows in a complementary manner • Send signals to fringe area land owners and tenants to enable collaboration • Enhance land economics by using design to maximise frequency and concentration of transactions
2. Access – Arrival Points	• Decisions about access begin 5km from the place • Do not allow transport networks to bypass the place – ensure the design funnels people and traffic into the core • Congestion and a mix of transport nodes is good • Arrive at the ''front door' of the place, not around the back

3. Origins – Car Parking and Transport Nodes	• Parking is the driver of pedestrian movement
	• Strategic distribution of car parks and transport nodes will maximise pedestrian movement
	  ○ Location is more important than numbers
	  ○ Space the car parks around the periphery of centre
	• Street parking is important (for commercial areas)
	  ○ Charge no fees
	  ○ Relax time limits

4. Exposure – Pedestrian Movement	• Economic activation is driven by the frequency and concentration of transactions
	• Channel movements
	  ○ Concentrate transactions by pushing people past as many shop windows as possible
	  ○ Rents and sales are directly related to pedestrian traffic (e.g.: Butcher will pay three-times the rent to be at supermarket entry)
	• Minimise possible routes from origin to destination points (e.g.: car park to main attraction) as architectural "permeability" is not always a good thing

5. Destinations – Major attractions	• Identify main destination – what will bring users into the core?
	• Assess user behaviour
	  ○ Number of visits
	  ○ Timing of visits (time of day, seasonality)
	• Give major destinations special treatment
	  ○ Understand what they need
	  ○ Build centre around them
	• Amplify the impact of attractions by creating support amenity and infrastructure to maximise frequency, length of stay and expenditure

6. Control – Strategic Sites	• Tenure control is vital for overall development success – determine which sites (supporting what uses) must stay in public ownership • Identify active frontages and take control of key sites • Corner sites drive uses on either side • Not all areas in a place need to be active – be selective • Have a plan and stick to it

Figure 25 below provides a top down view of the current activity centre with origin and access points identified.

Figure 25. Connectivity map

Appendix C: Glossary

Activity Centre Users -the people present at an activity centre at any point in time constitute the 'users' of the activity centre. The users can be broadly characterised as residents, visitors or local workers. The population and expenditure base of each group forms the economic base of the place and drives the commercial vitality of office and retail tenants.

Centralised Employment - Employment occurring within activity centres

Comparative Advantage - a location has a comparative advantage over another if, in producing a good or service, it can do so at a relatively lower opportunity cost in terms of the forgone alternatives that could be produced.

Comparison Retail - refers to retail goods for which the volume of goods and the number of transactions are generally lower, occur less frequently and have a higher cost both in terms of the value of goods purchased and the search costs involved. Examples of comparison retail goods include electronics and furniture.

Consumer Services (CS) - lower productivity activities oriented towards servicing a consumer population. Examples include retail, restaurants and hospitality, population-oriented civic services, etc.

Convenience Retail - refers to retail goods for which the volume of goods and number of transactions are generally higher, occur more frequently and have a lower costs both in terms of the value of goods purchased and the search costs involved. Examples of convenience retail goods include fuel and groceries.

Decentralised Employment - Employment occurring outside of activity centres

Developers/Operators - the enterprises responsible for all aspects of Activity Centre development, from design and construction through to leasing, management and marketing.

Employment Self-Containment (ESC) – is the proportion of jobs located in a geographic area that are occupied by residents of the same area, relative to the total number of working residents of that area.

Employment Self-Sufficiency (ESS) – is the proportion of jobs located in a geographic area (region, corridor, local government) relative to the residents in that same area who are employed in the workforce. For example, if the area has 1,000 employed residents and 450 local jobs available, the employment self-sufficiency rate is 45%.

Entertainment – refers to a range of entertainment, recreation and cultural products that are sold directly to consumers. Central to the definition of entertainment is not only the purpose of the product but how it is consumed. Entertainment refers to entertaining goods and services consumed in the public realm. Examples of entertainment products include, bars and clubs, cinemas, museums and art galleries.

Export Oriented - activity directly involved in the creation of goods and services that are exported outside of the greater region (intrastate, interstate or internationally).

High Knowledge Industries/Jobs – a job or industry with high intellectual input including education, skills, experience and technology.

Knowledge-based economy - "The knowledge based economy" is an expression coined to describe trends in advanced economies towards greater dependence on knowledge, information and high skill levels, and the increasing need for ready access to all of these by the business and public sectors.[16]

Knowledge-intensive consumer services (KICS) - provide high-productivity activity oriented towards a consumer population. Education and healthcare activity oriented towards servicing a local population fall into this category.

Knowledge-intensive producer services (KIPS) - high-productivity business-to-business activity that directly facilitates the export oriented activity (i.e. professional services, logistics, suppliers, etc).

Population-driven Industries/Jobs – industries or jobs directly related to servicing the needs of a specific catchment population. Consumer services, producers services and knowledge intensive consumers are collectively referred to as population-driven.

Producer services (PS) - characterised by lower productivity activity that is oriented towards business customers. Haulage of raw materials and administrative support fall into this category.

Regulators/Managers - the enterprises responsible for all aspects of Activity Centre regulation.

Strategic employment - strategic employment results from economic activity focused on the creation and transfer of goods and services to an external market. Employment resulting from this activity may be distinct, in industries where there is little or no local demand (e.g. iron ore/uranium mining), or in the same industries as population-driven activity but with a different focus (e.g. manufacture of food/wine, higher education). The presence of significant levels of strategic employment within a local economy is critical to the long-term prosperity and resilience of the economy.

Urban quality - the attractiveness of the urban environment. This can be quantified as the amount of attractive features and unattractive features in a given spatial area.

[16] OECD, 2005, "The Measurement of Scientific and Technological Activities: Guidelines for Collecting and Interpreting Innovation Data: Oslo Manual, Third Edition" prepared by the Working Party of National Experts on Scientific and Technology Indicators, OECD, Paris, para.