



Frankston MAC Structure Plan: Economic Assessment and Land Use Capacity

City of Frankston

11 | 08 | 2022





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Executive summary

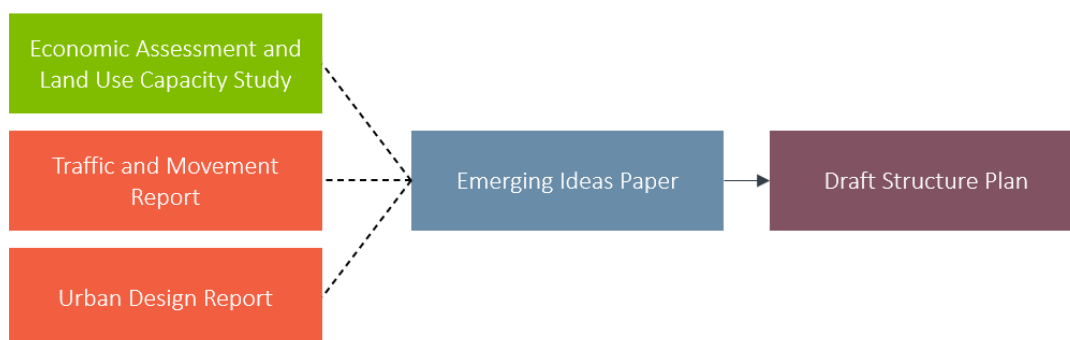
In November 2021, SGS was commissioned to provide an update to the Economic Assessment and Land Use Capacity study to help build the evidence for the Frankston Metropolitan Activity Centre Structure Plan (FMAC SP) for Frankston City Council (Council). This work was carried out in conjunction with a Traffic and Movement Report, and Urban Design Report.

Council's current Structure Plan – adopted in 2015 – aims to identify the best land uses across the six key precincts within the City Centre. While it was a 20-year plan, it is necessary to update these numbers, given developments to date and changing macro-economic factors brought about in part by COVID-19 and a change in working patterns.

This economic assessment considers the impact of these broader economic shifts and update the evidence base accordingly to support a revised Structure Plan.

This economic assessment was run in parallel with workstreams considering town planning, urban design, and traffic/movement. All three streams were engaged together to present a holistic, integrated and robust evidence base that supports the updated Structure Plan.

FIGURE A: FMAC SP DEVELOPMENT PROCESS AND ROLE OF ECONOMIC ASSESSMENT



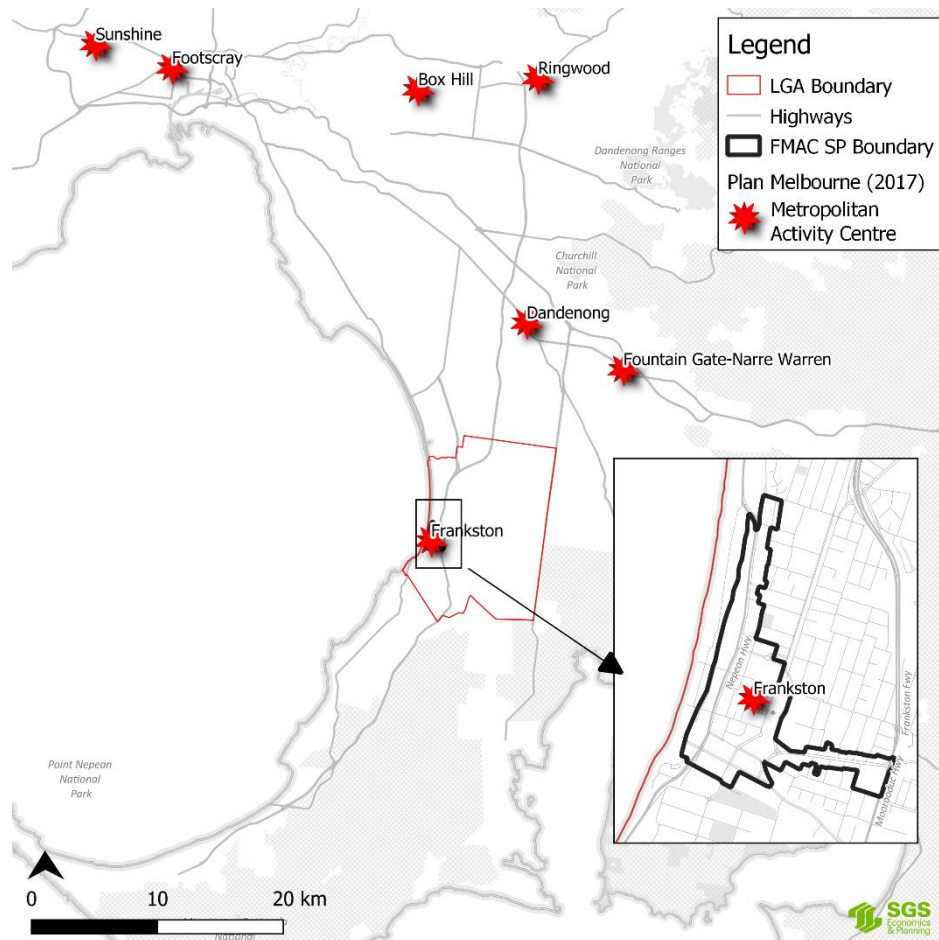
Source: SGS Economics and Planning (2022)

1.1 Project study area

Frankston MAC is located in the City of Frankston LGA, 40 km south east of Melbourne CBD. Further south is the Mornington Peninsula.

The Centre is linked by both strategic road and rail infrastructure to metropolitan Melbourne and the Mornington Peninsula. This includes EastLink, the Frankston Freeway, Moorooduc Highway, Peninsula Link and the Nepean Highway. The Frankston rail line connect the FMAC to metropolitan Melbourne and other bayside and south eastern Melbourne suburbs.

FIGURE B: FRANKSTON SP REGIONAL CONTEXT



Source: SGS Economics and Planning (2022)

The Study Area comprises 6 precincts within the FMAC. They span the retail and commercial centres, as well as two gateway precincts along Nepean Highway and Cranbourne Road.

The precincts broadly correspond to land uses and are bound by strategic road and rail infrastructure. These are similar to the Precincts identified in the 2015, with one difference being Precinct 4 to encompass waterfront properties that are bayside and along Kananook Creek.

FIGURE C: FRANKSTON MAC STUDY AREA



Source: SGS Economics and Planning (2022)

The study first conducted a review of relevant local policy and strategic documents, along with an analysis of both demographic and economic indicators. These are summarised in the table below

TABLE B: BACKGROUND INDICATOR REVIEW

Category	Indicator	Source
Policy Review	Plan Melbourne (2017)	Publicly available/ Frankston Council
	Melbourne Industrial and Commercial Land Use Plan (MICLUP) (2020)	
	Southern Metro Land Use Framework Plan (LUFP) (2021)	
	The Frankston Metropolitan Activity Centre Structure Plan (2015)	
	Stage 1 Setting the Scene: Research and Insights (June 2021)	

Category	Indicator	Source
	Draft Frankston Structure Plan Refresh Economic Assessment (June 2021)	
	The Draft Frankston Revitalisation Action Plan (2021)	
	FMAC Illustrative Guidelines (May 2018)	
	Frankston Planning Scheme Amendment C124 Panel Report (16 May 2018)	
	Frankston City Council Urban Forest Action Plan (2020 – 2040)	
	Kananook Creek Corridor Management Plan (2009)	
Demographic and Economic Context	Number of dwellings	ABS Census 2016
	Dwelling tenure	
	Dwelling size (number of bedrooms)	
	Dwelling suitability	
	FMAC, LGA and Melbourne employment change, 1996-2016	ABS Labour Force Survey, SALUP
	Impacts of COVID - output by industry YoY 2021	REMPPLAN
	Impacts of COVID - Victorian net internal migration 2020-21	ABS Regional Population

Source: SGS Economics and Planning (2022)

These indicators were analysed and revealed four major findings that will help to inform the policy recommendations of the report.

TABLE C: STUDY IMPLICATIONS

Finding	Discussion	Implication
Policy support for a comprehensive redevelopment of the FMAC	Frankston's designation as a MAC means that it is a major centre for services and retail, and should accommodate projected demand for commercial floorspace. Frankston has the potential and support to capitalise on its location to the wider peninsula, but also become a destination in its own right. This will need to be done through changing people's perceptions and improving the public realm.	There is support to comprehensively develop the Frankston MAC to achieve these economic objectives.
Growing and evolving population	The Frankston MAC is seeing more developments of apartments, and the population is becoming more diverse, with a wider variety of single-person households and couples without children.	A wider variety of housing, particularly higher density housing, will be needed to house various groups in the FMAC.

Finding	Discussion	Implication
Changing economic structure	The economy of Frankston, similar to that of wider Melbourne, is changing. This has involved a shift from traditional manufacturing to the service sector and health care. Health care, professional services and office work will become more significant in the future. Retail, while not growing in absolute numbers, will still be significant, and will likely transform to include other uses in the existing shopping centres.	There should be a focus on growing sectors, such as healthcare and professional services, along with a renewed approach at the retail centre with the aim to diversify uses and activate streets for offices, housing and retail in a vibrant mixed-use centre.
Short and potential lasting impacts of Covid	COVID-19 meant that people left Melbourne to wider regional areas. Frankston has the potential to act as a meeting place and a hub for offices and shopping, particularly those in the Mornington Peninsula.	Explore the possibilities of flexible office floorspace, and look at strategic sites that can deliver housing and improved street activation.

Source: SGS Economics and Planning (2022)

Guided by the implications of the preceding section, the study then conducted:

- A profile of the FMAC, including the existing land uses present by precinct
- An analysis of development capacity informed by pipeline supply and commentary on feasibility

Further details on the methodology for assessing demand and capacity are provided in Appendices A and B.

There is sufficient potential employment floorspace and housing capacity to meet demand to 2041, however greater interventions must be made to ensure that Frankston can capitalise on opportunities to become an enhanced Gateway to the peninsula and a destination for housing and employment.

In order to meet these objectives, three recommendations have been produced for this study.

TABLE D: RECOMMENDATIONS FOR THE FMAC

#	Concept	Discussion	Recommendation
1	Stimulate economic investment in the FMAC	<p>There is additional demand for office floorspace, coupled with the need for short term offices in a desirable location.</p> <p>Work on catalyst sites to deliver flexible office floorspace and enhance the attractiveness of the FMAC to appeal to office workers.</p>	<ul style="list-style-type: none"> ▪ 1.1 – leverage the broader employment opportunities from Health and Education ▪ 1.2 – grow and consolidate the public service precincts ▪ 1.3 – advocate/attract major new head office or government departments

#	Concept	Discussion	Recommendation
2	Provide the right housing	<p>There is sufficient capacity to deliver more housing, the key will be to deliver a wide variety of dense, attractive housing, combined with other initiatives to encourage liveability.</p> <p>Continue to enhance the built environment, deliver a mix of jobs and retail/leisure opportunities to the FMAC, and continue to engage with developers through the delivery of housing as part of mixed-use sites.</p>	<ul style="list-style-type: none"> 2.1 – support good quality high density development within the centre core 2.2 - increase capacity and encourage development for mid-scale housing (townhouses, larger apartments) 2.3 – ensure residential development does not crowd out employment, particularly at ground floor 2.4 – establish affordable housing contribution scheme
3	Capture the evolution of retail	Encourage the redevelopment of the retail offer in Frankston town centre, focussing on a mix of uses, small businesses and street activation.	<ul style="list-style-type: none"> 3.1 – create an environment and attract more unique and experienced based retail 3.2 – support development for small scale/co-working office employment and flexible floorspace

Source: SGS Economics and Planning (2022)

Nine “strategic sites” were considered through the lens of the factors of economic success and the across three development horizons. These recommendations are summarised in the table below.

TABLE E: STRATEGIC SITE RECOMMENDATIONS

#	Strategic Site	Recommendation	
1.	Frankston House	Develop (0-10 years)	Work with developers to deliver a mixed use ground floor which helps to activate the surrounding streets and Kananook Creek Promenade with housing above, but deliver this at a later date.
2.	Keys Street Toilet, 5-7 Keys Street	Assemble (0-5 years)	Sell the site to an adjoining landowner with a part of Wells Lane to increase the site area. The larger site would be suitable for mixed use ground floor with housing above and can be actioned quickly.
3.	Ambassador Apartments, 325 Nepean Highway	Strategise (10+ years)	Development of the site with ground floor commercial and retail and housing above would help to improve many economic success factors in the Nepean Highway Precinct.

#	Strategic Site	Recommendation	
4.	Sherlock and Hay (Council Car Park), 79R – 83R Young Street, 59 Playne Street (Mialls Gunshop)	Assemble and Develop (0-10 years)	Purchase 59 Playne St and develop the site into new Civic Centre with leasable floors and spaces for external business which also enables Council to pursue opportunities at sites 6 and 8.
5.	Mackie Land, 9-15 Cranbourne Road	Develop (0-10 years)	Development of the site with ground floor commercial and retail opportunities would help to improve many economic success factors such as quality of place, critical mass and collaboration in the Cranbourne Road Precinct.
6.	Arts Centre Precinct	Assemble and Develop (0-10 years)	Expand the Arts Centre through purchasing additional properties to help establish Frankston as a regional hub for arts, entertainment and culture with commercial and retail leasing opportunities to add to the vibrancy of the precinct.
7.	Sofia's Frankston, 5N Pier Promenade	Develop (0-10 years)	Upgrade the area to establish quality public space and attract businesses to occupy the space as a restaurant or café.
8.	Civic Centre, 30 Davey Street	Assemble (0-5 years)	Enable site to be developed either through joint venture or selling with permits for a mixed use development.
9.	Power Centre	Strategise (10+ years)	Consider development and future of this site at a later date. Redevelopment and activation opportunities should be focused within the FMAC.

Source: SGS 2022

1. Introduction

1.2 Project background and scope

In November 2021, SGS was commissioned to provide an update to the Economic Assessment and Land Use Capacity study to help build the evidence for the Frankston Metropolitan Activity Centre Structure Plan (FMAC SP) for Frankston City Council (Council). This work was carried out in conjunction with a Traffic and Movement Report, and Urban Design Report.

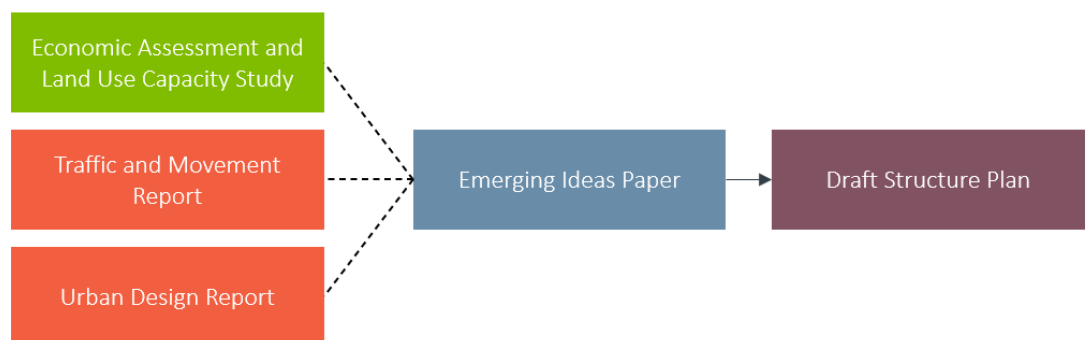
Frankston carries multiple advantages in terms of lifestyle, urban quality, links to the Mornington Peninsula, links to central Melbourne and community cohesion. Yet, to a significant extent, this inherent potential remains somewhat dormant.

Council's current Structure Plan – adopted in 2015 – aims to identify the best land uses across the six key precincts within the City Centre. While it was a 20-year plan, it is necessary to update these numbers, given developments to date and changing macro-economic factors brought about in part by COVID-19 and a change in working patterns.

This economic assessment considers the impact of these broader economic shifts and update the evidence base accordingly to support a revised Structure Plan. At its core, it will need to provide the data to translate policy controls into potential capacity and discuss how these align and support economic needs for the centre and surrounding community. This will need to be clearly communicated, so it can be understood by the community, and robust, so it can ultimately stand up at a panel if required.

In addition, this economic assessment will run in parallel with workstreams considering town planning/urban design and traffic/movement. All three streams were engaged together to present a holistic, integrated and robust evidence base that supports the updated Structure Plan.

FIGURE 1 FMAC SP DEVELOPMENT PROCESS AND ROLE OF ECONOMIC ASSESSMENT



Source: SGS Economics and Planning (2022)

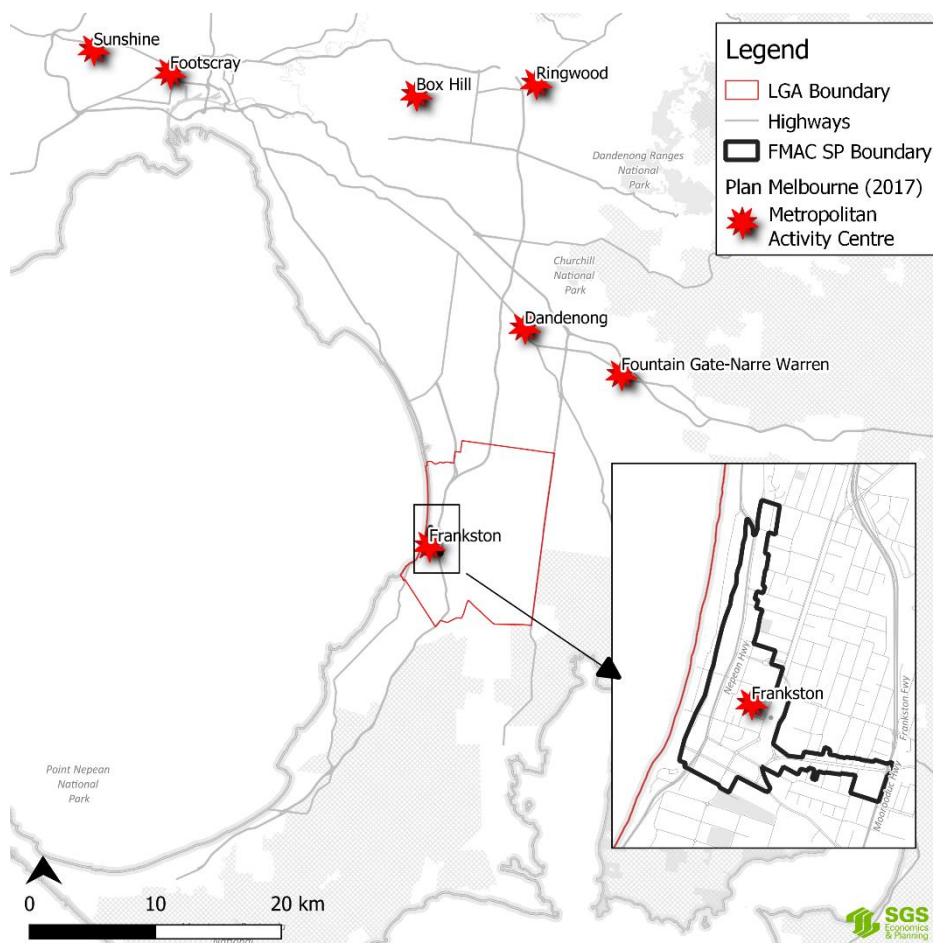
One key difference, however, is that the Emerging Ideas Paper focuses on issues across the FMAC, whereas the structure plan provides directions across each of the precincts. This study also helps to inform those ideas at a precinct level, with directions on catalyst sites as economic opportunities and enablers.

1.3 Project study area

Frankston MAC is located in the City of Frankston LGA, 40 km south east of Melbourne CBD. Further south is the Mornington Peninsula.

The Centre is linked by both strategic road and rail infrastructure to metropolitan Melbourne and the Mornington Peninsula. This includes EastLink, the Frankston Freeway, Moorooduc Highway, Peninsula Link and the Nepean Highway. The Frankston rail line connect the FMAC to metropolitan Melbourne and other bayside and south eastern Melbourne suburbs.

FIGURE 2: FRANKSTON SP REGIONAL CONTEXT



Source: SGS Economics and Planning (2022)

The Study Area comprises 6 precincts within the FMAC. They span the retail and commercial centres, as well as two gateway precincts along Nepean Highway and Cranbourne Road.

The precincts broadly correspond to land uses and are bound by strategic road and rail infrastructure. These are similar to the Precincts identified in the 2015, with one difference being Precinct 4 to encompass waterfront properties that are bayside and along Kananook Creek.

FIGURE 3: FRANKSTON MAC STUDY AREA



Source: SGS Economics and Planning (2022)

2. Policy Context

2.1 Plan Melbourne (2017)

In 2017 the State Government released Plan Melbourne Refresh; a document intended to guide growth across Victoria to 2050. This is the overarching planning document for metropolitan Melbourne and provides the framework under which local government planning should take place.

The Plan recognises Frankston as one of 11 metropolitan activity centres (MACs), the purpose of which is 'to provide a diverse range of jobs, activities and housing for regional catchments that are well served by public transport'. The Plan recognises the importance of MACs stating, 'these centres will play a major service delivery role, including government, health, justice and education services, as well as retail and commercial opportunities.' Major activity centres are places that provide a suburban focal point for services, employment, housing, public transport, and social interaction. They have different attributes and provide different functions, with some serving larger subregional catchments.

Frankston is also recognised in the Plan as a health and education precinct. The Plan lists Frankston Hospital and the Monash University Precinct (Frankston) within the health and education precinct. The purpose of health and education precincts within the Plan are to 'support health and education services that are well served by public transport in a range of locations across Melbourne'. The Plan identifies health and education precincts as places of state significance that will be a focus for investment and growth stating, 'their specialised economic functions will be reinforced, and they should provide opportunity for ancillary health and education services, retail, commercial and accommodation uses.'

2.2 MICLUP (2020)

The Melbourne Industrial and Commercial Land Use Plan (MICLUP) is a metropolitan planning framework which defines the current and future needs for industrial and commercial land across Melbourne. The objective of this plan is to support state and local government planning for commercial and industrial lands, ultimately creating more jobs and economic benefits to the community.

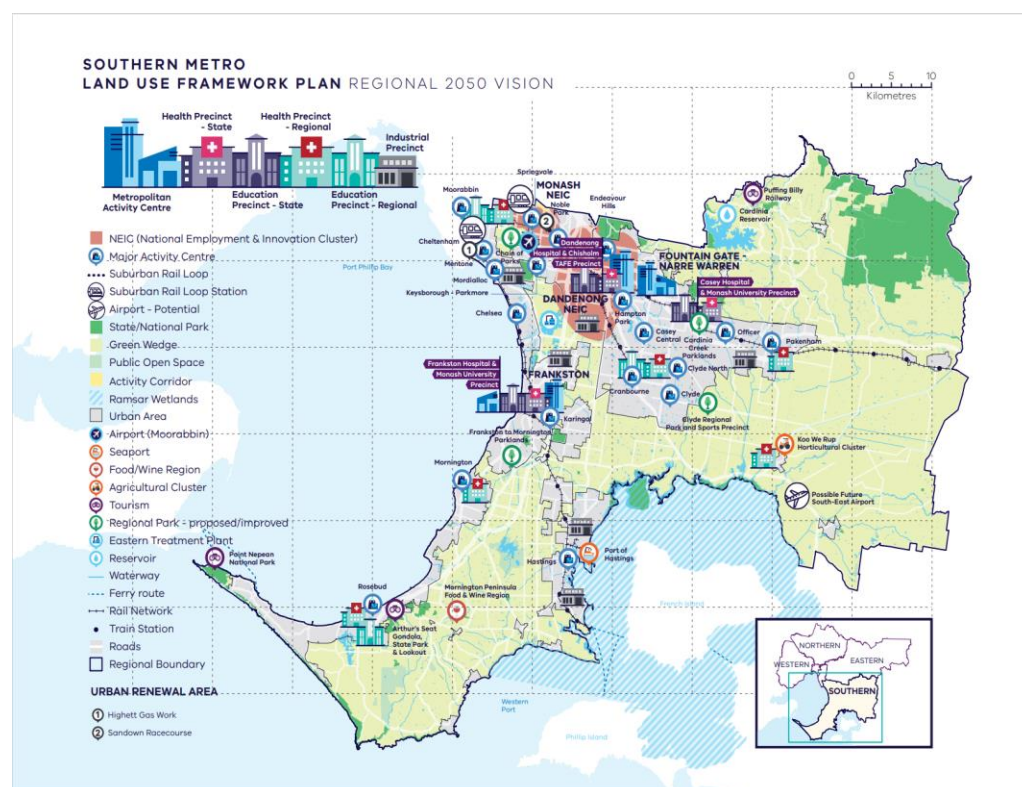
MICLUP emphasises the importance of identifying, zoning and protecting land for employment over the long-term. The MICLUP identifies Frankston as a municipality that will 'need to identify options to accommodate projected demand for commercial floorspace within existing commercial areas, as well as considering areas that could accommodate future floorspace requirements through rezonings'. The MICLUP estimates that between 2016 – 2031 Frankston will need an additional commercial floorspace of 75,000m², the majority is estimated to be office floorspace and some retail needed, however, the economic impacts of the COVID-19 pandemic are still uncertain and may have additional implications for commercial floorspace.

Carrum Downs industrial area is the largest in Frankston with limited supply remaining with no ability to expand due to its location. The Seaford precinct to the south is developed for a range of manufacturing, light industry and large format retail. These industrial areas are key employment areas, playing a vital role in generating employment and wealth for the area and broader region.

2.3 LUF (2021)

The Draft Southern Metro Land Use Framework Plan (LUF) has been developed to guide the application of Plan Melbourne’s nine guiding principles at a regional and local level. The LUF is a 30-year strategy for action across six local government areas including Cardinia, Casey, Greater Dandenong, Kingston, Mornington Peninsula and Frankston. At the time of writing, this Plan is yet to be approved by the Minister for Planning.

FIGURE 4: SOUTHERN METRO REGION



Source: Southern Metro LUF

The LUF identifies Frankston and its unique location on Port Phillip Bay as important from a regional perspective. Frankston is the retail and commercial hub for the nearby Mornington Peninsula. The Frankston MAC has also diversified from primarily retail offerings to significant hospitality, office, civic, health and education uses as well as community, arts and cultural uses. The LUF seeks to continue the diversification of retail offerings and support the emerging role as a corporate office location and employment provider. The LUF also identifies tourism and entertainment opportunities for Frankston due to its bayside location and proximity to the Mornington Peninsula. The LUF identifies transport connections to both Metropolitan Melbourne and to the Mornington Peninsula as issues to be considered.

The LUF recognises the significant impacts that the COVID-19 global pandemic has had on the region. There has been a shift to work-from-home arrangements across Metropolitan Melbourne with ‘a greater uptake of online retail services and a shift to local living, with more people relying on their activity centres and neighbourhoods to meet their day-to-day needs’.

2.4 The Frankston Metropolitan Activity Centre Structure Plan (2015)

Frankston City Council has previously prepared a Frankston Metropolitan Activity Centre Structure Plan 2015. The Structure Plan was prepared in 2013 with consultation undertaken throughout 2013 and 2014. It was finally adopted by Council in 2015. The 2015 Structure Plan outlined a 20 year vision and plan for the renewal and revitalization of the Frankston Metropolitan Activity Centre.

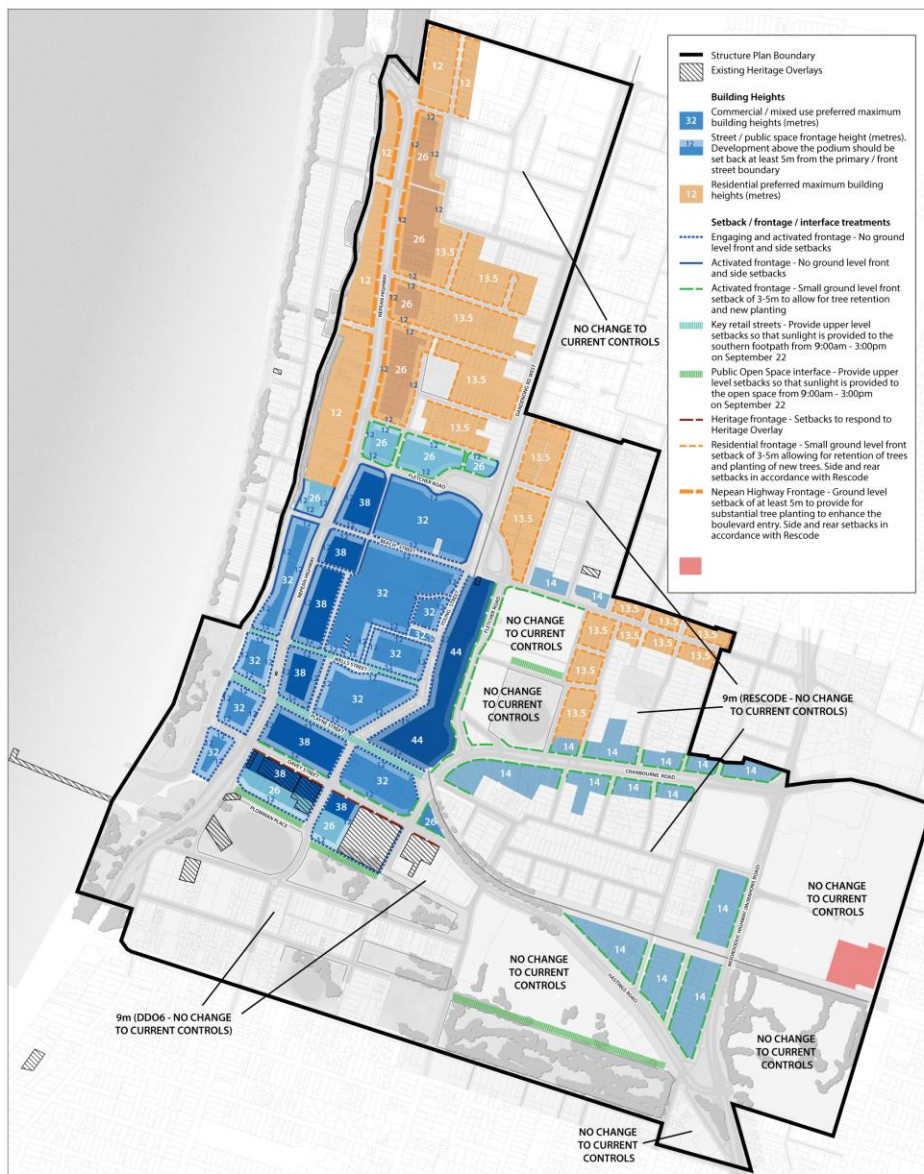
The 2015 Structure Plan sets out twelve top priorities. Particularly relevant priorities in the Structure Plan include:

- Attract more service sector businesses and government departments to Frankston with good quality office space.
- Strengthen and consolidate health and education uses in the FMAC within identified precincts and improve links to these uses from adjacent areas.
- Promote Frankston as a tourism destination by providing events infrastructure, enhancing the foreshore and increasing opportunities for diverse accommodation options.
- Advance economic development and employment growth within the MAC by strengthening the role and function of each precinct.
- Enliven streets connecting the station to the foreshore with the creation of a vibrant alfresco hospitality precinct.

The 2015 Structure Plan identifies attracting greater investment from the public and private sectors as key to renewal of the FMAC but acknowledges a major challenge as demonstrating that there is a commercially viable property and development market in Frankston. The 2015 Structure Plan states that in order to achieve commercial viability perceptions need to be changed about the area as a place to live and work, and to achieve this greater investment in public realm improvements and facilitating a desired mix in business is key. Higher density residential development is encouraged in and around the city center as well as smaller office suites.

To guide this increased development in the MAC the 2015 Structure Plan provides a framework for building design, heights and setbacks for different areas throughout the MAC shown in Figure 5. Building heights are specified to provide for new development and supporting population growth and future needs for a range of uses while built form principles are included to lift design standards in the MAC. The need for setbacks is set out in the structure plan as protecting long distance views to the water, reinforcing the human scale of the city, retaining solar access to key streets and public spaces, enhancing sensitive interfaces and limiting the impact on the amenity of surrounding land uses.

FIGURE 5: FMAC STRUCTURE PLAN 2015: BUILDING HEIGHTS AND SETBACKS PLAN



Source: Frankston Metropolitan Activity Centre Structure Plan 2015

2.5 Local policy documents

Stage 1 Setting the Scene: Research and Insights (June 2021)

Stage 1 Setting the Scene: Research and Insights, 2021 was prepared for the FMAC Refresh for City Centre. The work was undertaken by Echelon Planning, MGS Architects, Blair Warman Economic Consultants (BWEC), and Martyn Group and set out into four stages. The study identifies a slowing in population growth in Frankston since 2013 with a trend in migration towards the City of Casey. This is set to negatively impact retail goods and services and provide demand for only low-mid rise apartment developments within the FMAC. A key strategy is identified to promote lower rise apartment development to manage the trend of vacancies. Utilising shopfronts for office uses with active visual frontages has occurred with the co-working spaces and is identified as a potential strategy. The analysis also identifies sites for improved public realm conditions and developments including in the central precincts and the Beachfront precinct. The boundaries of the precincts within the FMAC are also suggested to be reviewed and redefine some of the roles of the precincts.

Draft Frankston Structure Plan Refresh Economic Assessment (June 2021)

The draft Frankston Structure Plan Refresh Economic Assessment provides an economic snapshot of Frankston with some analysis on the effect of the COVID-19 pandemic. While the Economic Assessment is not complete and still in draft form, there are some key points of analysis. The document describes a slowing growth rate for the population and while there is need for increased apartment development within Frankston, development will need to reflect the depth of demand. The FMAC also experienced an increase in vacant shopfronts between 2017-2021.

The Draft Frankston Revitalisation Action Plan (2021)

Recognising the importance of Frankston as a major activity centre in southern metropolitan Melbourne, the Victorian Government has committed significant investment towards kick starting the revitalisation of Frankston Town Centre. The Frankston Revitalisation Project builds on the redevelopment of Frankston Train Station in 2018 to include traffic and streetscape improvements and community safety improvements to attract more people back into the FMAC. Works have begun through shopfront improvements, restoring laneways, launching street art and other community festivals, and building development and business sector confidence. The Revitalisation Action Plan is centred on the activation of streets and parks to support small businesses, creative industries and contribute to the arts presence in Frankston through pop-up stalls and markets to temporary studios and arts trails.

FMAC Illustrative Guidelines (2018)

The FMAC Illustrative Guidelines for Precincts 1a and 1b was developed by SJB Urban. The Guidelines provide best practice urban design outcomes and guidelines addressing future neighbourhood character. The guidelines provide illustrative explanations for the major built form principles included in Schedule 1 of the Activity Centre Zone. Although the document was adopted by Council in April 2018 to be referenced within the Frankston Planning Scheme as part of PSAC123, this has now lapsed, and the Guidelines are not referenced in the Scheme.

Frankston Planning Scheme Amendment C124 Panel Report (16 May 2018)

The Panel report considered Frankston Planning Scheme Amendment C124 which seeks to implement the findings of the Frankston Metropolitan Activity Centre Structure Plan. The Panel made recommendations that mandatory setbacks and height limits were not justified and that wording in the DDO schedules be changed from 'must' to 'should'. Many issues raised in submissions concerned issues relating to amenity and parking. The Panel was satisfied that there were sufficient planning controls to manage and mitigate concerns raised. The Panel concluded the Amendment was well founded and strategically justified.

Frankston City Council Urban Forest Action Plan (2020 – 2040)

The Urban Forest Action Plan is a 20 year plan that applies to Frankston's urban forest. The scope of the Action Plan is described as 'the management of trees, forests and natural ecosystems in and around communities to maximise the psychological, sociological, economic and aesthetic benefits that trees provide for society.' The document identifies the FMAC as an area with low tree coverage and an increased urban heat island effect. The action plan describes this as a significant risk of heat exposure in one of Frankston's busiest pedestrian areas. There are a number of actions set out in the documents in the short, medium and long term. Many aim to green the FMAC through a number of initiatives including:

- Ensuring green walls and facades are included in Neighbourhood shopping strips Master plans
- Continuing to support and expand the Facade Improvement Program to neighbourhood shopping strips to encourage developers to incorporate green infrastructure.
- Reviewing the FMAC Illustrative Guidelines and the FMAC Streetscapes Master Plan and palate to include best practice urban greening solutions and maintain its coastal character within the delivery of the FMAC Structure Plan

Kananook Creek Corridor Management Plan (2009)

Jointly prepared by Melbourne Water and Frankston City Council to guide the future directions for works in the Kananook Creek corridor over 15 years. The study area for the Kananook Creek Corridor Management Plan includes the entire length of the creek and Eel Race Drain extending from Mornington Peninsula Freeway to the mouth at Port Phillip Bay in Frankston. Kananook Creek defines the western edge of the Frankston Metropolitan Activity Centre (MAC) and provides a linear corridor running north-south to Seaford with high recreational use and watercraft traffic in the lower reaches at the Frankston MAC area and the entrance to Port Phillip Bay. The Management Plan sets out actions to improve environmental and built form outcomes along the corridor. These include setbacks from the creek, minimisation of visual prominence of built form from within open space corridors, retaining and improving recreational and visual amenity and protecting and reinstating indigenous vegetation. Future development in the Frankston MAC will need to respond to the Management Plan through both guiding private development and producing environmentally sensitive urban design outcomes along the Kananook Creek – Frankston MAC promenade.

2.6 Implications for Frankston MAC

- Frankston is identified within State policy as a MAC to play a major service delivery role, including government, health, justice and education services, as well as provide retail and commercial opportunities.

- The MICLUP identifies Frankston as a municipality will need to accommodate projected demand for commercial floorspace in existing areas as well as considering areas for rezoning.
- The 2015 Structure Plan worked well to begin to promote Frankston as a tourist destination however, policy documents suggest Frankston will need to capitalise on its location and services within the region to solidify the FMAC as a gateway to the Mornington Peninsula and a destination in its own right.
- Previously identified slowing population growth was highlighted to have implications for the FMAC's retail demand and apartment demand. The COVID-19 pandemic poses both challenges and opportunities in revitalising the FMAC.
- The 2015 Structure Plan acknowledges that in order to achieve commercial viability, perceptions need to be changed about the area as a place to live and work, and to achieve this greater investment in public realm improvements and facilitating a desired mix in business is key. The FMAC is identified as needing to improve amenity, public spaces and connections to attract people into the city centre while diversifying the retail and commercial offerings.
- The FMAC lacks tree cover and considerations should be made to incorporate greening into the city centre to increase amenity and environmental outcomes while decreasing the urban heat island effect. Revitalisation and protection of the Kananook Creek should be considered along the Kananook Creek corridor, serving as public space and a linear connection between Frankston and north to Seaford.

3. Demographic and Economic Context

3.1 A growing and evolving population

Dwellings

There were 56,933 dwellings in the City of Frankston LGA in 2016 as recorded in the ABS Census. At the time of writing, dwelling counts in the 2021 Census is not available. The breakdown of these dwellings by type as well as the population living in each type is shown in Table 3.

TABLE 1: NUMBER OF DWELLINGS BY TYPE IN THE FRANKSTON LGA

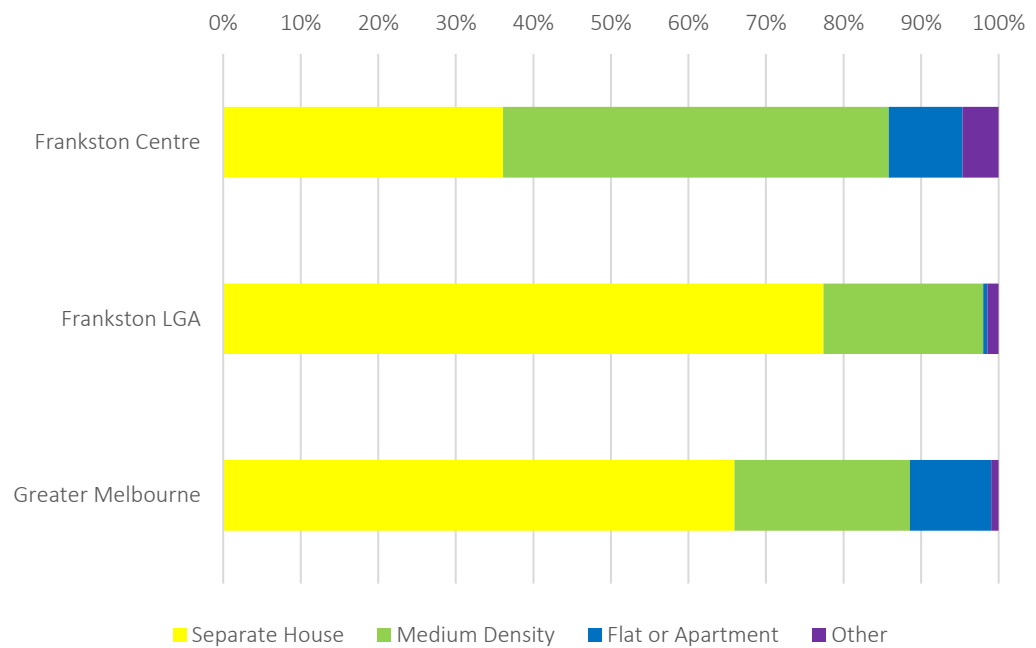
Dwelling Type	Separate house	Medium density	High density	Other	Dwelling type not stated	Non-Private Dwelling	Total
Number of dwellings	44,068	11,735	312	668	83	67	56,933
% of total dwellings	77.40%	20.61%	0.55%	1.17%	0.15%	0.12%	100%
Population in dwellings	119,406	20,688	444	956	155	-	141,649
% of total population	84.30%	14.61%	0.31%	0.67%	0.11%	0.00%	100%

Source: ABS Census 2016

The types of private dwellings reported by the Census in 2016 is also different when comparing Frankston Centre¹ to the LGA and Greater Melbourne. The proportion of each dwelling type is shown in Figure 6, in which Greater Melbourne and the Frankston LGA are dominated by separate houses, while the Frankston Centre contains a higher proportion of medium density dwellings. The larger concentration of medium density dwellings is likely to indicate greater low-rise apartment and townhouse development in the city centre.

¹ Refers to SA2 Code 214011371 in the 2016 Census

FIGURE 6: DWELLING TYPES IN FRANKSTON LGA AND BENCHMARK AREAS



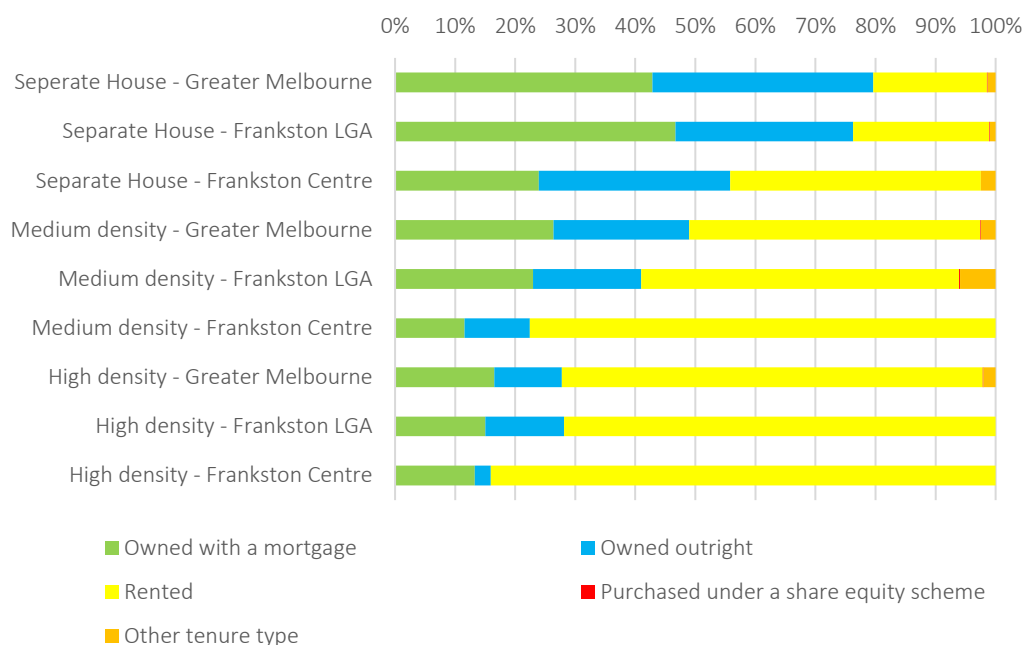
Source: ABS Census 2016

Household Types

Dwelling tenure refers to whether a dwelling is owned, mortgaged or rented and is shown for each dwelling type in the Frankston City, LGA and Greater Melbourne in Figure 7. Separate houses in Frankston are likely to be owned, either outright or with a mortgage, which also corresponds with the trend in Greater Melbourne.

Medium and high density houses in both Frankston and Greater Melbourne are likely to be rented, with a particularly high proportion of renters in the Frankston city centre (77% of medium density dwellings and 84% of high density dwellings). This trend is likely reflective of unaffordability of dwellings in Frankston, as high property values price young people and first home buyers out of the market.

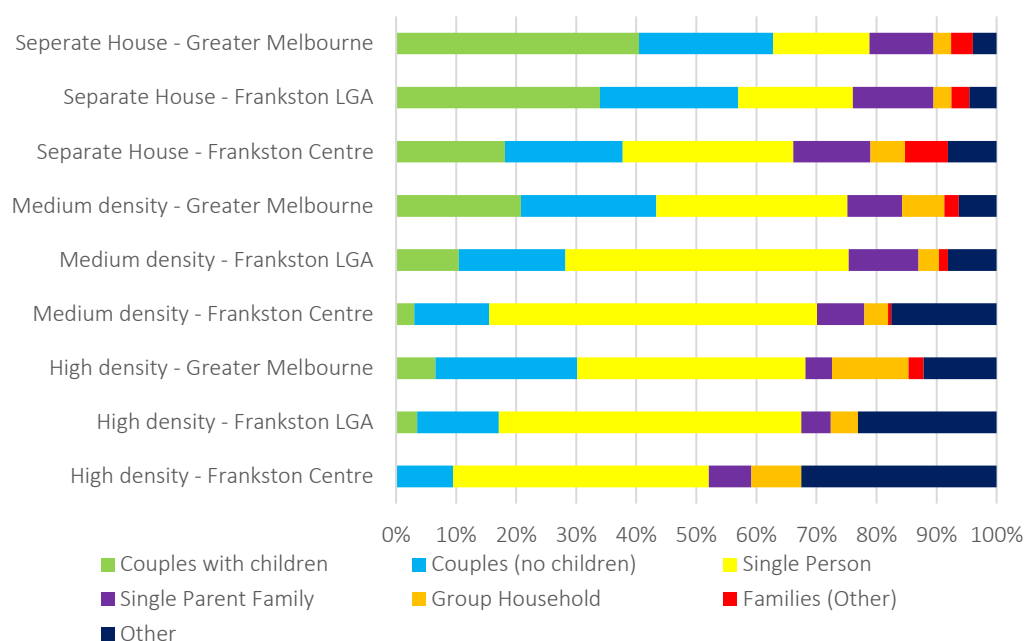
FIGURE 7: DWELLING TENURE TYPE BY DWELLING TYPE IN FRANKSTON LGA AND GREATER MELBOURNE



Source: ABS Census 2016

High density dwellings are more extensively targeted towards investors than medium density and has a greater proportion of dwellings rented. The high proportion of medium and high density dwellings rented is likely to stimulate further renting in Frankston the future, particularly when combined with the relative unaffordability of dwellings for many young people. The proportion of likely young people living in high density and medium density dwellings in Frankston (both the LGA and City Centre) is shown in Figure 8 to be high (single persons and couples with no children are likely to be representative of a younger-aged demographic). 55% of medium density dwellings are occupied by single persons in the Frankston City Centre, while single persons occupy 43% of high density dwellings. Larger proportions of younger people in medium and high density dwellings highlights their tendency to reside in cheaper dwellings, as opposed to separate houses, of which 28% are resided by single people.

FIGURE 8: HOUSEHOLD BREAKDOWN BY DWELLING TYPE IN FRANKSTON LGA AND BENCHMARK AREAS



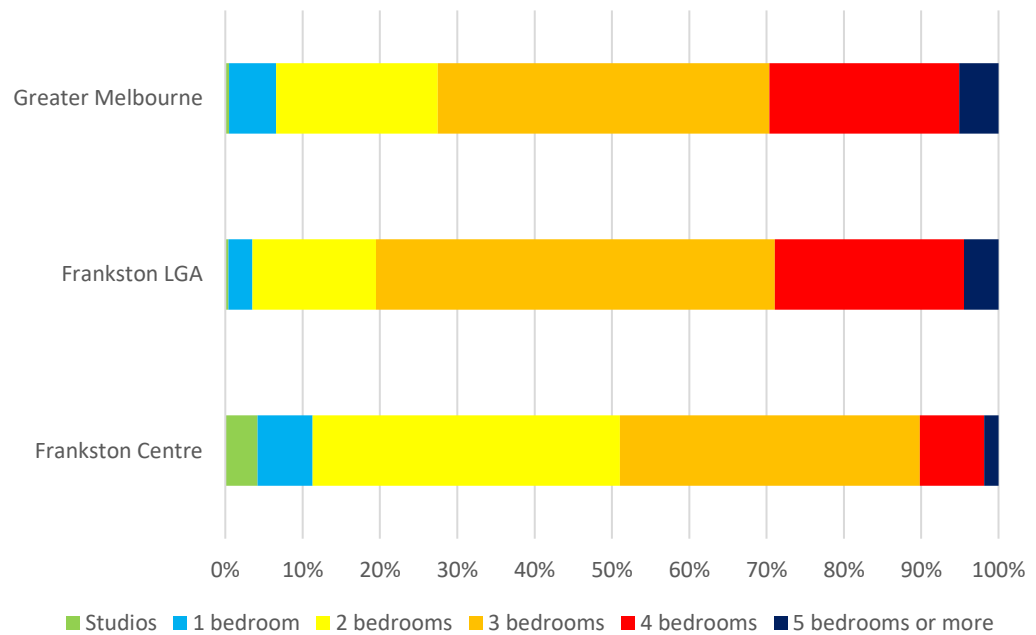
Source: ABS Census 2016

Number of Bedrooms

The size of the dwellings in the Frankston LGA can be considered through the proxy measure of how many bedrooms they contain. This is shown in Figure 9 for the LGA and City Centre as well as for Greater Melbourne. The Frankston LGA contains dwellings of a variety of sizes, with three bedrooms the most common number (52% of dwellings) followed by two bedrooms (25%). The Frankston LGA closely mirrors Greater Melbourne for proportion of each dwelling size (by bedroom), as it does for tenure.

Towards the city centre, dwellings are smaller, with a greater proportion of 2-bedroom dwellings (40%), 1-bedroom dwellings (7%) and studio apartments (4%) relative to the Frankston LGA and Greater Melbourne, suggesting greater apartment development in the city. This is discussed further in section 5.5, showcasing the development pipeline in the Frankston SP.

FIGURE 9: NUMBER OF BEDROOMS BY AREA



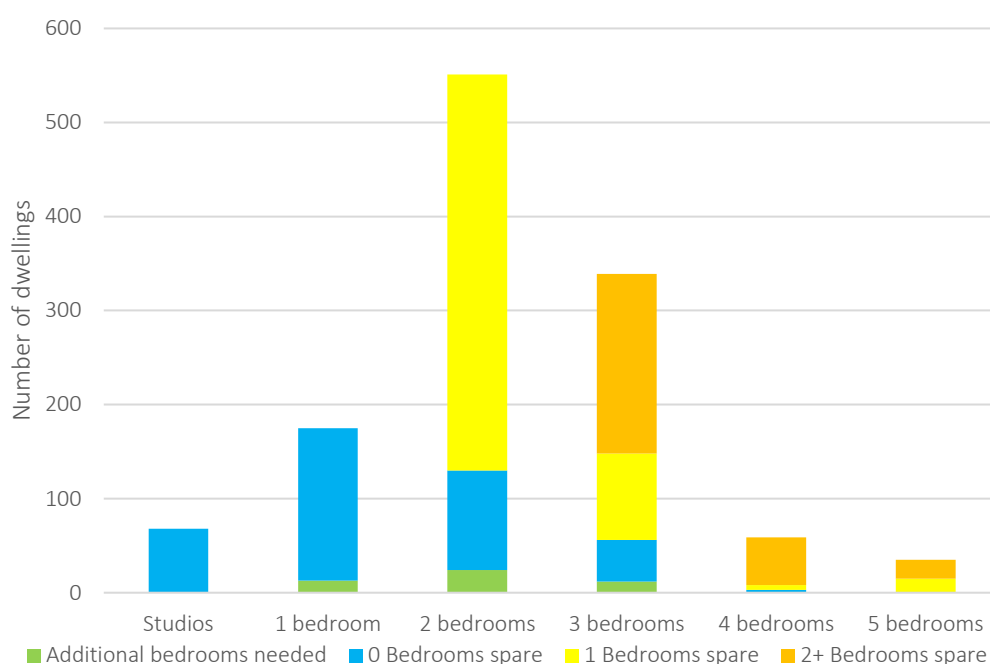
Source: ABS Census 2016

Suitability

Dwelling suitability is a measure of how suitable the size of dwellings is for their occupants. This is an indication of relative housing affordability as well as of the availability of appropriately sized housing. It is calculated by the ABS based on the usual residents and the number of bedrooms in each dwelling with the following rules:

- One bedroom is needed for each couple or single adult in a household
- Up to two children of the same sex under 18 can share a bedroom
- Children of different sexes under five can share a bedroom
- A designation of a bedroom as spare does not mean that is not used, only that the household may be able to live in a smaller dwelling

FIGURE 10: DWELLING SUITABILITY IN FRANKSTON LGA



Source: ABS Census 2016

As shown in Figure 10, two-bedroom dwellings are overwhelmingly common in the Frankston LGA, with 76% of these dwellings containing a separate bedroom, indicating that these dwellings may typically be occupied by a single person or a couple. Dwellings with more than 3 bedrooms in the Frankston LGA are typified by having at least one bedroom spare, indicating either a potential market for households to downsize, or households intending to have children in the future.

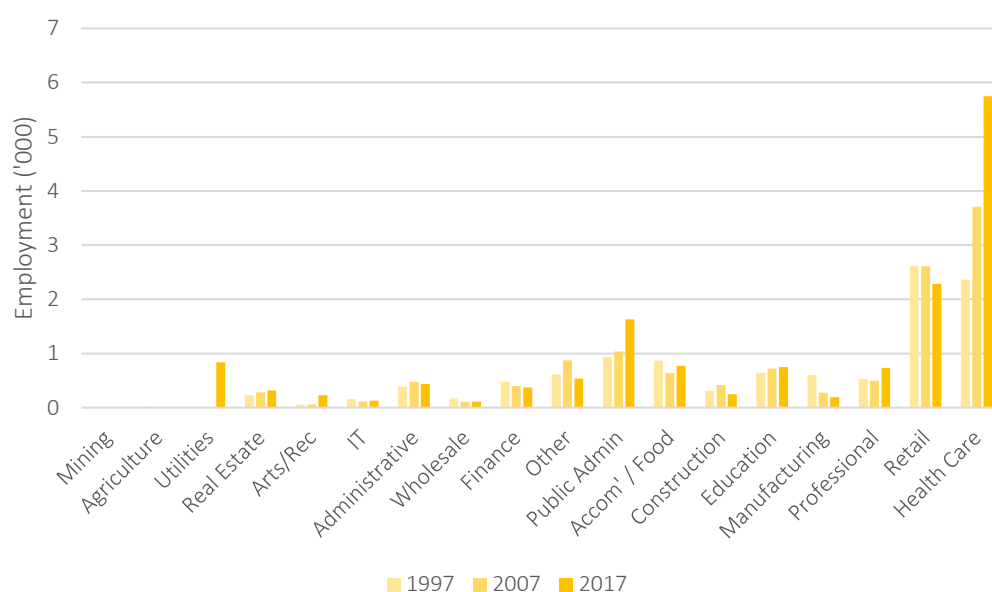
Additional bedroom requirement is seldom an issue for residents in the Frankston City, suggesting affordability in the area is high. This is reflective of the large proportion of dwellings (particularly 3+ bedrooms) with at least one spare bedroom, suggesting that people are willing and able to live in properties where number of bedrooms exceeds their needs.

3.2 Changing economic structure

Frankston

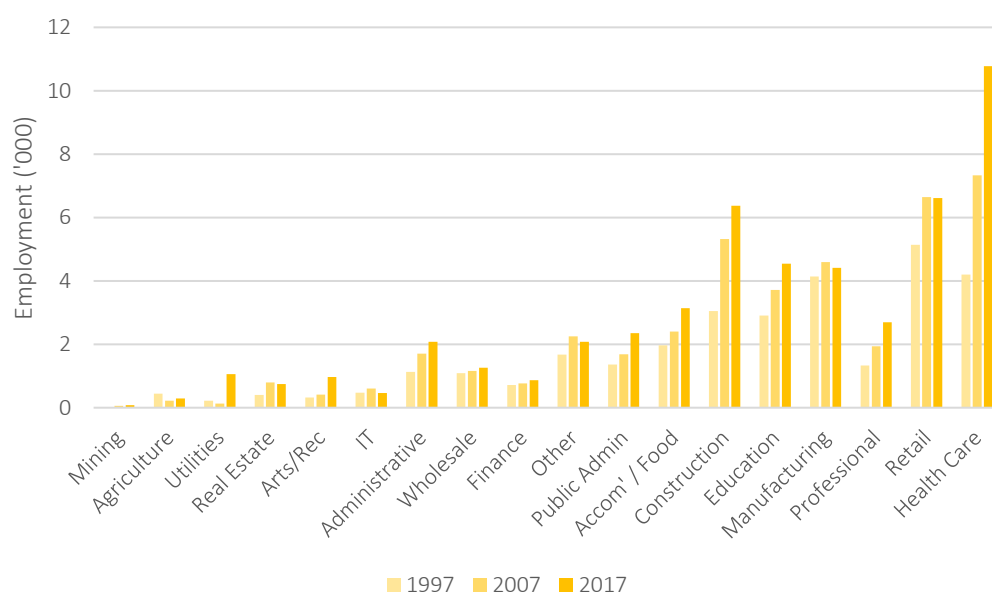
The Frankston economy, like that of many other cities, has undergone significant structural change over the past few decades (see figures below). Previously dominated by manufacturing and industrial activities, it has been transformed into one more reliant on population and knowledge-intensive activities and services. This structural change is fundamental to the priority industries and sectors outlined in the project brief.

FIGURE 11: FRANKSTON SP STRUCTURAL EMPLOYMENT CHANGE



Source: ABS Labour Force Survey

FIGURE 12: FRANKSTON LGA STRUCTURAL EMPLOYMENT CHANGE



Source: SALUP

This does not mean that manufacturers and traditional industry will disappear. Rather, they will be required to be highly productive and innovative to prosper and this will demand, directly or indirectly, heavy involvement by professional services and highly skilled labour along with cutting edge facilities and supporting infrastructure and supply chains. This will result in growth in creative and advanced manufacturing, along with support industry such as warehousing and logistics which will continue to grow.

Likewise, population-serving sectors such as retail, education, health and hospitality will require access to these analytical and creative services if they are to boost productivity and present a competitive advantage. This is seen through an increasing trend toward hyper specialisation in the health sector and a focus on 'experience' in retail.

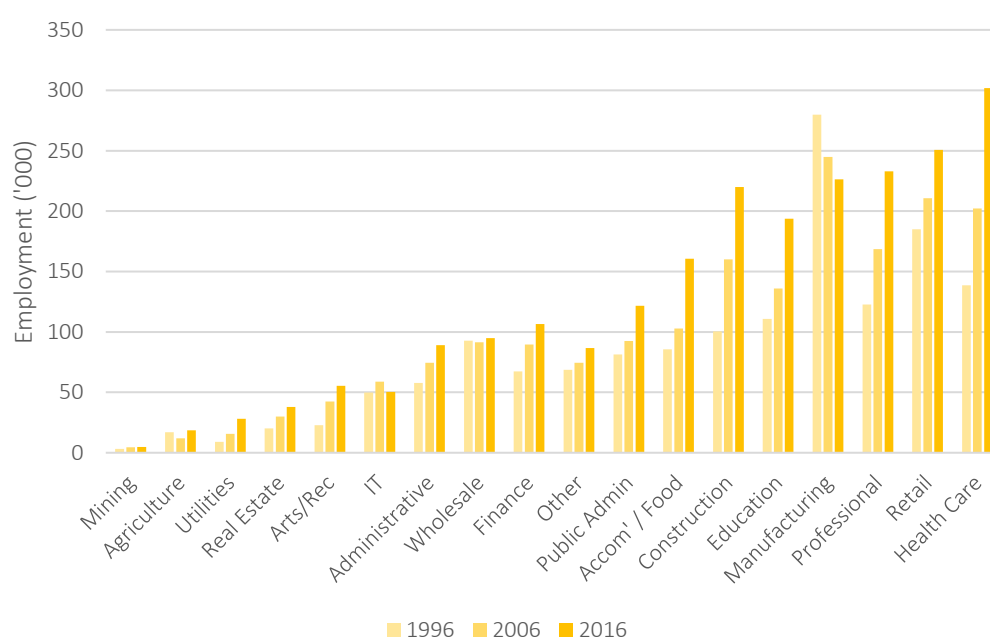
Health will continue to be the fastest growing (in terms of jobs) sector in the Frankston SP. It will provide an increasingly dominant and diverse role in the local economy. This role includes GPs, Hospitals, specialist clinics, pathology, research, aged care, (health) education and a need for a wide range of other support services (i.e., cleaning, maintenance, careering, etc). Locations near existing major hospitals can capitalise on this growth. Employment areas that can attract key health anchors and align them with education will also see strong economic growth. Local centres will also be affected by this as they experience an increasingly diverse service offer beyond retail.

Importantly, this new ‘knowledge economy’ has quite different needs and drivers from traditional industrial or historical population-serving employment. Knowledge-intensive activities require access to deep and diverse skills and client bases. This enables them to specialise and build resilience. As a result, they gain strong benefits from highly connected locations, or agglomerations. Furthermore, they need to attract and retain highly skilled/specialised labour and interact with a diverse range of other businesses. As a result, they are also attracted to diverse, high quality and high amenity environments.

Frankston LGA and SP Area

In several ways Frankston’s structural change is analogous to that of Melbourne’s with the health care sector booming to become the fastest-growing industry in Frankston. Figure 13 illustrates the industry-based employment trend for Melbourne, reflecting the increasing reliance on the health care sector for the economy. Continued investment in the health care sector means that employment growth will persist in the future. The manufacturing sector has declined in both Melbourne and the Frankston SP, having also stagnated in the Frankston LGA, as the shift to a more knowledge-intensive economy is adopted across several cities. This shift is also reflected as professional services and education sectors are expected to enjoy rapid employment growth. The construction sector, linked to both housebuilding and employment related to the building of physical infrastructure, has increased considerably.

FIGURE 13: MELBOURNE STRUCTURAL EMPLOYMENT CHANGE



Source: SALUP

Frankston LGA and SP economies have both seen fast employment growth in the health care sector. The sector will continue to be an eminent source of jobs in the area, with a \$605 million redevelopment of Frankston Hospital and \$32 million investment for the Peninsula Health likely to provide a wide range of health service jobs. In 2016 the utilities sector reflected creation of greater employment opportunities after having zero employment in 2006 (7200% increase), coming exclusively as a result of the South East Water's relocation to the Frankston SP. This generates a new source of jobs in the area and ensures greater diversity of employment, rather than a reliance on knowledge-based industries.

The manufacturing sector in Frankston has declined, mirroring the trend of the Melbourne economy in the last 20 years. With similar demand for knowledge-intensive services, the Frankston economy has become less reliant on the manufacturing industry. Lack of industrial land-use has exacerbated the industry's decline, and limited industrial floorspace may force manufacturers to look to other areas for factory expansion.

3.3 Short and potential lasting impacts of COVID-19

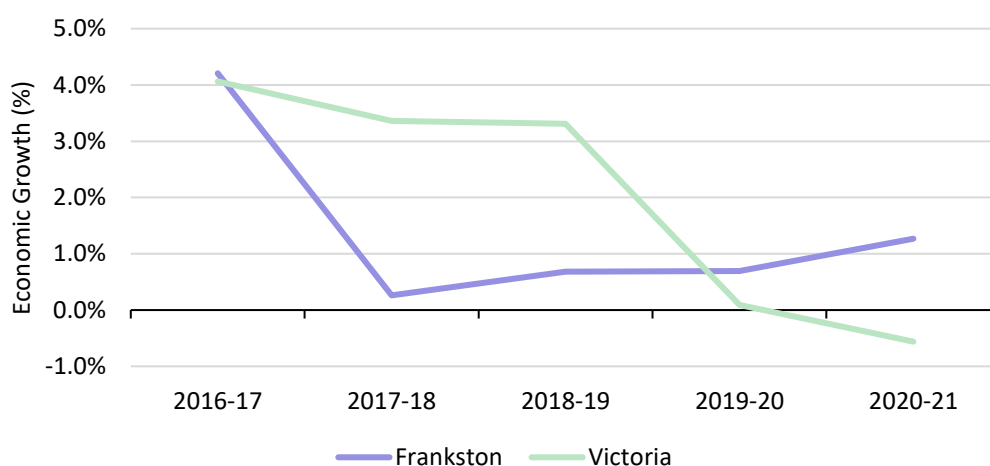
The COVID-19 pandemic has rocked economies across the globe since early 2020 and is still very much evolving during the development of this report and the associated forecasts. While some of the short-term impacts are now known, the final and lasting impact of this significant event are still unknown.

Short term impacts

The immediate recession during 2020 resulting from COVID-19 was unique in nature. The public health responses of closed borders and restricted public activity caused an unprecedented loss of employment and economic output - the slowest national population growth since World War 1. However, government stimulus, social safety-net measures, and the fact that the recession was not driven by underlying weakness in the economy or financial markets meant that, unlike typical recessions, meant the initial recovery was rapid once transmission was largely controlled.

There has been significant spatial and sectoral variation in the scale of impacts and recovery to date. Figure 14 presents economic growth in Victoria and the Frankston LGA, showcasing that while Victoria has experienced a decline in GDP, Frankston has enjoyed a quick recovery from the pandemic. Figure 15: Output by industry relative to pre-covid levels showcases industry output relative to pre-COVID levels; unsurprisingly, sectors requiring travel and those involving close contact (transport, accommodation and food, arts and recreation) struggled to recover.

FIGURE 14: ECONOMIC GROWTH IN VICTORIA AND FRANKSTON: 2017 – 2021



Source: Economy ID²

FIGURE 15: OUTPUT BY INDUSTRY RELATIVE TO PRE-COVID LEVELS



Source: REMPLAN³

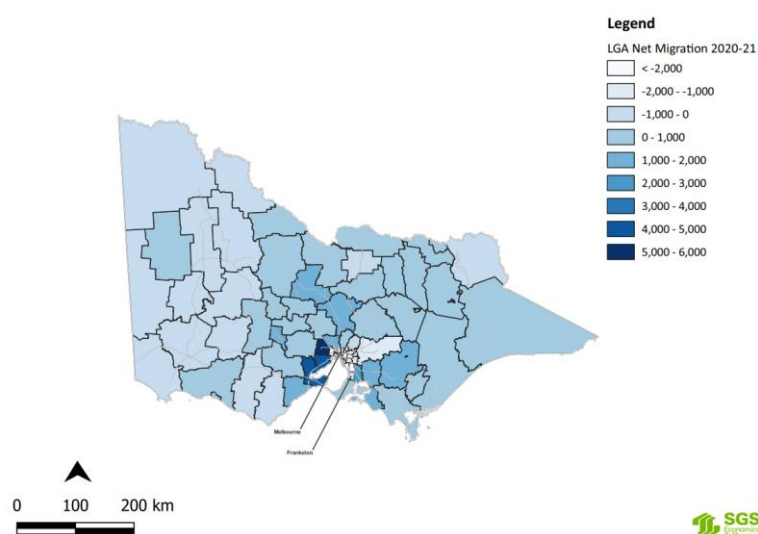
Figure 16 illustrates the net internal migration for Victorian LGA's during the 2021 financial year. The pandemic has seen a greater shift to more regional areas, with people migrating away from the Greater Melbourne area. Increasing flexibility to work from home, particularly from major urban employers, has led to a surge in people moving towards regional areas. Additionally, the Melbourne lockdown influenced much of the regional population to remain static rather than migrate to Melbourne, further contributing to the net gain in regional migration.

Figure 17 highlights the net internal migration for Frankston and surrounding LGAs, showcasing the Frankston LGA's role in acting as a gateway, as people move away from the Melbourne area and migrate to the Mornington Peninsula and surrounding LGA's by the sea.

² <https://economy.id.com.au/frankston/gross-product>

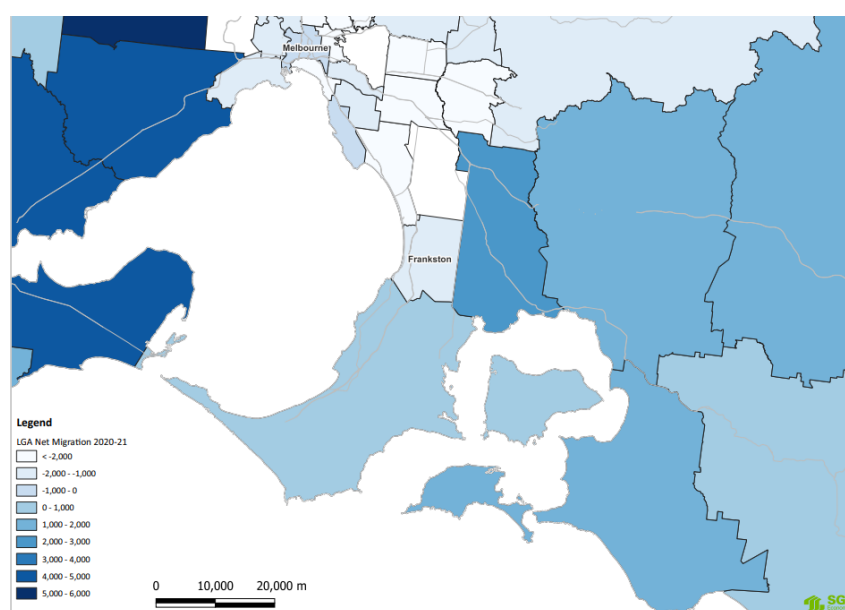
³ <https://app.remplan.com.au/frankston/economy/covid-19/impact-on-output?state=P7xOSA!MKxOFNWwdIX4jvbUoIJGesmcGHYQklmSjHZHlMuXSfBS99JMFZJE>

FIGURE 16: VICTORIA LGA NET INTERNAL MIGRATION 2020-21



Source: ABS Regional Population Statistics (2021)⁴

FIGURE 17: FRANKSTON NET INTERNAL MIGRATION 2020-21



Source: ABS Regional Population Statistics (2021)

Potential lasting impacts of COVID-19

Once the pandemic is over there is likely to be some lasting effects on Frankston. These will largely be already existing or emerging trends turbo charged via the pandemic. It is currently unclear how these and other unknown impacts, will balance out - which will also be influenced by the remainder of the pandemic, broader national and global factors and how Frankston responds.

FIGURE 18: POTENTIAL LASTING IMPACT OF COVID-19 ON FRANKSTON

Consideration	Implications for Frankston
Population	Greater migration shifts away from the Greater Melbourne region, and towards more regional areas of Victoria. Greater population shift in Frankston, with its role as a gateway to the Mornington Peninsula and other regional areas by the sea, which has already been seen.
Remote working	<p>When people <i>do</i> attend an office post-pandemic it will increasingly be for a <i>purpose</i> – a meeting, addressing a complex/abstract problem, a desire to be in a quality environment. As the pandemic prompts remote working to become a status quo, people who move away from Greater Melbourne may remain so in the long run, with employers responding with an allowance for flexible working conditions.</p> <p>As Melbourne shifts to a more knowledge-based economy, employment will rise in sectors where working locally is not necessary, which will increase incentive for people to remain in regional areas near Frankston.</p>
Retail and hospitality	<p>Businesses that do adapt to online based opportunities will benefit from increasing market reach and the emergence of new retailing and hospitality models.</p> <p>The retail industry accommodated 9,180 jobs in the City of Frankston LGA in December 2021, an increase from 5,894 in December 2020.</p>
Health services	Recovery and prevention programs have led to further investment in health services and research, including the \$32 million investment in Peninsula Health – Monash University Futures Hub. Reinforces health as the preeminent commercial sector in Frankston.
Tourism/events	New growth in domestic tourism, which will be aided by the population shift to regional areas. Increasing apartment development in the Frankston SP will also attract younger, more mobile people towards Frankston. International tourism will have seen a dramatic decline from pre-COVID levels, as other countries also manage the pandemic

Source: SGS Economics and Planning (2022)

3.4 Study Implications

In considering the preceding sections, a number of key findings and implications have been presented to inform subsequent sections of this study.

TABLE 2: STUDY IMPLICATIONS

Finding	Discussion	Implication
Policy support for a comprehensive redevelopment of the FMAC	<p>Frankston's designation as a MAC means that it is a major centre for services and retail, and should accommodate projected demand for commercial floorspace.</p> <p>Frankston has the potential and support to capitalise on its location to the wider peninsula, but also become a destination in its own right. This will need to be done through changing people's</p>	There is support to comprehensively develop the Frankston MAC to achieve these economic objectives.

Finding	Discussion	Implication
	perceptions and improving the public realm.	
Growing and evolving population	The Frankston MAC is seeing more developments of apartments, and the population is becoming more diverse, with a wider variety of single-person households and couples without children.	A wider variety of housing, particularly higher density housing, will be needed to house various groups in the FMAC.
Changing economic structure	The economy of Frankston, similar to that of wider Melbourne, is changing. This has involved a shift from traditional manufacturing to the service sector and health care. Health care, professional services and office work will become more significant in the future. Retail, while not growing in absolute numbers, will still be significant, and will likely transform to include other uses in the existing shopping centres.	There should be a focus on growing sectors, such as healthcare and professional services, along with a renewed approach at the retail centre with the aim to diversify uses and activate streets for offices, housing and retail in a vibrant mixed-use centre.
Short and potential lasting impacts of Covid	COVID-19 meant that people left Melbourne to wider regional areas. Frankston has the potential to act as a meeting place and a hub for offices and shopping, particularly those in the Mornington Peninsula.	Explore the possibilities of flexible office floorspace and look at strategic sites that can deliver housing and improved street activation.

Source: SGS Economics and Planning (2022)

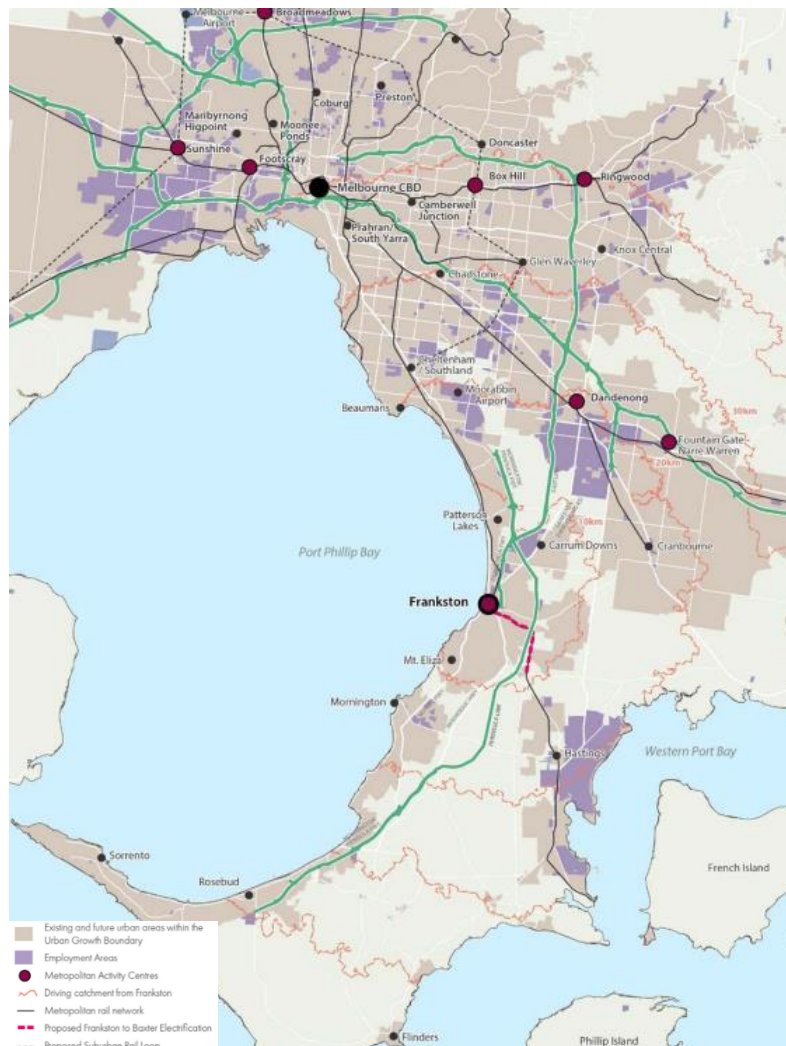
4. Profiling FMAC

4.1 Regional context

Frankston is located approximately 40km south east of Melbourne on Port Phillip Bay. Further south is the Mornington Peninsula.

The Centre is linked by both strategic road and rail infrastructure to metropolitan Melbourne and the Mornington Peninsula. This includes EastLink, the Frankston Freeway, Moorooduc Highway, Peninsula Link and the Nepean Highway. The Frankston rail line connect the FMAC to metropolitan Melbourne and other bayside and south eastern Melbourne suburbs.

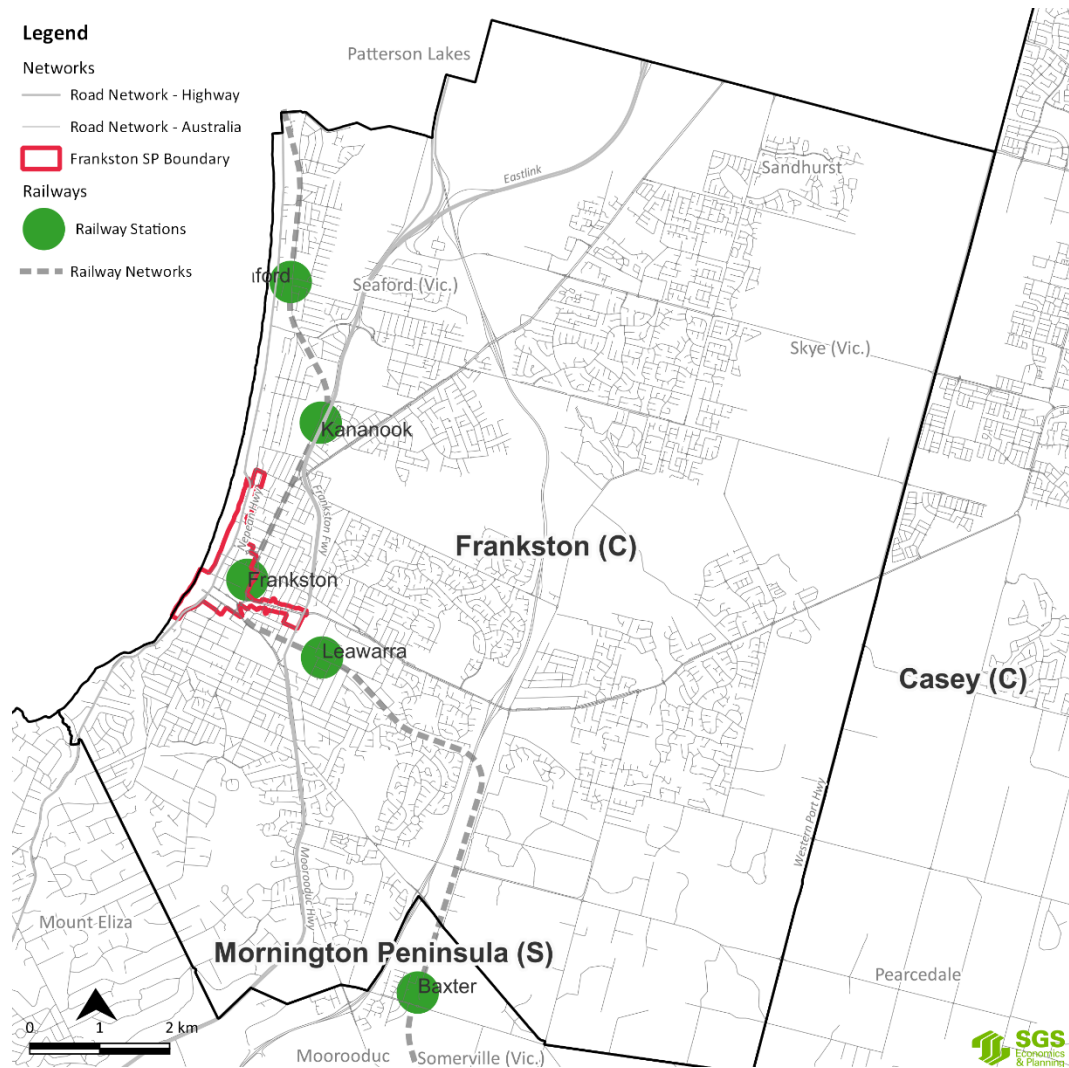
FIGURE 19: FRANKSTON METROPOLITAN SETTING.



Source: FMAC Emerging Ideas Paper (2022)

The FMAC is distinct from other MACs in that it is a bayside location. Frankston is a hub for health and education in the south east Metropolitan region along with the wider Mornington Peninsula. Within the LGA of Frankston there is also the proposed electrification of the line running from Frankston to Baxter stations, shown in Figure 20 below.

FIGURE 20: FRANKSTON LGA: KEY NODES AND TRANSPORT CONNECTIONS

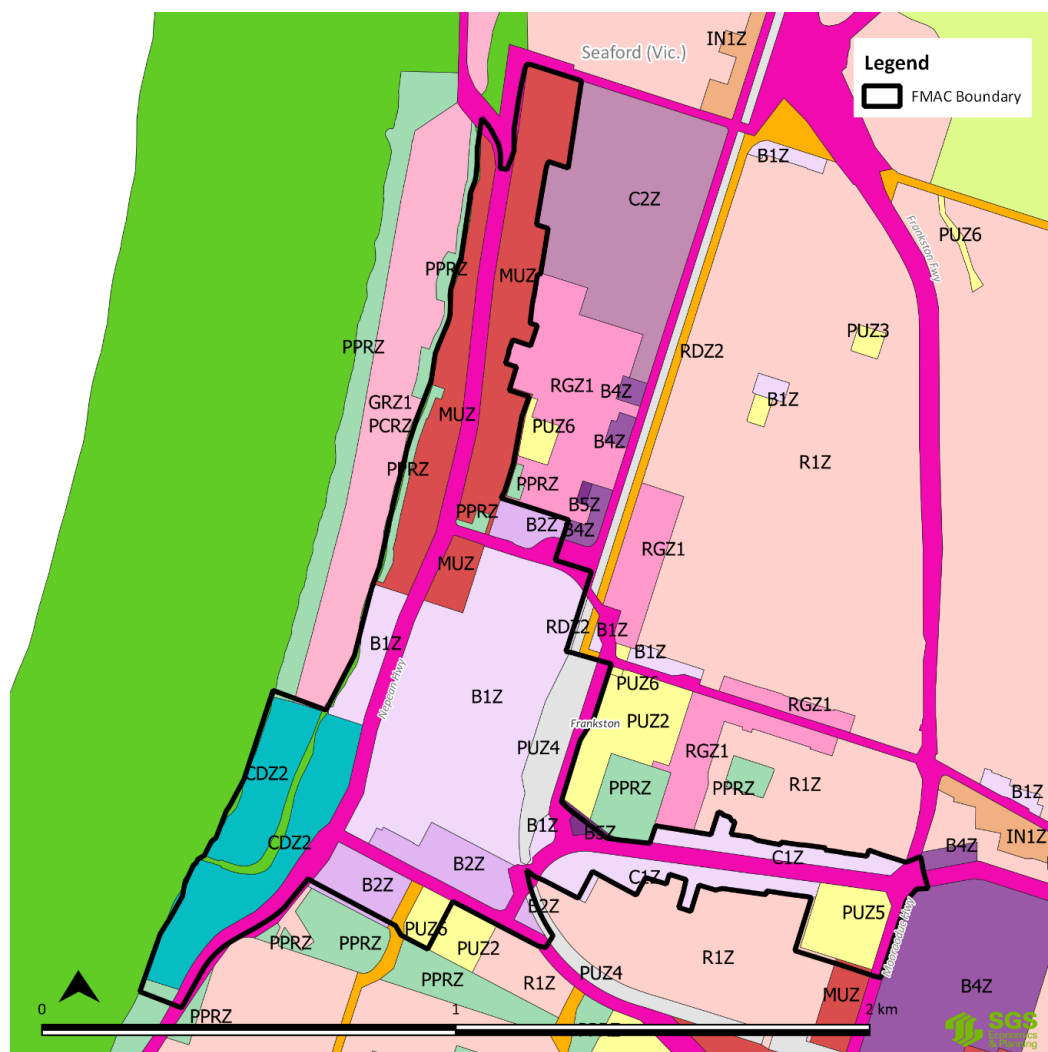


Source: FMAC Emerging Ideas Paper (2022)

4.2 Land and zoning

The zoning across the FMAC varies considerably, reflective of the multitude of uses in each of the precincts as shown in Figure 21 below. C1Z is the predominant zone through the city centre and includes the Bayside shopping centre (the zoning in Figure 21 shows B1Z).

FIGURE 21: FMAC ZONING



Source: SGS Economics and Planning (2022)

4.3 Current land uses and floorspace

The structure plan area includes several different uses, with a variety of mixtures depending on the sub-precinct. For instance, the Cranbourne and Nepean Gateway sub-precincts comprise a mix of residential with some offices, whereas the City Centre is composed of a mix of retail, office and some residential towers.

Unlike the City of Melbourne, there is no Census of Land Use (CLUE) for the City of Frankston. This means that floorspace has been approximated using a mixture of what is available through spatial software and employment projections. The exact quantum of floorspace was determined through a “bottom-up” and a “top-down” approach.

Bottom-up floorspace estimate using Geoscape

Geoscape currently estimates there to be approximately 551,500 sqm of gross floor area (GFA) in the FMAC.

TABLE 3: TOTAL ESTIMATED FLOORSPACE (SQM) BY FMAC SUB-PRECINCT

	Arts, Entertainment & Government Services	City Centre	Cranbourne Road Gateway	Frankston Station	Nepean Highway Gateway	Waterfront	FMAC
Total Floorspace	73,700	285,600	19,700	7,500	91,500	73,200	551,100

Source: SGS Economics and Planning (2022)

Geoscape also provides an estimate of the number of existing residential dwellings – and it estimates that there are approximately 1,259 residential dwellings in the FMAC. Residential floorspace was estimated assuming an average size per dwelling of 130sqm to account for a mixture of larger existing dwellings and smaller new dwellings. This results in a total estimated residential floorspace of 163,700 sqm across the FMAC. The difference over and above the residential floorspace was calculated in the following table.

TABLE 4: ESTIMATED RESIDENTIAL AND COMMERCIAL FLOORSPACE (SQM), FMAC

	Arts, Entertainment & Government Services	City Centre	Cranbourne Road Gateway	Frankston Station	Nepean Highway Gateway	Waterfront	FMAC
Est residential floorspace	10,900	56,200	17,000	0	77,600	2,000	163,700
Estimated commercial Floorspace	62,800	229,400	2,700	7,500	13,900	71,200	387,500
Total Floorspace	73,700	285,600	19,700	7,500	91,500	73,200	551,100

Source: SGS Economics and Planning (2022)

Top-down floorspace estimate using SALUP

SALUP data shows that there are around 10,000 jobs in the FMAC, which jobs across the FMAC, and using standard floor area ratios (FAR), resulting in an estimated floorspace of 374,700 sqm.

TABLE 5: TOP-DOWN EMPLOYMENT TO FLOORSPACE CONVERSION, FMAC

ANZSIC Division	# Jobs 2021	FAR	Estimated Floorspace (sqm)
Agriculture, Forestry and Fishing	6	0	0
Mining	0	0	0
Manufacturing	185	90	16,700

ANZSIC Division	# Jobs 2021	FAR	Estimated Floorspace (sqm)
Electricity, Gas, Water and Waste Services	779	25	19,500
Construction	147	60	8,800
Wholesale Trade	114	60	6,800
Retail Trade	2,264	35	79,200
Accommodation and Food Services	825	30	24,800
Transport, Postal and Warehousing	90	60	5,400
Information Media and Telecommunications	110	25	2,700
Financial and Insurance Services	353	25	8,800
Rental, Hiring and Real Estate Services	314	34	10,700
Professional, Scientific and Technical Services	630	25	15,800
Administrative and Support Services	340	25	8,500
Public Administration and Safety	1,518	25	38,000
Education and Training	505	80	40,400
Health Care and Social Assistance	1463	35	51,200
Arts and Recreation Services	246	60	14,700
Other Services	505	45	22,700
Total	10,393		374,700

Source: SGS Economics and Planning (2022)

This is a similar result to the estimate using Geoscape and confirms that the bottom-up approach is a reasonable approximation.

As SALUP is a top-down indicator based on employment, it is not necessarily reflective of retail floorspace requirements. Geoscape also includes gross floor area, which can contribute to the total employment floorspace using the bottom-up approach being higher.

Categorising employment floorspace

Employment floorspace, for the purposes of this assessment, were bundled according to use categories relevant to the FMAC including office, retail/wholesale, and institutional floorspace.

These floorspace categories were then looked at across each of the sub-precincts and corroborated by zoning and the indicative use type that was determined as part of classifying preferred heights. The following map is

FIGURE 22: FMAC APPROXIMATE LAND USE



Source: SGS Economics and Planning using Geoscape and an estimated land mix (2022)

In view of this estimated land mix by parcel, commercial floorspace in each of the sub-precincts was divided by their assumed overall percentage.

TABLE 6: ASSUMED COMMERCIAL USE CATEGORY SPLIT BY FMAC SUB-PRECINCT

	Arts, Entertainment & Government Services	City Centre	Cranbourne Road Gateway	Frankston Station	Nepean Highway Gateway	Waterfront
Office	20%	15%	50%	5%	50%	60%
Retail and Wholesale	10%	75%	40%	5%	40%	20%
Institutional	70%	10%	10%	90%	10%	20%
Total	100%	100%	100%	100%	100%	100%

Source: SGS Economics and Planning (2022)

Applying these splits results in a working understanding of how floorspace is represented within each of the sub-precincts.

TABLE 7: TOTAL ESTIMATED FLOORSPEACE (SQM) BY CATEGORY AND FMAC SUB-PRECINCT

Floorspace Category	Arts, Entertainment & Government Services	City Centre	Cranbourne Road Gateway	Frankston Station	Nepean Highway Gateway	Waterfront	FMAC
Office	12,600	34,400	1,400	400	7,000	42,700	98,500
Retail and Wholesale	6,300	172,100	1,100	400	5,600	14,200	199,700
Institutional	44,000	22,900	300	6,800	1,400	14,200	89,600
Residential	10,900	56,200	17,000	0	77,600	2,000	163,700
FMAC	73,800	285,600	19,800	7,600	91,600	73,100	551,500

Source: SGS Economics and Planning (2022)

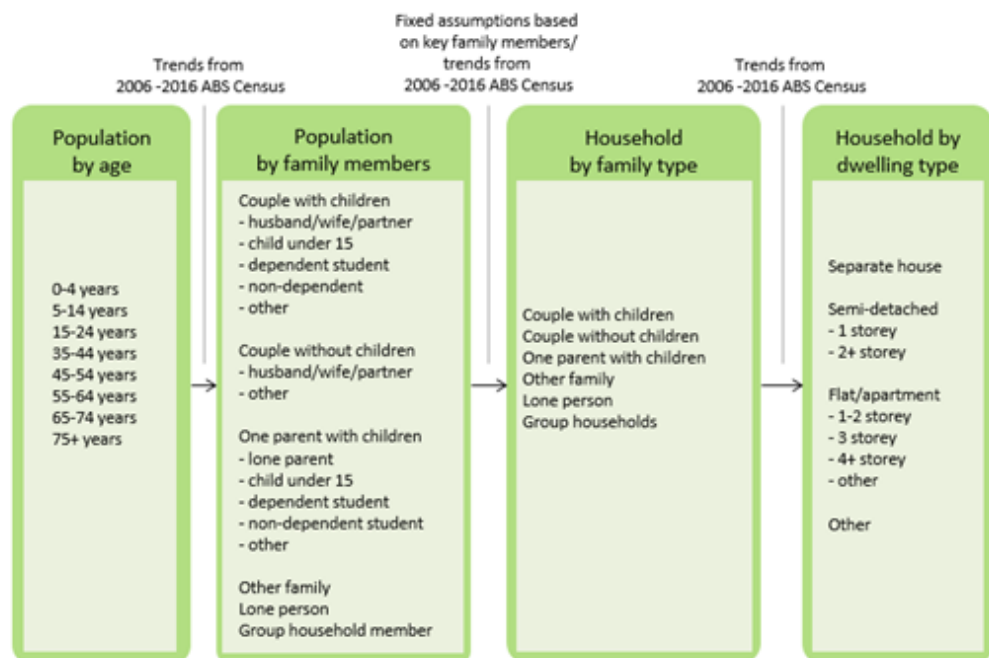
5. Housing demand

5.1 Housing demand method

The analysis in this section draws upon a range of datasets, including population growth projections and trends in population age, family and household types. Building upon these projections and demographic factors, SGS's Housing Demand determines how many new dwellings of each type will be required in the LGA in the future.

The operation of SGS's housing demand model is shown in Figure 23. Projections for population growth by age in five-year periods are converted to number of households by type using demographic trends. Trends in revealed housing preferences are used to convert these projections into requirements for number of dwellings in the future.

FIGURE 23: SGS HOUSING DEMAND MODEL METHOD



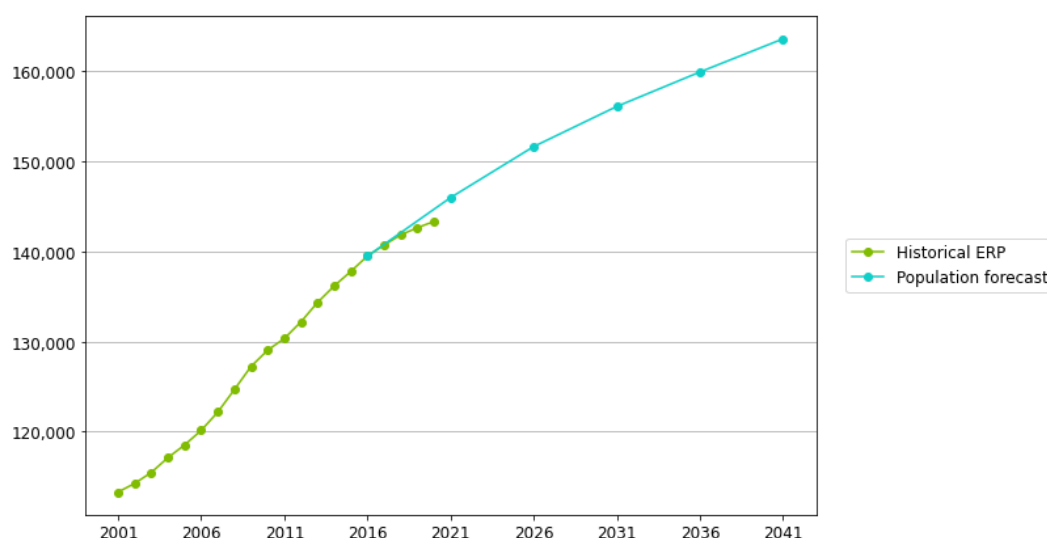
Source: SGS Economics and Planning (2022)

5.2 Population projections

SGS uses Small Area Land Use Projections (SALUP) to determine how the FMAC and the LGA will grow to 2041.

The population of Frankston LGA is expected to grow from 146,000 to 163,600 (+17,600) from 2021-41. This is a 12% change or 0.6% AAGR. This projection is shown, along with historical population growth data from 2001-2020 (1.2% AAGR).

FIGURE 24: POPULATION PROJECTIONS, FRANKSTON LGA



Source: SALUP (2022)

The population of Frankston MAC (including an area slightly larger than the FMAC due to SALUP travel zones being the smallest available geography) is approx. 4,500 residents in 2021, and is expected to grow to 7,500 by 2041, or approximately 3,000 additional residents. This is an average annual growth rate of 2.6%.

5.3 Housing preferences

The proportion of each household type who lives in each dwelling type is commonly referred to as *revealed housing preferences*. People are constrained in both the affordability and types of housing available and so must make trade-offs when choosing where to live. Revealed preferences can differ from people's ideal (unconstrained) preferences. People may also wish to stay in their current dwelling, even if it differs from their ideal preference.

Factors which influence revealed preferences include what kinds of dwellings households would like to live in, what kinds of dwellings are available and how affordable those dwellings are. Revealed preferences evolve over time as these variables change, as well as in response to shifts in local demographics.

Compared to Greater Melbourne, households of all types in Frankston are more likely to live in separate houses and less likely to live in medium and high density dwellings. While separate houses accommodate around 50% of people in Frankston, there are a greater number of medium density dwellings located within Frankston.

Over time, the proportion of people living in separate houses is expected to decrease for all household types, while the proportion of households living in medium and high density dwellings is expected to increase.

The following observations can be made regarding preferences for different household types.

Couples families with children

Couple families with children are the most likely household type to live in a detached house (33.97% of households), and very few live in high density dwellings (3.52%). There are far fewer couples with children within Frankston Centre (18.14%) compared with the whole of

the Frankston LGA. The revealed dwelling preferences in the modelling indicates there are no couples with children in high density dwellings within the Frankston Centre.

One parent families and other families

One parent families and other families are the next most likely household types to live in a detached house (68% and 57% respectively). Over time, these households are becoming more likely to live in medium and high density dwellings, although only a small proportion live in high density dwellings currently (3% and 6% respectively).

Couples without children

The proportion of couples with no children living in detached houses has seen the steadiest decline of any household type since 1996 (from 78% to 57%). If this trend continues in the future (as modelled), only 32% of households will live in a separate house by 2036 compared with 53% in medium density and 14% in high density. The proportion of these households living in separate houses varies substantially in different parts of the LGA (47%, 58% and 68% in the Lower, Central and Upper areas respectively), with more young couples further south and more older couples living in separate houses further north.

Lone person households

The most common dwelling type for lone person households is medium density, followed closely by separate houses. Trends show growth in medium density and high density as housing choices for this group. If this continues the proportion of these households living in high density dwellings is expected to increase to 14% by 2036, and the proportion in medium density to increase to 49%.

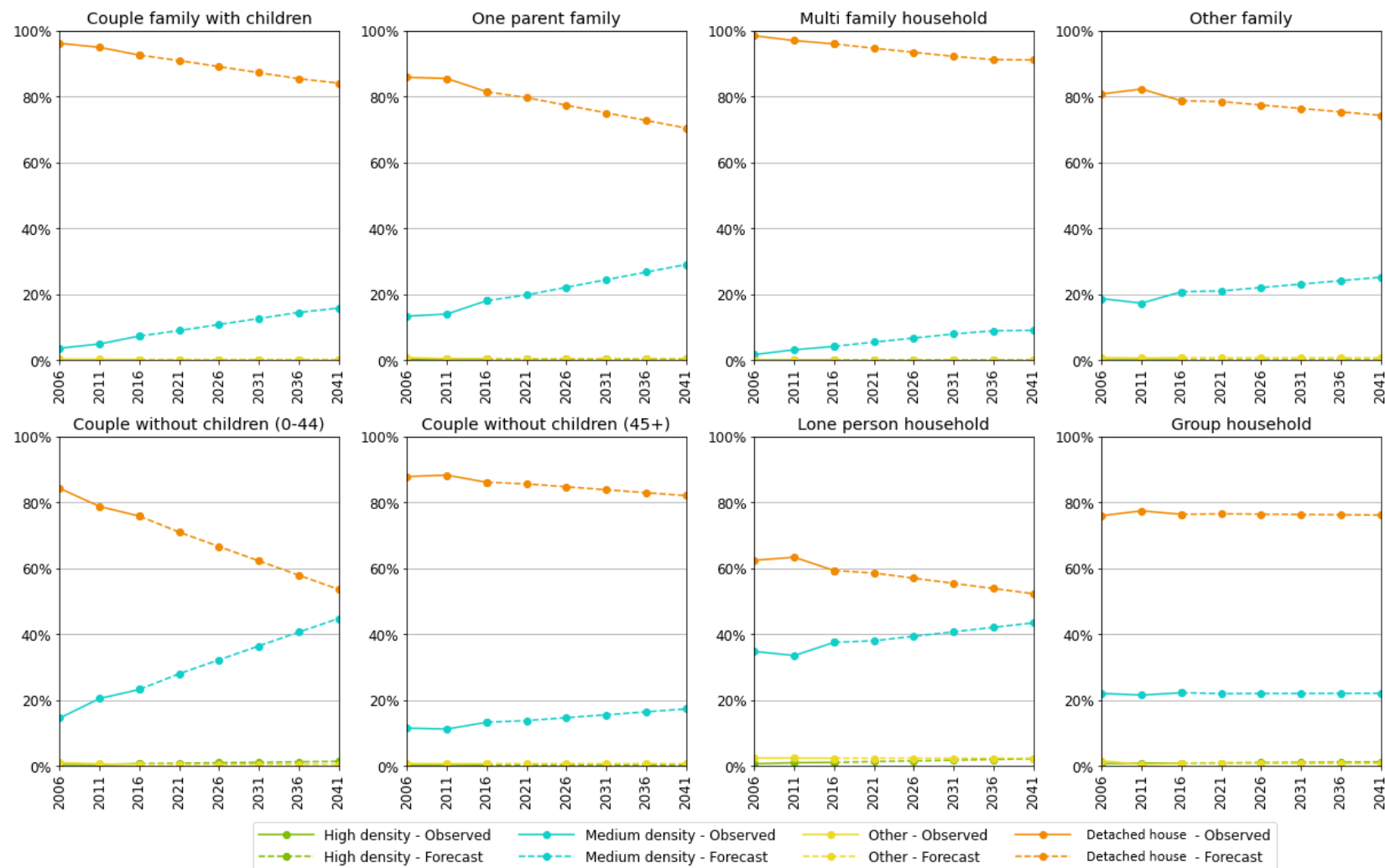
Housing preferences for lone person households are likely to vary depending on the age of the person, as older people may want to stay in a separate house they have lived in for some time. As with couples with no children, this results in substantial variation in preferences across the LGA (31%, 46% and 54% in separate houses in the Lower, Central and Upper areas respectively), with younger lone person households in the Lower Area, and more older lone person households in the Central and Upper areas.

Group households

Group households are most likely to live in detached houses followed by medium density, with a smaller but increasing proportion in higher density dwellings. Group households in the Lower Area are much less likely to live in a detached house than those in the Central or Upper areas (43% vs 55% and 57% respectively), and much more likely to live in a medium density dwelling. Over time group households are becoming more likely to live in medium or high density, with medium density expected to be the most common housing type for these households by 2031.

In all cases only a relatively small proportion of households live in high-density dwellings. Growth in the number of people living in high-density dwellings could outpace the trend-based forecasts shown in Figure 25 if more of these dwellings are provided than other dwelling types. However, current preferences show that high-density dwellings would cater better to couples without children, lone person households and group households than to families, changing the likely future household composition.

FIGURE 25: OBSERVED AND FORECAST REVEALED DWELLING PREFERENCES, FRANKSTON LGA



Source: SGS 2022, ABS Census 1996-2016

5.4 Housing demand result

Demand results

Combining shifts in revealed housing preferences with forecast growth by household type allows housing demand by dwelling type to be estimated. This is shown in Table 8 for the Frankston LGA.

Baseline housing demand modelling has been conducted to understand what kind of housing would be needed to accommodate the Frankston LGA's population if current demographic, property market and housing preference trends continue. This is a status-quo scenario based on historical data.

Under this baseline calculation, 7,436 additional dwellings would be needed between 2021-41, of which high density apartments would make up only 302 and attached dwellings like townhouses 6,622. The low demand for high density would mean very limited development in the Frankston MAC .

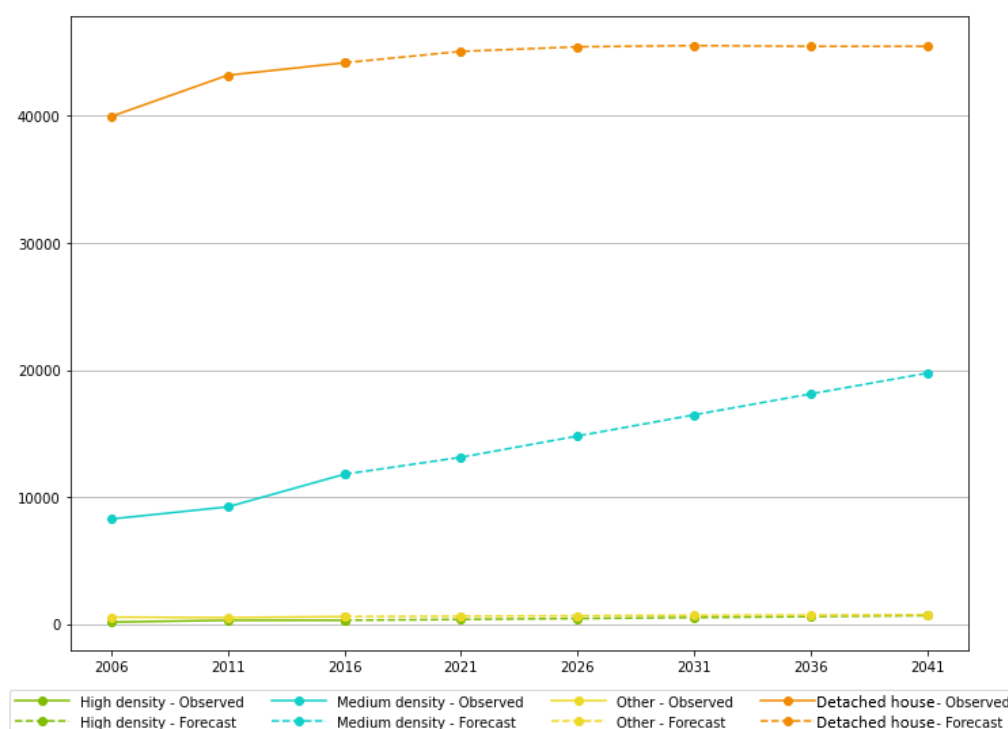
TABLE 8: DWELLING DEMAND BY DWELLING TYPE, FRANKSTON LGA, 2016-2041

Dwelling type	2021	2026	2031	2036	2041	Change 2021-2041	Average annual growth rate
High density	370	443	519	596	672	302	3.0%
Medium density	13,129	14,800	16,469	18,114	19,751	6,622	2.1%
Other	623	658	691	717	734	111	0.8%
Separate house	45,068	45,428	45,525	45,465	45,469	401	0.0%
Total	59,190	61,329	63,204	64,892	66,626	7,436	0.6%

Source: SGS Economics and Planning (2022)

If the Frankston MAC is anticipated to grow by around 3,000 people, around 1,200 additional dwellings will be needed. A significant shift in housing preferences towards high density housing would be needed for this to occur. Forecast housing demand is also shown compared to recent housing development in Figure 26.

FIGURE 26: HOUSING DEMAND FORECASTS FOR THE FRANKSTON LGA



Source: SGS 2022

Table 9 shows the future housing demand forecast broken down by number of bedrooms. The greatest additional demand is expected to be for four bedroom dwellings, followed by three bedroom dwellings and five or more bedrooms. The average annual growth rate in demand for studios and dwellings with one, four or five or more bedrooms is expected to outpace the growth rate in demand for two and three bedroom dwellings according to the demand model projections.

TABLE 9: DWELLING DEMAND BY NUMBER OF BEDROOMS

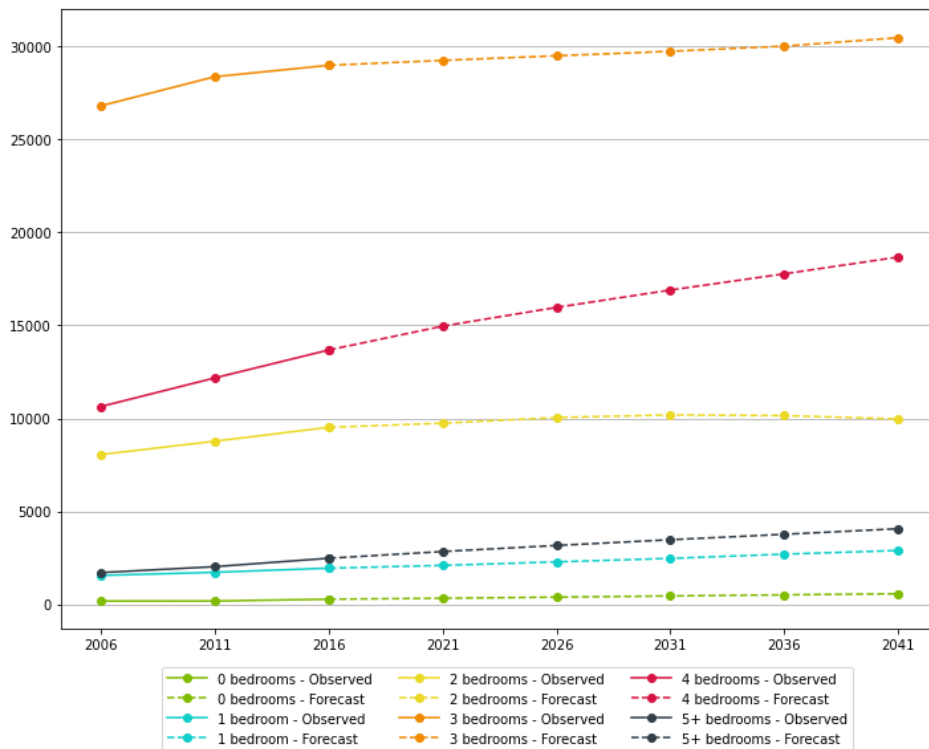
Dwelling type	2016	2021	2026	2031	2036	2041	Change 2021-2041	Average annual growth rate
0 bedrooms	280	332	391	454	516	574	242	2.8%
1 bedroom	1,949	2,097	2,285	2,474	2,700	2,898	801	1.6%
2 bedrooms	9,516	9,736	10,042	10,184	10,145	9,969	233	0.1%
3 bedrooms	28,969	29,233	29,483	29,721	29,999	30,452	1,219	0.2%
4 bedrooms	13,670	14,952	15,960	16,894	17,764	18,665	3,713	1.1%
5+ bedrooms	2,480	2,841	3,169	3,476	3,769	4,068	1,227	1.8%
Total	56,864	59,191	61,330	63,203	64,893	66,626	7,435	0.6%

Source: SGS 2022

Demand for four and five bedroom households are both expected to increase into the future. As more families are expected to live in Frankston, more dwellings with four or more bedrooms will be needed. Some of these dwellings also house other types of households, such as group households. There is also a

projected increasing demand for both studio and 1 bedroom dwellings into the future for Frankston LGA as shown in Figure 27.

FIGURE 27: DWELLING DEMAND BY NUMBER OF BEDROOMS, FRANKSTON LGA, 2016-2041



Source: SGS Economics and Planning (2022)

As this housing demand forecast is trend based, it represents a scenario in which the housing market in the future continues to evolve in the way and at the pace it is currently evolving. However, if shifts in housing preferences accelerate in the future or a particular kind of development becomes more common (for example high density development outpaces medium density), actual dwelling demand may differ from the results shown. Similarly, people may be willing to substitute one housing type for another, for example choosing to live in a high density dwelling instead of a medium density dwelling of a similar size.

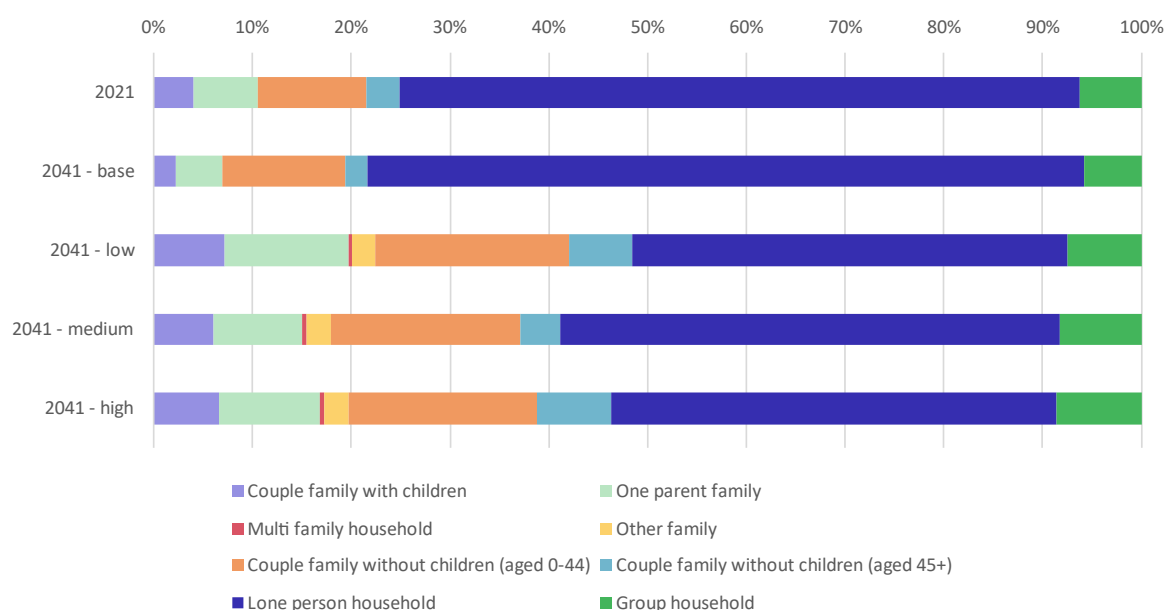
5.5 Revised Demand Scenarios

It is recognised that the FMAC will undergo significant transformation over the course of its longer-term development. As such, it is likely that observed housing preference are likely to shift. Three scenarios over the baseline were considered to understand the level of housing that might be required in the future.

- **Low** – housing preferences will be similar to that observed in the City of Kingston to represent a bayside location with lower observed densities
- **Medium** – housing preferences will be a blend of that which is observed in Melbourne’s middle ring suburbs
- **High** - housing preferences will be a blend of that which is observed in Melbourne’s inner-middle ring suburbs

The household groupings of each of these scenarios are shown in Figure 28 below.

FIGURE 28: HIGH-DENSITY HOUSEHOLD GROUPINGS BY SCENARIO, FRANKSTON LGA



Source: SGS Economics and Planning (2022)

TABLE 10: DWELLING DEMAND SCENARIO RESULTS, HIGH DENSITY UNITS IN THE FMAC

Scenario	2016	2021	2026	2031	2036	2041	Change 2021-2041	Change per year
Baseline	305	370	443	519	596	672	302	15
Low	305	366	731	1,119	1,527	1,961	1,595	80
Medium	305	366	796	1,256	1,740	2,254	1,888	94
High	305	366	1,040	1,761	2,522	3,331	2,965	148

Source: SGS Economics and Planning (2022)

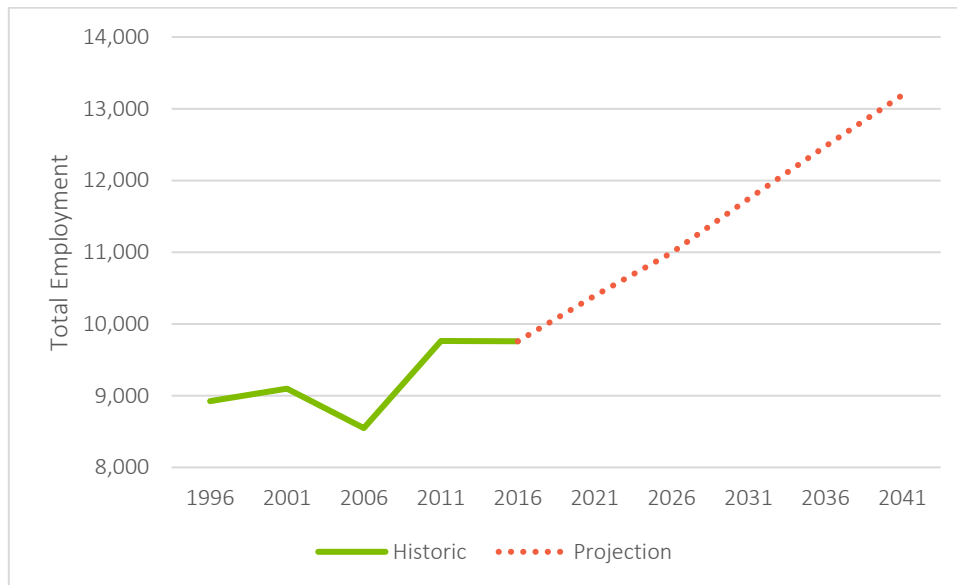
These scenarios present a range of demand outcomes dependent on the level of transformation that will be observed in the FMAC. It is unlikely that there will, without significant transformational interventions, be a shift to substantiate housing preferences in line with inner-ring metropolitan suburbs. Likewise, the Frankston MAC has numerous observed apartment developments such as Horizon. It is likely that Frankston would achieve a housing demand profile similar to what is modelled in the Medium Scenario. The projected housing demand results are compared to the housing capacity to understand if this forecasted demand can be met.

6. Employment demand

6.1 Non-retail employment demand

Baseline employment forecasts show employment in Frankston growing by around 2,800 between 2021-41 (1.2% increase per year on average).

FIGURE 29: EMPLOYMENT CHANGE, HISTORIC AND PROJECTED, FMAC



Source: SGS Economics and Planning analysis of SALUP data (2022)

These forecasts predict the greatest employment growth to be in the service sectors of retail trade and accommodation and food services; public administration and safety; and health care and social assistance. Professional services and education and training are also predicted to experience moderate growth.

The following sectors are likely to experience growth based on Frankston's current strengths and employment composition, as well as the general performance of the economy:

Services for the population, reflecting Frankston's status as a major service centre. Of these, accommodation and food services (including cafes, restaurants and bars) and retail services which require face to face contact (for example hairdressers) have the strongest prospects in the face of competition from online, particularly post-COVID.

Public administration and safety, reflecting Frankston's role as a tertiary centre; and

Health care and education, reflecting institutional anchors both in and those with connections just outside of the FMAC.

A more detailed breakdown of expected employment change by ANZSIC division⁵ is provided in Table 11.

TABLE 11: EMPLOYMENT CHANGE BY ANZSIC DIVISION, 2021-41, FMAC

Division	2021-2041
Agriculture, Forestry and Fishing	0
Mining	0
Manufacturing	0
Electricity, Gas, Water and Waste Services	47
Construction	53
Wholesale Trade	32
Retail Trade	344
Accommodation and Food Services	239
Transport, Postal and Warehousing	29
Information Media and Telecommunications	16
Financial and Insurance Services	70
Rental, Hiring and Real Estate Services	84
Professional, Scientific and Technical Services	283
Administrative and Support Services	114
Public Administration and Safety	590
Education and Training	224
Health Care and Social Assistance	569
Arts and Recreation Services	81
Other Services	45
Total	2,818

Source: SGS Economics and Planning analysis of SALUP data (2022)

Employment in sectors such as construction have grown significantly in the past in the Frankston LGA and across Melbourne. There are few modelled construction jobs here, but development activity is unlikely to be captured in permanent construction employment unless head offices relocate to the Frankston MAC. While there is likely to be increased construction in the Frankston MAC, the effect of construction employment may not be directly captured within the SP boundary, and as such will have few direct floorspace implications.

6.2 Floorspace demand for FMAC

When estimating future employment floorspace requirements, employment is converted to floorspace using a floor area ratio (FAR). FARs are defined as the requirement one additional worker would need to accommodate them.

Employment forecasts for each ANZSIC division code were converted to floorspace demand using assumed FARs aligned with MICLUP and best practice. This floorspace was bundled into Broad Industry Categories (BIC).

TABLE 12: FAR ASSUMPTIONS, FMAC

Code	Division	Assumed FAR
a	Agriculture, Forestry and Fishing	0
b	Mining	0
c	Manufacturing	90

Code	Division	Assumed FAR
d	Electricity, Gas, Water and Waste Services	25
e	Construction	60
f	Wholesale Trade	60
g	Retail Trade	30
h	Accommodation and Food Services	26
i	Transport, Postal and Warehousing	60
j	Information Media and Telecommunications	24
k	Financial and Insurance Services	19
l	Rental, Hiring and Real Estate Services	34
m	Professional, Scientific and Technical Services	22
n	Administrative and Support Services	25
o	Public Administration and Safety	19
p	Education and Training	80
q	Health Care and Social Assistance	35
r	Arts and Recreation Services	60
s	Other Services	43

Source: SGS Economics and Planning with MICLUP (2022)

Further information of how employment demand is derived is in Appendix B.

This demand was bundled into broad industry categories to illustrate the components of land need. The analysis results in an additional floorspace demand of 93,900 sqm to 2041 in the Frankston MAC.

TABLE 13: EMPLOYMENT FLOORSPACE (SQM) GROWTH BY BIC 2021-41

BIC	Additional Floorspace (sqm) Demand to 2041
Industrial	4,800
Population services	26,500
Knowledge services	24,800
Health and education	37,800
Total	93,900

Source: SGS Economics and Planning analysis of SALUP data (2022)

6.3 Retail floorspace demand

Method

Retail demand is distinct from modelling employment floorspace, as the requirement for floorspace is linked to expenditure. Retail centres also have varying population catchments. SGS uses a seven-step method to estimate retail demand in the future:

1. Define the retail trade area (using SALUP Travel Zones);
2. Estimate the current and future population of the trade area;
3. Estimate total retail expenditure and then expenditure per capita;
4. Multiply the future population by expenditure per capita;
5. Calculate an 'escape expenditure' that will be lost within the catchment (i.e., to online, elsewhere);
6. Estimate the expected 'turnover' (use of RTD's); and
7. Divide the turnover by total expenditure to calculate demand

As the FMAC comprises multiple trade areas for different types of retail activity, three separate centre types were assessed using this method. The breakdown of spending category by centre type is detailed in Table 14 below.

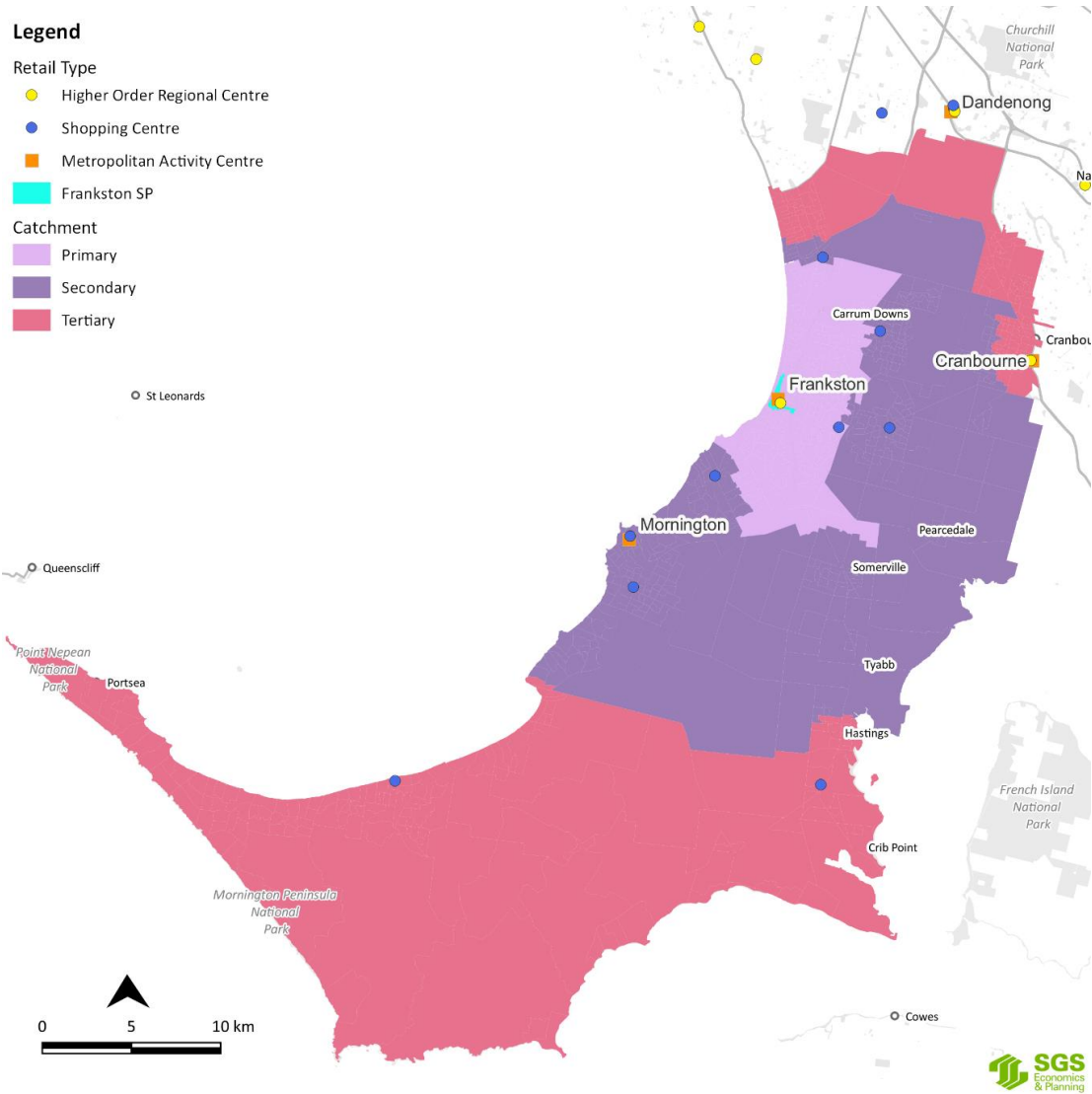
TABLE 14: RETAIL SPENDING CATEGORY BY TYPE OF CENTRE

Spending Category	HORC / SC	Supermarkets	Bulky Goods
Food & Groceries		X	
Bottleshop/Tobacco		X	
Restaurants & Cafes & Take-away	X		
Clothing & Shoes	X		
Furniture, Whitegoods, Homeware, Manchester & Electronics			X
Hardware & Garden			X
Other Retail	X		
Retail Services	X		
Non-Retail			
Total			

Source: SGS Economics and Planning (2022) (HORC stands for Higher Order Retail Centre, SC stands for Shopping Centre)

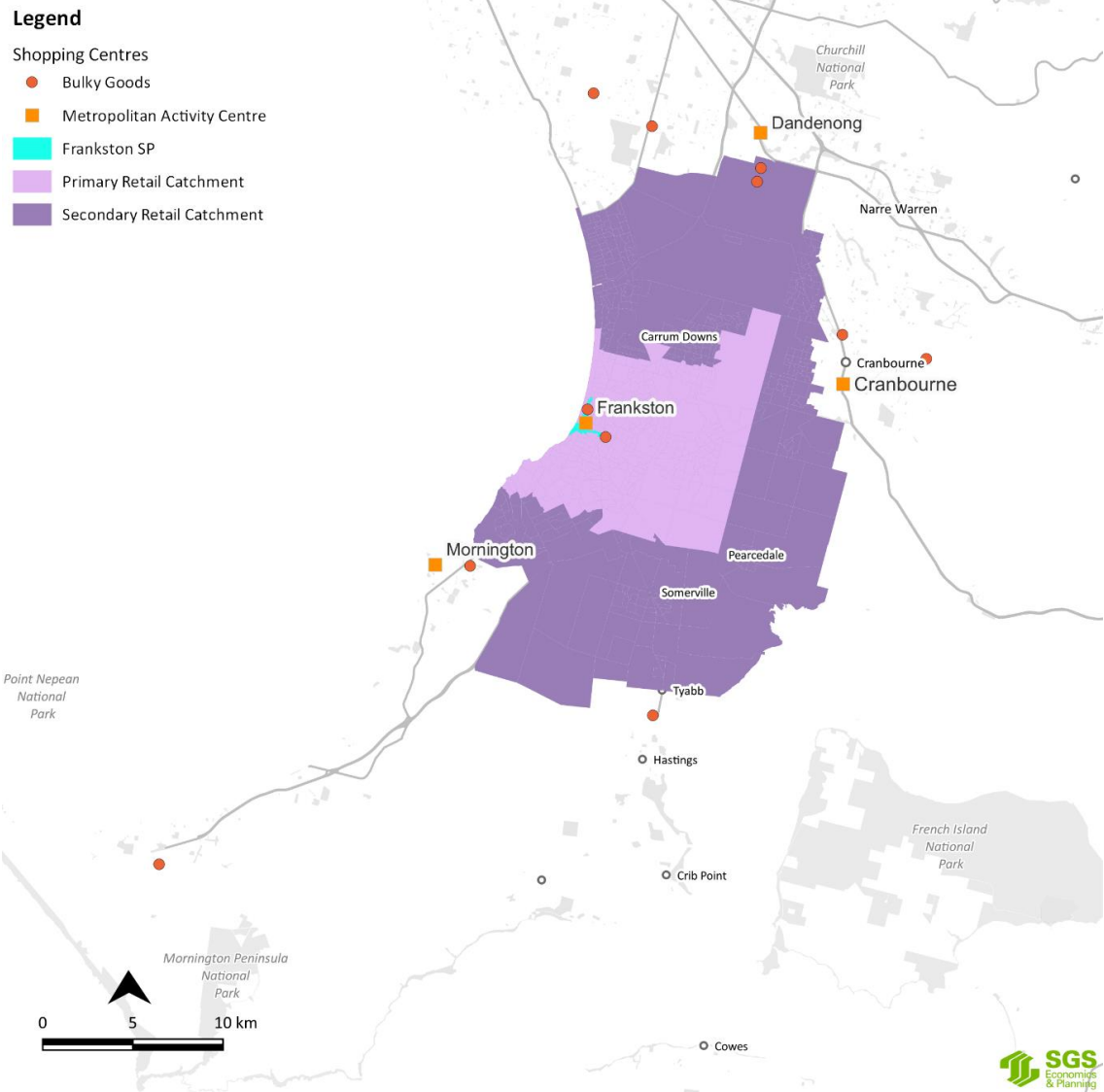
The corresponding trade areas for each type of centre are detailed in Figure 30, Figure 31, and Figure 32 below.

FIGURE 30: SHOPPING CENTRE + HIGHER ORDER RETAIL CATCHMENT



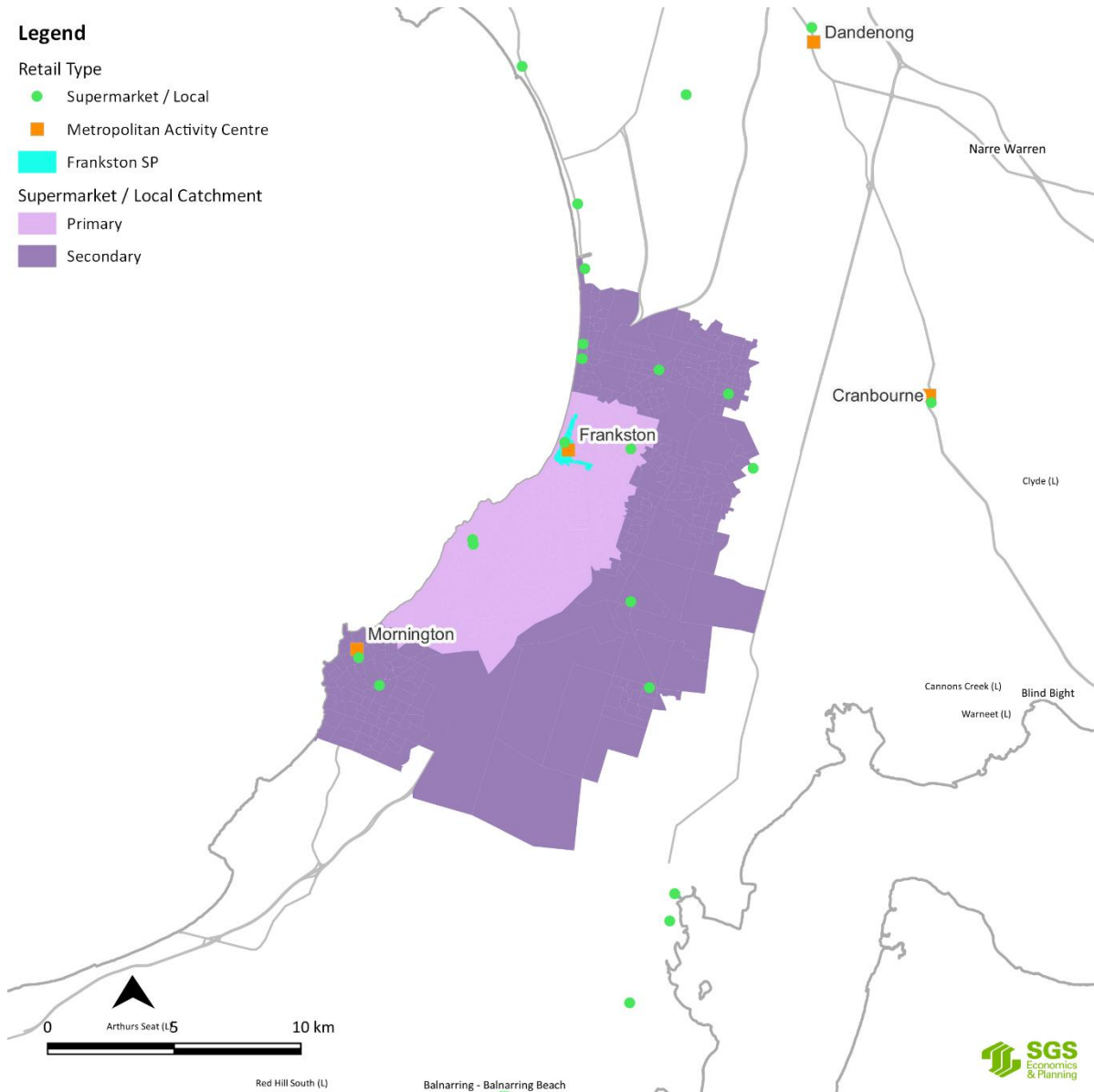
Source: SGS Economics and Planning (2022)

FIGURE 31: BULKY GOODS RETAIL CATCHMENT



Source: SGS Economics and Planning (2022)

FIGURE 32: SUPERMARKETS RETAIL CATCHMENT



Source: SGS Economics and Planning (2022)

Estimating expenditure was undertaken with the use of MarketInfo retail estimates. These are industry-standard estimates, which estimates expenditure patterns at an SA1 level through the use of the Household Expenditure Survey. It is based on total residential expenditure and does not factor in the leakage to online retail, which is determined in a later step.

TABLE 15: RETAIL SPENDING PER CAPITA BY CATCHMENT

Spending Category	Primary	Secondary	Tertiary
Food & Groceries	\$4,776	\$4,584	-
Bottleshop/Tobacco	\$1,477	\$1,543	-
Restaurants & Cafes & Take-away	\$1,887	\$1,929	\$1,927
Clothing & Shoes	\$1,112	\$1,170	\$1,170
Furniture, Whitegoods, Homeware, Manchester & Electronics	\$2,111	\$2,125	-
Hardware & Garden	\$707	\$729	-

Spending Category	Primary	Secondary	Tertiary
Other Retail	\$1,724	\$1,762	\$1,755
Retail Services	\$509	\$525	\$525

Source: SGS Economics and Planning (2022)

This per capita expenditure was assumed to grow at an annual rate of 1.75% over the 20-year period. Future population change was determined through SALUP within the same catchment areas, using travel zones rather than SA1s under a “best fit” approach to matching the catchments.

The additional population was multiplied by the increasing expenditure per capita to generate a total retail spending number, with an allowance for the “escape” of spending through online retail and spending that would otherwise occur outside of the catchments.

Total retail spending was divided by Urbis retail turnover densities (RTDs), with some adjustments made to the categories (such as “Bottleshop/Tobacco”) to match these to the Marketinfo categories.

TABLE 16 RETAIL TRADE DENSITY

RTD Category	Median Trading Level (\$psm)
Food & Groceries	\$12,826
Bottleshop/Tobacco	\$8,832
Restaurants & Cafes & Take-away	\$14,281
Clothing & Shoes	\$8,401
Furniture, Whitegoods, Homeware, Manchester & Electronics	\$8,126
Other Retail	\$8,926
Retail Services	\$6,329

Source: SGS Economics and Planning (2022)

When total expenditure per commodity is divided by the RTD’s per commodity, it is possible to estimate this demand. This is shown in Table 17 below.

TABLE 17: RETAIL FLOORSPACE DEMAND TO 2041, FMAC

Spending Category	Floorspace Demand (sqm)
Food & Groceries	6,400
Bottleshop/Tobacco	2,900
Restaurants & Cafes & Take-away	7,400
Clothing & Shoes	12,100
Furniture, Whitegoods, Homeware, Manchester & Electronics	13,000
Hardware & Garden	4,400
Other Retail	11,800
Retail Services	7,300
Total	65,300

Source: SGS Economics and Planning (2022)

The FMAC is a destination for retail spending, but it is likely that the future demand for certain types of retail will change over this period. Further discussion about this is found in 8.2.

7. Development Capacity

Both employment and housing capacity modelling uses a common spatial layer called Geoscape⁶. A full outline of the method for assessing both housing and employment land capacity is described in Appendices A and B.

7.1 Capacity Method

Capacity is an estimate of the quantum of housing or employment floorspace that could be accommodated in an area. It is based on existing planning controls, recent trends and planned future land-release precincts. It is a theoretical assessment of the maximum number of dwellings and floorspace that could be developed under current planning controls and development conditions (such as reasonable estimates of likely density) and in future precincts. It follows from a high-level analysis and is intended to be indicative rather than absolute.

Limitations of the analysis

The housing demand and capacity model is fit for purpose in a strategic planning context. There are, however, some limitations to this analysis – and therefore this should not be applied in other contexts.

The steps in the housing capacity model, such as available land identification, is based on broad-based assumptions on built form and as such should not be considered on a site-by-site level. Net capacity is derived using building information available through spatial layers and will not always be accurate with all developments.

Although some refinement has been made to incorporate actual future supply from recent development projects, such as the 75-unit Horizon development at 1-2 Plowman Place, the modelling also does not aim to predict the actual built form outcomes that would eventuate on potential development sites in the future.

7.2 Available land

The capacity assessment starts with all property parcels within both residential and commercial zones. By nature, this excludes any roads/footpaths or other non-developable areas.

Available land represents any land that is likely to be able to accommodate additional housing in the LGA. It is derived from the net land, from which lots which cannot be developed, or are relatively unlikely to be developed, are excluded.

Designation of a lot as available land does not mean that development is necessarily feasible or that property owners are ready or willing to develop these sites. Typically, only a small portion of available lots are likely to be developed in any one year. There are also likely to be site-specific attributes which may affect the development potential of some sites, but which cannot be included in an LGA-wide capacity analysis.

Land exclusions

The following lots with these attributes were excluded from the analysis.

- More than 2 dwellings on a lot;
- Greater than 150% Floor Space Ratio (FSR); or
- Heritage Overlay.

7.3 Development yield

The following zones in the FMAC were determined to have the ability to provide housing or commercial floorspace:

- C1Z
- CDZ2
- MUZ

In the base case, development was assessed according to a design and development overlay (DDO) by number of storeys. Parcels that fell under these requirements were subject to these considerations.

TABLE 18: DDO STOREY HEIGHT SCHEDULE

DDO Schedule	DDO height (storeys)
A	3
B	6
C	9
D	6
E	6
F	3

Source: City of Frankston Planning Scheme

For available lots, several built form assumptions were applied to determine the development yield or total employment floorspace capacity. Built form employment modelling assumptions include:

- Site coverage –how much of the land a building would likely cover, is assumed to be 65 per cent.
- Building efficiency - how much of the building footprint is useable (i.e., accounting for services, lift areas, stairs, etc), is assumed to be 80 per cent of the total floorspace.

This calculation of site cover and floorspace is then used to understand what could be built, known as *capacity*.

TABLE 19: HOUSING DEVELOPMENT YIELD ASSUMPTIONS

Yield method name	Number of storeys	Site coverage	Building efficiency	Floorspace per dwelling
Yield DDO storeys	DDO height	0.65	0.8	75
Yield commercial	6	0.65	0.8	75

Source: SGS Economics and Planning (2022)

7.4 Housing Capacity

Once the available land assessment was completed, the indicative housing capacity was calculated using these existing DDO requirements in the planning scheme. Lots that are excluded for the reasons above, or produced no yield due to existing floorspace, are grey. Of note, the potential yield may be impacted by other controls such as any mandatory provisions or public acquisition requirements.

FIGURE 33: HOUSING YIELD, CURRENT PLANNING CONDITIONS



Source: SGS Economics and Planning (2022)

Table 20 shows the potential housing yield by sub-precinct, with the highest net yield being in areas without much existing housing, such as Arts, Entertainment & Government Services sub-precinct.

TABLE 20: HOUSING YIELD RESULTS – CURRENT PLANNING CONDITIONS

Sub-precinct	Number of existing dwellings	Net Additional Dwellings	Total Capacity
Arts, Entertainment & Government Services	84	3,252	3,336
City Centre	432	1,377	1,809

Sub-precinct	Number of existing dwellings	Net Additional Dwellings	Total Capacity
Cranbourne Road Gateway	131	938	1,069
Frankston Station	0	361	361
Nepean Highway Gateway	597	3,365	3,962
Waterfront	15	654	669
FMAC	1,259	9,948	11,207

Source: SGS Economics and Planning (2022)

Additionally, housing capacity was modelled using the proposed design changes and uplifts to height being proposed as part of the revised Structure Plan, presented in Figure 34 below.

FIGURE 34: BUILDING HEIGHTS (STOREYS) – REVISED STRUCTURE PLAN



Source: SGS Economics and Planning (2022)

This method yields significantly more development capacity than what is currently allowed under the planning scheme. This is particularly apparent in Frankston Centre and Frankston Station as shown in Figure 34 and Table 21.

FIGURE 35: HOUSING YIELD, POTENTIAL BUILDING HEIGHTS



Source: SGS Economics and Planning (2022)

TABLE 21: HOUSING YIELD RESULTS – POTENTIAL BUILDING HEIGHTS

Sub-precinct	Number of existing dwellings	Net Additional Dwellings	Total Capacity
Arts, Entertainment & Government Services	84	3,272	3,356
City Centre	432	3,871	4,303
Cranbourne Road Gateway	131	691	822
Frankston Station	0	3,605	3,605
Nepean Highway Gateway	597	3,661	4,258
Waterfront	15	1,969	1,984
FMAC	1,259	17,068	18,326

7.5 Housing Take-up and high level feasibility

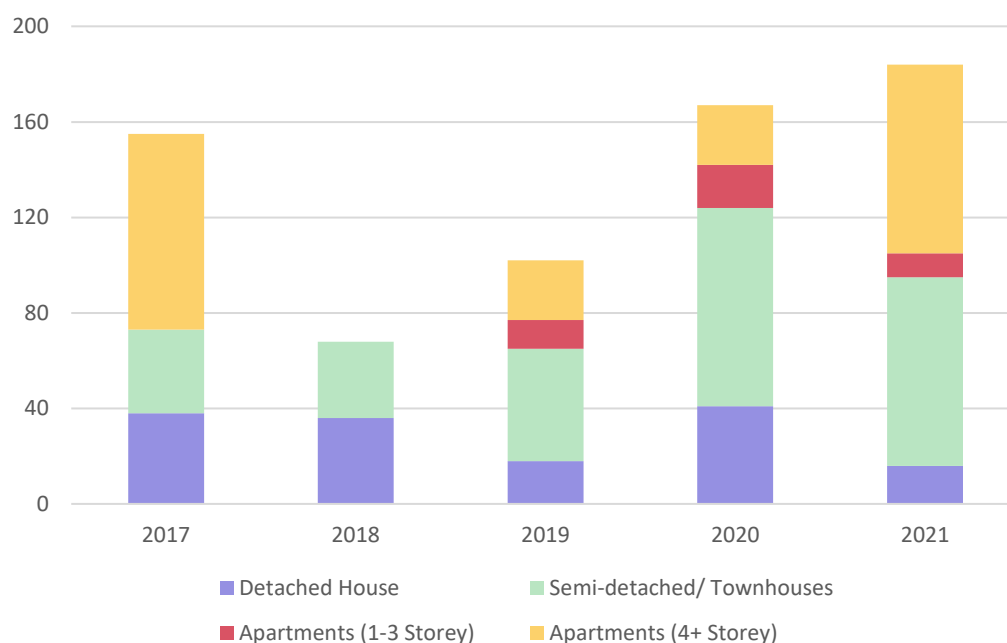
A number of considerations are at play as to the likely rate at which housing would be “taken-up” or realised within the FMAC.

Shifts towards high density housing would require a maturation in the development market, which may happen over time. This would be aided by:

- Increased amenity, making Frankston a more attractive place to live; and
- Mixed use development of catalyst sites, bringing people into Frankston, activating the centre and increasing opportunities for cafes, bars, restaurants and other local services.

Figure 36 shows annual building approvals in the Frankston SA2 by dwelling type. Building approvals in Frankston have largely comprised of townhouses in recent years, accounting for 42% and 49% of total building approvals in 2021 and 2020 respectively. With major development typically occurring around the Frankston MAC, building approval trends highlight the growth of medium density dwellings in the area.

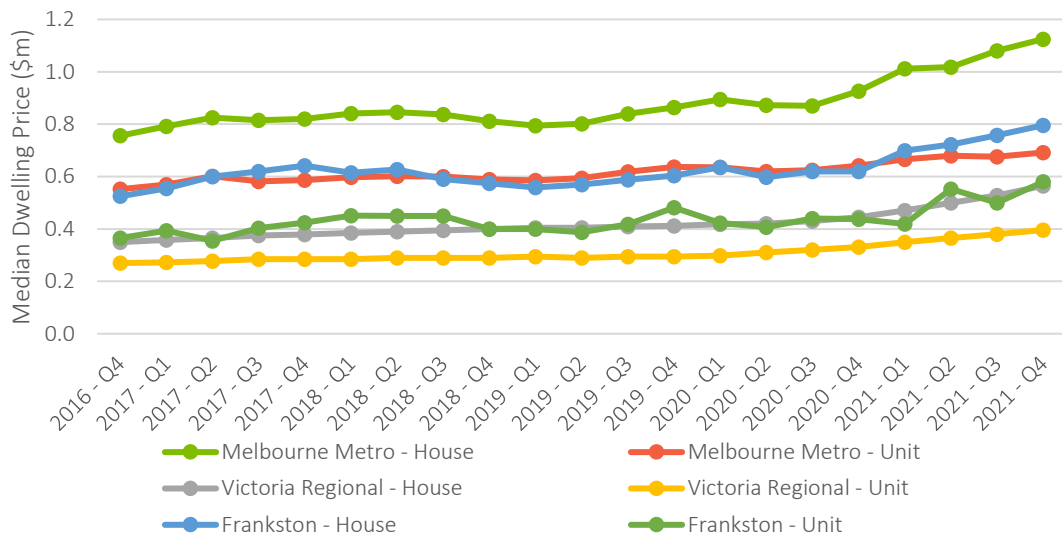
FIGURE 36: BUILDING APPROVALS IN FRANKSTON SA2



Source: ABS Building Approvals Data

While increasing building approvals of medium and high density dwellings in recent years point to greater supply, unit prices in Frankston have increased. Per Figure 37, median unit prices have increased by 37% in Frankston between July 2019 and June 2021, compared to 9% in the Melbourne Metro region. The emergence of COVID-19 will have contributed to this, with more people migrating to regional parts of the state during the pandemic. The results showcase the ever-increasing demand for residence in Frankston, and both unit and house prices are likely to continue soar in as building approval trends meet this demand.

FIGURE 37: MEDIAN DWELLING PRICE IN FRANKSTON SA2 AND BENCHMARK AREAS

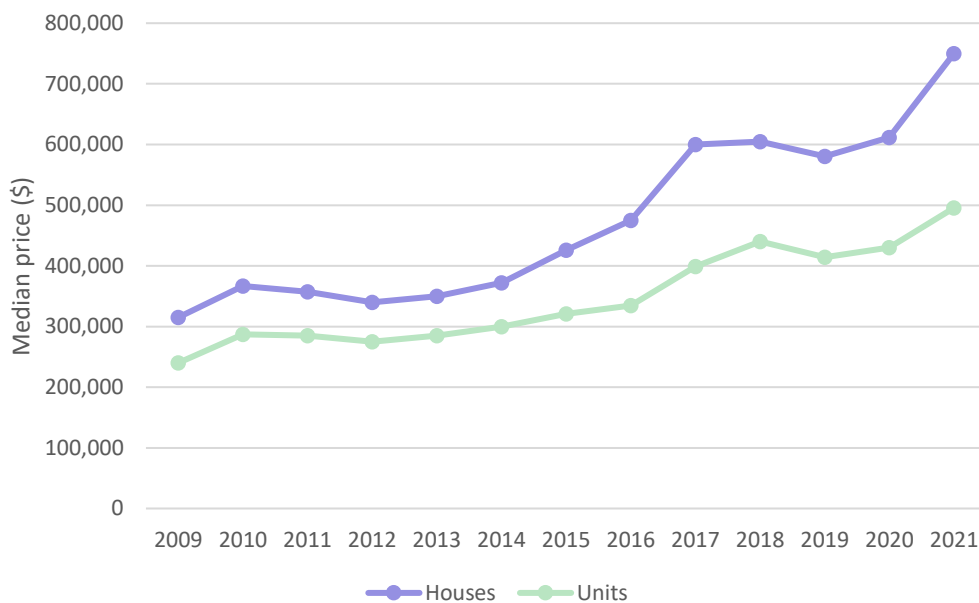


Source: Real Estate Institute of Victoria

Housing prices in Frankston rose sharply in 2021, after being relatively static from 2017 – 2020 (this is reflective of trends seen in most parts of Greater Melbourne). Both house and unit prices have risen.

Units are more affordable than houses in Frankston, with a 2021 median price of \$495,000 vs \$750,000 for houses. As house prices rise, it becomes even more important to provide a wide range of housing to provide more affordable price points for those who cannot afford a separate house.

FIGURE 38: MEDIAN UNIT AND HOUSE PRICE IN FRANKSTON

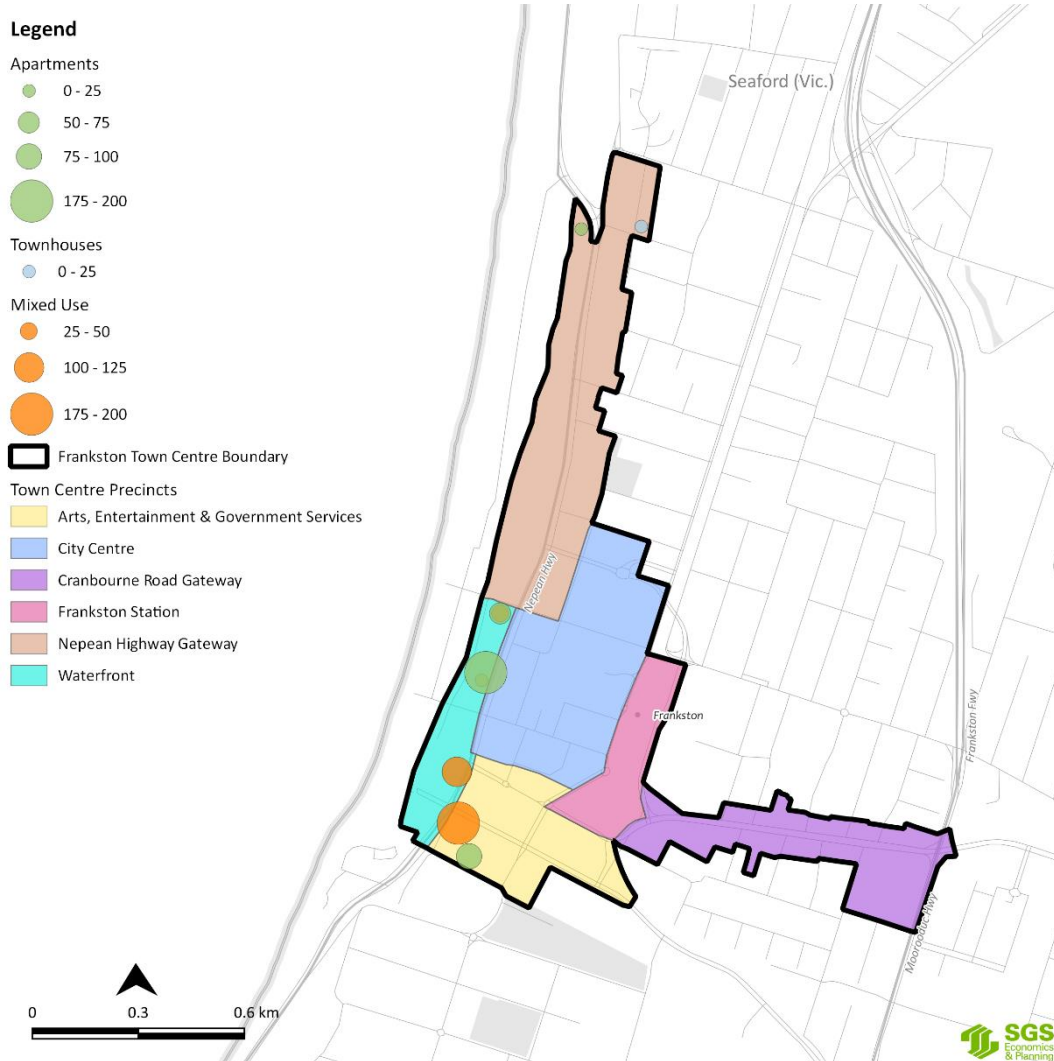


Source: Victorian Government 2021 *Property Sales Report*, Realestate.com.au 2021

Development pipeline

Figure 39 summarises the development pipeline in the Frankston SP, showcasing major development projects occurring near the waterfront. Apartments form a substantial proportion of development in the Frankston SP. Table 22 summarises the private dwelling development pipeline for the Frankston LGA with 593 apartments either at the approval or construction stage of development.

FIGURE 39: FRANKSTON SP DEVELOPMENT PIPELINE



Source: Cordell Connect

TABLE 22: PRIVATE DWELLING DEVELOPMENT IN FRANKSTON

Pipeline Status	Development Type	2022	2023	2024	2025	Total
Under Construction	Apartments	2				2
	Townhouses	29	6			35
	<i>Subtotal</i>	31	6			37
Approval	Apartments		281	233	77	591
	Townhouses	6	120	70	5	201
	<i>Subtotal</i>	6	401	303	82	792
Proposed	Apartments					

Pipeline Status	Development Type	2022	2023	2024	2025	Total
	Townhouses			5		5
	<i>Subtotal</i>			5		5
Apartments Subtotal		2	281	233	77	593
Townhouses Subtotal		35	126	75	5	241
Total		37	407	308	82	834

Source: Cordell Connect

Summary

Only some apartment development has occurred in Frankston, despite planning controls that permit this kind of development. While unit prices in Frankston have risen recently, they remain lower than in some other parts of Melbourne which accommodate more apartment development, and there is not a strong established market for new apartments in Frankston.

Bringing mixed use and apartment development in Frankston would make the centre livelier and more activated and create new economic opportunities. It would also provide more housing choices to the local community, catering to the aging population and increasing affordability for those who do not want a separate house.

There have been some recent applications for planning permission for apartment developments, highlighting the need to have a clear structure plan in place. Despite this, significant amounts of apartment development may not occur in short term.

There is significant capacity for housing development under both current planning controls and proposed structure plan, and this is likely to be much higher than demand. Increasing local amenity and activity will make Frankston a more desirable place to live, improving the market for higher density apartment development. Key sites have the potential to be developed ahead of other parts of the centre, which will encourage development elsewhere.

7.6 Employment floorspace capacity

For commercial capacity, the following assumptions were used to determine “yield”. Employment floorspace was assumed to be capped on the first two levels as an average across all buildings, recognising that this would vary across sites.

TABLE 23: COMMERCIAL DEVELOPMENT YIELD ASSUMPTIONS

Commercial Zone	Site cover	Efficiency	Floors of employment floorspace	Capacity Yield
C1Z	70%	80%	2	1.12
MUZ	70%	80%	1	0.56

Source: SGS Economics and Planning (2022)

Using a similar methodology when calculating housing capacity, the yield assumptions above were applied to eligible lots, resulting in a potential net employment floorspace capacity (in addition to what is already existing. This results in a potential net capacity of approximately 460,000 sqm under current planning controls.

TABLE 24: NET EMPLOYMENT FLOORSPACE CAPACITY, EXISTING PLANNING CONTROLS

Zoning	Arts, Entertainment & Government Services	City Centre	Cranbourne Road Gateway	Frankston Station	Nepean Highway Gateway	Waterfront	FMAC
C1Z	69,814	98,399	67,316	96,037	0	11,782	343,348
MUZ			31,918		86,621		118,539
FMAC Total	69,814	98,399	99,234	96,037	86,621	11,782	461,887

Source: SGS Economics and Planning (2022)

When using the preferred building heights in the revised Structure plan, employment floorspace decreases slightly- due to the increased provision of housing as part of a mix of sites. This is shown in Table 25 below.

TABLE 25: EMPLOYMENT FLOORSPACE CAPACITY, PREFERRED HEIGHT CONTROLS

Zoning	Arts, Entertainment & Government Services	City Centre	Cranbourne Road Gateway	Frankston Station	Nepean Highway Gateway	Waterfront	FMAC
C1Z	61,599	80,017	62,194	95,959	0	10,848	310,616
MUZ			31,918		71,380		103,298
FMAC Total	61,599	80,017	94,112	95,959	71,380	10,848	413,915

Source: SGS Economics and Planning (2022)

8. Alignment and emerging ideas

8.1 Capacity and demand summary

Housing

The likely housing demand for Frankston ranges anywhere from an additional 300-3,000 dwellings. This is compared to a net capacity of anywhere from 9,900 to 17,100 dwellings depending on zoning controls. This is approximately 700,000-1,200,000 sqm of floorspace assuming an average of 70 sqm per apartment.

TABLE 26: SUMMARY OF HOUSING DEMAND SCENARIOS

Housing Demand Scenario	Dwelling Requirements 2021-2041
Baseline	302
Low	1,595
Medium	1,888
High	2,965

Source: SGS Economics and Planning (2022)

TABLE 27: SUMMARY OF HOUSING CAPACITY SCENARIOS

Sub-precinct	Number of existing dwellings	Net Additional Dwellings	Total Capacity
Under current planning controls	1,259	9,948	11,207
With revised height	1,259	17,068	18,326

Source: SGS Economics and Planning (2022)

This means that regardless of a transformational change in housing preferences or constrained outputs in supply, there is sufficient potential housing capacity to meet demand. It is important to note that delivering too much housing is also an impediment to transformational change.

The housing sector is complex and influenced by a range of macro (federal, state, regional) and micro (local) economic factors. While many of these are beyond the direct control of local government, there are a range of ways Council can influence the housing outcomes of the local community.

The role of Council is the focus of this Strategy in providing practical, achievable and specific direction to guide the future mix, location and design of housing throughout the municipality. It is likely that Council will play a varied role depending on the specific site of interest. This is discussed further in 9.2.

Employment

An analysis of employment projections converted to floorspace indicates that there is a requirement of 93,000 sqm of employment floorspace to 2041, primarily split between population services, knowledge services, and health and education floorspace.

TABLE 28: EMPLOYMENT FLOORSPACE (SQM) GROWTH BY BIC 2021-41

BIC	Estimated Demand (sqm) to 2041
Industrial	4,800

BIC	Estimated Demand (sqm) to 2041
Population services	26,500
Knowledge services	24,800
Health and education	37,800
Total	93,900

Source: SGS Economics and Planning (2022)

Additionally, it is estimated that there is an additional need for a further 65,300 sqm of retail floorspace to 2041, lending to the high spending already present in the FMAC.

TABLE 29: RETAIL FLOORSPACE DEMAND TO 2041, FMAC

Spending Category	Floorspace Demand (sqm)
Food & Groceries	6,400
Bottleshop/Tobacco	2,900
Restaurants & Cafes & Take-away	7,400
Clothing & Shoes	12,100
Furniture, Whitegoods, Homeware, Manchester & Electronics	13,000
Hardware & Garden	4,400
Other Retail	11,800
Retail Services	7,300
Total	65,300

Source: SGS Economics and Planning (2022)

This is compared to an indicative capacity of around 400,000 sqm of developable floorspace.

TABLE 30: SUMMARY OF NET EMPLOYMENT FLOORSPACE CAPACITY (SQM) BY SCENARIO

Zoning	Arts, Entertainment & Government Services	City Centre	Cranbourne Road Gateway	Frankston Station	Nepean Highway Gateway	Waterfront	FMAC Total
Baseline	69,814	98,399	99,234	96,037	86,621	11,782	461,887
Preferred Height	61,599	80,017	94,112	95,959	71,380	10,848	413,915

Source: SGS Economics and Planning (2022)

Similar to housing, there is sufficient available floorspace to meet future demand, the key will be to maximise opportunities for the private market to develop and enhance the FMAC.

8.2 Implications

It is clear that there is sufficient floorspace capacity to meet demand, so the onus on future structure planning should be on achieving specific aims in the FMAC. These have been bundled according to three concepts detailed below.

Concept 1: Stimulate economic investment in the FMAC

Melbourne's economy is undergoing significant structural change linked to globalisation, technology, and demographic shifts. This is resulting in an economy becoming increasingly reliant on services-based employment (including both large firms and small/micro businesses/start-ups). This includes both consumer services (such as retail, hospitality, health and education) and business services which are driving economic growth (such as engineers, (data) scientists, financial and other professionals). This expanding services economy has quite different drivers to industrial based jobs of the past. They are attracted, and gain productivity benefits, from highly connected, diverse and high amenity locations.

The COVID-19 pandemic has heavily impacted the economy over the last two years. This has not been homogeneous with some locations (such as the Melbourne CBD) and sectors (such as retail, hospitality and the arts) being disproportionately impacted. Looking forward, it is still uncertain how and when the economy will fully recover and what lasting impacts will remain. However, it is clear this global event has accelerated many shifts already in train.

- Growth in online retailing has essentially skipped forward 2-5 years, while small and large businesses alike have managed to rapidly built capabilities to benefit from this trend and expand their consumer catchments online.
- Office workers have become decoupled from their 9 to 5, Monday to Friday, single office working arrangements. Hybrid and more diverse working models will likely become the norm. This is not to say workers will never return to an office, rather the vast majority will, but in a more for a specific purpose – an important meeting, collaboratively addressing a complex/abstract problem, a desire to be in a quality and social environment.

While COVID has impacted Frankston's economy in the short run, these long running economic changes present a real opportunity for Frankston as a highly connected, Metropolitan Activity Centre and economic gateway to the peninsula, south-east growth corridor and broader metropolis

To achieve its full potential, Frankston will need to evolve into a more economically diverse, high amenity and integrated centre, which connects and leverages its key anchors and assets.

Frankston should strive to be a regional hub for the growing **office-based employment** sector both for small and large businesses alike. This will create a more vibrant and activated centre and provide increase local employment opportunities for residents. The draw of the Melbourne CBD has been weakened through COVID-19 and with a locally growing skilled workforce (via both the Peninsula and South-East growth corridor), strong transport, institutional and natural amenity assets, it has the key ingredients for success. High quality office space, local urban amenity and business attraction focused on both micro and key anchor tenants will be critical.

The **health and education** sectors combined represent around 50 per cent of all new jobs and include much more than just those located in schools, tertiary institutions and hospitals. This diverse and rapidly expanding sector presents a key economic development opportunity for the Frankston MAC, particularly driven by its proximity to the Hospital and TAFE.

Public administration and other government services also present a key employment and economic activation opportunity for the centre. Their ongoing presence should be seen as critical to the local economy and employment (beyond just their service function) and their assets should increasingly be used as place making and economic catalysts providing clear signals to the market.

Concept 2: Provide the right housing

As Frankston and the surroundings region's population continues to grow there will be ongoing demand for new housing and a greater diversity of housing products. Increased high quality small scale and higher

density housing development in the Frankston MAC will also be critical to supporting a more vibrant, sustainable and economically strong centre.

While COVID-19 has impacted the inner city small apartment market and provided growth opportunities for high amenity regional centres proximate to major cities, it is unlikely to have dramatically altered long running trends driving demand for greater housing diversity.

An aging population and changes in the formation of households has resulted in a smaller share of traditional 'couple family with children' households. Lone person households, couples without children and share household are all seeing strong growth in Frankston. This household formation trend, combined with growing preferences for more cosmopolitan living and affordability pressures has created increased demand for a greater diversity of housing types within the local community.

Importantly, this will not result in a dramatic shift from large, separate houses (common in the surrounding suburbs and growth areas) to small high-rise apartments. Rather, it will drive demand for a wide range of products including townhouses, low-rise and bigger apartments and across a range of price points. In addition to providing a greater diversity of housing within the private market, there will be a growing need to support those most vulnerable in the community through increased Social and Affordable Housing. As the success of the centre grows, the need to support and stimulate the affordable and social housing sector will also grow.

Ensuring Social and Affordable housing is integrated with the broader community and located in areas of higher economic opportunity also maximises its ability positively impact residents.

The housing sector is complex and influenced by a range of macro (federal, state, regional) and micro (local) economic factors. While many of these are beyond the direct control of local government, there are a range of ways Council can influence the housing outcomes of the local community.

The role of Council is the focus of this Strategy in providing practical, achievable and specific direction to guide the future mix, location and design of housing throughout the municipality. There are a number of roles which Council can play. This is illustrated in Figure 40 below.

FIGURE 40: ROLE OF COUNCIL IN INFLUENCING HOUSING OUTCOMES



Concept 3: Capture the evolution of retail

Retail and hospitality will still grow in Frankston but will need to become a smaller share of the overall centre economy. That which remains, will need to be increasingly innovative, unique and experienced focused to align with changing trends and consumer expectations. High quality interconnected urban spaces, events and branding will be critical to supporting this sector.

The retail sector in Australia is changing. This includes a number of key trends that will have implications for traditional shopping centres.

- Shift in preferences away from goods and towards services and experiences
- Mission versus leisure retailing
- Increased local sourcing of products
- Hyperlocal retailing

Whilst retail goods businesses make up the bulk of floor space in centres outside of Australian CBDs, service industries also play an important role – particularly in the larger centres. This category of businesses is generally one of the following:

- **Place-based services**, which are those which service regional catchment needs, and are strongly associated with catchment populations, and
- **Non-place-based services**, which are more likely to locate in places that serve strategic needs, rather than access to customers.

Hospitality has been a strong performer in recent years and one of the better performers in the retail sector, outperforming other categories of retail across Australia. Up until the commencement of COVID-19, hospitality⁷ expenditure was growing more rapidly than all other forms of retail. With restaurants and eateries particularly impacted by restrictions, the sector has slipped in recent years. As COVID-19 restrictions ease, the trends driving strong growth in hospitality expenditures are expected to reassert themselves, with hospitality continuing to outperform other retail categories.

The term *night time economy (NTE)* is generally understood to refer to retail and hospitality activity occurring after the conclusion of ‘normal’ business hours (around 5 or 6pm). Broadly, most NTE activities occur in the hours before midnight, though in some centres there may be a role for activities beyond midnight, extending to 6am.

A strong NTE plays an important role in providing opportunities for a region’s residents to socialise and recreate, and in doing plays a role in reducing social isolation and loneliness – something that is particularly important given the continued growth of single- and dual-occupant dwellings. Thriving night time economies also play important roles in activating precincts after normal business hours, enhancing feelings of safety among vulnerable centre users.

The potential for expansion of NTE across centres depends on a range of factors, including centre size, location in relation to other NTE centres, centre design, public transport access, the number of households within a walkable catchment, and local population characteristics.

Recommendations

These three concepts, discussed above, include a number of recommendations the FMAC should incorporate as part of their strategy. This is summarised in Table 31 below.


 **SGS⁷** Equivalent to the ABS category, ‘cafes, restaurants and takeaways’
Economics & Planning

TABLE 31: RECOMMENDATIONS FOR THE FMAC

#	Concept	Discussion	Recommendation
1	Stimulate economic investment in the FMAC	<p>There is additional demand for office floorspace, coupled with the need for short term offices in a desirable location.</p> <p>Work on catalyst sites to deliver flexible office floorspace and enhance the attractiveness of the FMAC to appeal to office workers.</p>	<ul style="list-style-type: none"> 1.1 – leverage the broader employment opportunities from Health and Education 1.2 – grow and consolidate the public service precincts 1.3 – advocate/attract major new head office or government departments
2	Provide the right housing	<p>There is sufficient capacity to deliver more housing, the key will be to deliver a wide variety of dense, attractive housing, combined with other initiatives to encourage liveability.</p> <p>Continue to enhance the built environment, deliver a mix of jobs and retail/leisure opportunities to the FMAC, and continue to engage with developers through the delivery of housing as part of mixed-use sites.</p>	<ul style="list-style-type: none"> 2.1 – support good quality high density development within the centre core 2.2 – increase capacity and encourage development for mid-scale housing (townhouses, larger apartments) 2.3 – ensure residential development does not crowd out employment, particularly at ground floor 2.4 – establish affordable housing contribution scheme
3	Capture the evolution of retail	<p>Encourage the redevelopment of the retail offer in Frankston town centre, focussing on a mix of uses, small businesses and street activation.</p>	<ul style="list-style-type: none"> 3.1 – create an environment and attract more unique and experienced based retail 3.2 – support development for small scale/co-working office employment

Source: SGS Economics and Planning (2022)

Infrastructure funding tools available to Council

A key funding tool that Council could apply in advancing its vision for FMAC is a Development Contribution Plan (DCP). DCPs are enabled by the Planning and Environment Act as a user pays funding mechanism. Proponents of development are levied in accordance with their share of usage of planned infrastructure in the area in question. Share of usage is calculated taking into consideration existing development as well as projected future development. Bearing in mind that much of FMAC is built up, a DCP would likely generate a modest share of the cost of planned infrastructure for the precinct – probably well below 20%. Nevertheless, in \$ terms this would be a significant amount and would make a valuable contribution to plans for improvement of the Centre.

Council would need to consider whether to apply a DCP just in the FMAC or across the whole municipality. Many Councils have either adopted or are planning to adopt city wide DCPs, including Moonee Valley, Yarra, Darebin and Maribyrnong. A city wide DCP in Frankston would have the advantage of generating significantly more revenue in aggregate while avoiding singling out FMAC for charges that do not apply to proponents outside the Centre.

Council could also consider value capture mechanisms in the Planning Scheme based on precedents set in Central Melbourne (Am C270) and Fishermans Bend. These Schemes establish a ‘flagfall’ Floor Area Ratio

or Dwelling Density Ratio above which proponents may secure additional development capacity if they provide community benefits of equivalent value. These community benefits can include improvements to the public realm, as well as social housing and community facilities.

A further tool available to Councils can be called 'inclusionary requirements' operating via the Planning Scheme. As the name suggests, these oblige proponents to include certain features in their projects at prescribed rates or provide cash in lieu. Public open space contributions are an example of inclusionary requirements with relevance to FMAC.

Frankston Council successfully amended its Planning Scheme in 2019 to apply an 8% mandatory open space contribution in FMAC. It is noteworthy that while this was a significant lift from the default figure of 5% under previous Scheme provisions, some Councils across metro Melbourne are seeking contribution rates of 10% or more across their entire municipalities, including Monash and Darebin.

9. Economic opportunities and enablers

9.1 Factors of economic success

Successful economic precincts have several attributes that indicate highly productive places which generate new investment and jobs and attract new businesses. The development of employment locations are driven by a range of factors associated with the amount, location and attributes of land supply, and demand drivers of various employment industries. Successful employment locations often receive significant government leadership and coordination to stimulate appropriate business and development. Precinct success factors can be promoted and enhanced to attract more investment and business. The factors which drive economic success are depicted in Figure 41.

FIGURE 41: FACTORS OF ECONOMIC SUCCESS



Source: Department of Environment, Land, Water and Planning

These key success factors are further discussed below:

- **Competitive advantage:** Is the precinct leveraging and aligning its distinctive assets, including historical strengths, to grow firms and jobs in the district, city and region? For example, Cremorne has a strong IT and creative industries presence. Firms in those industries located in Cremorne will gain economic benefits from locating there. What are Frankston's key comparative advantages? Are they being leveraged to support activity within the precinct?
- **Collaboration:** Is the precinct connecting the dots between people, institutions, economic clusters, and place, creating synergies across multiple scales and platforms?

- **Quality of place:** Does the precinct have a strong quality of place and offer quality experiences that accelerate outcomes and increase interactions? This has been assessed based upon factors such as the urban environment and the presence of places to interact (restaurants and cafes) and the level of mix of uses which helps to provide a ‘buzz’ inside and outside of standard office hours.
- **Diversity and inclusion:** Is the precinct a diverse and inclusive place that provides broad opportunities for residents?
- **Affordability:** Does the precinct provide a diversity of affordable premises for business to locate in? This would include start-ups, small, medium sized business and larger businesses. This has been measured by looking at rents.
- **Critical mass:** Does the area under study have a density of assets that collectively begin to attract and retain people, stimulate a range of activities and increase financing?
- **Infrastructure:** Does the precinct have the necessary utilities, ICT infrastructure and building stock to accommodate critical mass and support connectivity, collaboration and innovation? What is the type and quality of the building stock?
- **Accessibility:** Does the precinct have access to deep pools of labour and other firms? This has been assessed based on the number of jobs and workers accessible by car and public transport during the AM peak. The higher the number of jobs accessible, the greater the connection of the enterprise precinct to the broader economy of Melbourne. The higher the access to workers, the better the connection is to a large labour force. Both the connection to other jobs and workers will enhance the economic performance of the enterprise precinct.
- **Anchor institutions:** Does the precinct have anchor institutions, such as research organisations or large corporates, that are present, relevant and engaged with industry?

Each of the FMAC’s precincts have been considered and rated according to their scoring on the factors of economic success. Further comments have been provided in Table 32.

TABLE 32: FACTORS OF ECONOMIC SUCCESS -FMAC PRECINCTS

Factor	City Centre	Frankston Station	Arts, Ent & Gov Serv	Waterfront	Nepean Hwy	Cranbourne Rd.	Comments
Competitive Advantage	M	M	H	H	L	L	Nepean Hwy and Cranbourne Rd precincts both lack assets that contribute to an areas competitive advantage. Areas that scored well align their distinctive assets. This is evident in both the Arts, Entertainment and Government Services precinct and Waterfront precinct.
Collaboration	H	H	H	H	L	L	The possibilities for collaboration across the City Centre, Frankston Station, the Arts Entertainment and Government Services precincts are much better than compared to the gateway precincts of Nepean Hwy and Cranbourne Rd. The higher scoring precincts also score well in transport and accessibility, the connections between precincts for collaboration are likely to be realised.
Quality of Place	M	L	H	H	L	L	The Arts, Entertainment & Government Service precinct and the Waterfront precincts score are most conducive to the development of high quality urban spaces. The gateway precincts and Frankston Station score low in terms of quality of place. Nepean Hwy and Cranbourne Rd offer few places for interaction and minimal areas of mixed uses. Frankston Station comprises mainly of the train station and car parks with some retail with little to no mix of uses, resulting in a lower quality of place.
Diversity and Inclusion	M	L	M	M	L	L	The MAC precincts as a whole do not score highly in terms of diversity and inclusion. The area is lacking in it's diversity of economic opportunities for city residents. The precincts which scored lowest on this factor lack mixed use areas and diversity of businesses in the precinct.
Affordability	M	M	M	M	H	H	The area as a whole scores well in terms of affordability. The Nepean Highway and Cranbourne Rd precincts provide a diversity of affordable premises when looking at rents. Affordability for businesses is not yet an issue across the MAC.
Critical Mass	M	L	H	M	L	L	The gateway precincts of Nepean Hwy, Cranbourne Rd and Frankston Station precinct lack in economic activity in general and therefore lack critical mass.
Infrastructure	H	H	H	M	L	L	The precincts around the city centre have necessary utilities and building stock to accommodate economic activity which supports critical mass in the precincts. Nepean Hwy and Cranbourne Rd lack this infrastructure, especially the necessary building stock.
Transport and accessibility	H	H	H	M	M	M	The central precincts, including Frankston Station, are the most accessible with access to public transport, pedestrian links and roads. The gateway precincts and the waterfront sit further away from Frankston Station and the city centre, largely relying on the main roads in these precincts which provide links to the broader region. The MAC as a whole scores comparatively well for transport and accessibility.
Anchor institutions	H	L	H	H	L	L	Precincts that scored well with anchor institutions have pre-existing research organisations and corporations and government offices located within them.

9.2 Catalyst Sites

The transformation of the FMAC is a longer-term strategy. As evidenced in this report, the economy will continue to be dynamic, and have an interplay with the development life cycle.

The Three Horizons approach⁸ proposes that in order to achieve significant transformation, places need to plan across three horizons simultaneously. These are:

- Horizon 1: Consolidate the existing hierarchy and support long term options.
 - Horizon 2: Reinforce and augment a maturing regional economy.
 - Horizon 3: Transform the economy through innovation, major investment, and new opportunities.
- These will involve both local and state governments to facilitate the actions over both a medium and longer-term period. This will require input from other consideration such as land use, transport connectivity and design to make both a sustainable and successful precinct.

These three horizons have been considered and inform three types of recommendations for the catalyst sites. These are:

- **Assemble (0-5 years):** focus on consolidating the site or neighbours in order to deliver development;
- **Develop (0-10 years):** and augment a maturing regional economy; and
- **Strategise (10+ years):** focus on longer-term solutions and overall strategy.

Nine “strategic sites” have been considered through the lens of the factors of economic success and the Three Horizons approach to inform the recommendations. Where sites are “regionally significant”, the region referred to is broadly the Southern Metro Region in Plan Melbourne’s Land Use Framework Plans.

These recommendations are summarised in the table below.

TABLE 33: STRATEGIC SITE RECOMMENDATIONS

#	Strategic Site	Recommendation	
1.	Frankston House	Develop (0-10 years)	Work with developers to deliver a mixed use ground floor which helps to activate the surrounding streets and Kananook Creek Promenade with housing above, but deliver this at a later date.
2.	Keys Street Toilet, 5-7 Keys Street	Assemble (0-5 years)	Sell the site to an adjoining landowner with a part of Wells Lane to increase the site area. The larger site would be suitable for mixed use ground floor with housing above and can be actioned quickly.

⁸ Baghai, Coley and White (1999) *The Alchemy of Growth*. Originally designed for business planning, the framework has been adapted for the development of cities and places.

#	Strategic Site	Recommendation	
3.	Ambassador Apartments, 325 Nepean Highway	Strategise (10+ years)	Development of the site with ground floor commercial and retail and housing above would help to improve many economic success factors in the Nepean Highway Precinct.
4.	Sherlock and Hay (Council Car Park), 79R – 83R Young Street, 59 Playne Street (Mialls Gunshop)	Assemble and Develop (0-10 years)	Purchase 59 Playne St and develop the site into new Civic Centre with leasable floors and spaces for external business which also enables Council to pursue opportunities at sites 6 and 8.
5.	Mackie Land, 9-15 Cranbourne Road	Develop (0-10 years)	Development of the site with ground floor commercial and retail opportunities would help to improve many economic success factors such as quality of place, critical mass and collaboration in the Cranbourne Road Precinct.
6.	Arts Centre Precinct	Assemble and Develop (0-10 years)	Expand the Arts Centre through purchasing additional properties to help establish Frankston as a regional hub for arts, entertainment and culture with commercial and retail leasing opportunities to add to the vibrancy of the precinct.
7.	Sofia's Frankston, 5N Pier Promenade	Develop (0-10 years)	Upgrade the area to establish quality public space and attract businesses to occupy the space as a restaurant or café.
8.	Civic Centre, 30 Davey Street	Assemble (0-5 years)	Enable site to be developed either through joint venture or selling with permits for a mixed use development.
9.	Power Centre	Strategise (10+ years)	Consider development and future of this site at a later date. Redevelopment and activation opportunities should be focused within the FMAC.

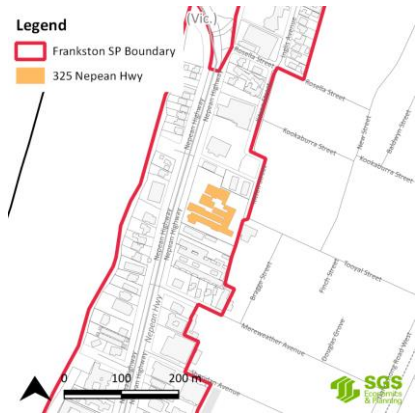
Source: SGS 2022


The following multi-criteria analysis (MCA) was devised to assess each of the sites and their role as catalysts in line with the strategic aims of the FMAC.


FIGURE 42: STRATEGIC SITE MCA


Site number	1	
Site	Frankston House, 490 – 504 Nepean Highway	
<div><div>Legend</div><div><div><div></div><div>Frankston SP Boundary</div></div><div><div></div><div>490-504 Nepean Hwy</div></div></div><div></div></div>	Approx site area	Site area: 9,500sqm Car park area: 1,300sqm Total: 11,000sqm
	Ownership	Carpark: Council Frankston House: Multiple private owners
	Zoning	CD22
	Overlays	PO
	Intended action/use by council	Redevelopment of site
Scoring		Considerations
Proximity to other appropriate uses	H	The waterfront scores highly in competitive advantage and collaboration, but a development here would help to increase critical mass. Activation of the ground floor through mixed use with high quality housing above is aligned with the objectives in the emerging ideas paper. Development of this site can also contribute to creating a thriving Kananook Creek promenade while also activating the public space between Frankston House and the South East Water building. The site has multiple owners which makes development of the site challenging.
Ease of development enablement for council	L	
Ability to shift factors of economic success / outcomes in emerging ideas paper	M	
Recommendation		
Develop (0-10 years)	Work with developers to deliver a mixed use ground floor which helps to activate the surrounding streets and Kananook Creek Promenade with housing above, but deliver this at a later date.	

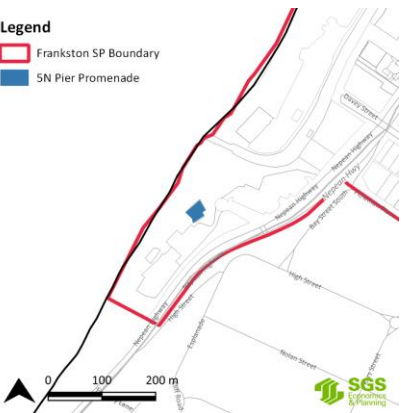
Site number	2	
Site	Keys Street Toilet, 5-7 Keys Street	
<div><div>Legend</div><div><div><div></div><div>Frankston SP Boundary</div></div><div><div></div><div>5-7 Keys St (Council)</div></div></div><div></div></div>	Approx site area	400sqm
	Ownership	Council
	Zoning	C12
	Overlays	SBO, PO
	Intended action/use by council	Sell site to adjoining land owner
Scoring		Considerations
Proximity to other appropriate uses	H	The city centre scores well across all factors of economic success. A development at this site would help add critical mass in the centre of Frankston. The site is well serviced and highly accessible, however the site is small. Increasing the developable area by selling part of the adjoining laneway with the site would increase the site area.
Ease of development enablement for council	M	
Ability to shift factors of economic success / outcomes in emerging ideas paper	M	
Recommendation		
Assemble (0-5 years)	Sell the site to an adjoining landowner with a part of Wells Lane to increase the site area. The larger site would be suitable for mixed use ground floor with housing above and can be actioned quickly.	

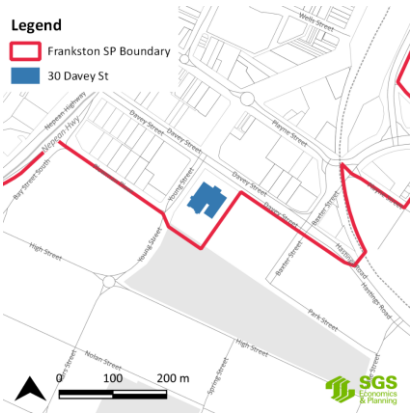
Site number	3		
Site	Ambassador Apartments, 325 Nepean Highway		
<div><div>Legend</div><div><div><div></div></div>Frankston SP Boundary</div><div><div></div></div>325 Nepean Hwy</div> 	Approx site area	10,000 sqm	
	Ownership	Multiple	
	Zoning	MUZ	
	Overlays	DDO, SBO, PO	
	Intended action/use by council	Not determined, potential acquisition through PAO	
Scoring		Considerations	
Proximity to other appropriate uses	L	The area surrounding the Ambassador Apartments site scores low on most factors of economic success. Redevelopment in the area would help to shift outcomes in the Nepean Highway precinct. The site has been identified as having ongoing social and safety issues. There is complex existing ownership within the site with around 110 existing private owners. Purchasing the site may be a difficult process.	
Ease of development enablement for council	L		
Ability to shift factors of economic success / outcomes in emerging ideas paper	M		
Recommendation			
Strategise (10+ years)	Development of the site with ground floor commercial and retail and housing above would help to improve many economic success factors in the Nepean Highway Precinct. As it is likely not eligible for a PAO, work with developers or site owners to deliver the site in the longer term.		


Site number	4		
Site	Sherlock and Hay (Council Car Park), 79R – 83R Young Street, 59 Playne Street (Mialls Gunshop)		
<div><div>Legend</div><div><div><div></div></div>Frankston SP Boundary</div><div><div></div></div>59 Playne St (Private)</div> <div><div></div></div> 79R-83R Young St (Council) 	Approx site area	Council: 5,500sqm Private: 1,300sqm Total: 6,800sqm	
	Ownership	79R-83R Young St: Council 59 Playne St: Private	
	Zoning	C1Z	
	Overlays	SBO, PO	
	Intended action/use by council	Develop new Civic Centre, Library & Youth Services site and purchase 59 Playne St	
Scoring		Considerations	
Proximity to other appropriate uses	H	Development of this site by Council would contribute greatly to increasing quality of place, infrastructure and critical mass in the Frankston Station precinct. Including leasing opportunities for commercial and retail would help in achieving the desired increase in business mix and add to the vibrancy of the area while creating revenue for Council. Development of this site by Council will help instil confidence in the private sector that the CBD is being invested in by Council. Increasing the site size through purchasing 59 Playne St allows for future growth within the organisation. The development would create ongoing economic benefits to surrounding businesses through increased activity within the CBD by Council workers and related businesses.	
Ease of development enablement for council	M		
Ability to shift factors of economic success / outcomes in emerging ideas paper	H		
Recommendation			
Assemble and Develop (0-10 years)	Purchase 59 Playne St and develop the site into new Civic Centre with leasable floors and spaces for external business which also enables Council to pursue opportunities at sites 6 and 8.		

Site number	5	
Site	Mackie Land, 9-15 Cranbourne Road	
<div><div>Legend</div><div><div><div></div></div>Frankston SP Boundary</div><div><div></div></div>9-15 Cranbourne Rd</div> 	Approx site area	3,500sqm
	Ownership	Private (single ownership)
	Zoning	C1Z
	Overlays	DDO, SBO, PO
	Intended action/use by council	Not determined
Scoring		Considerations
Proximity to other appropriate uses	H	This site is currently vacant and is located close to Frankston Station, Chisholm and the Peninsula Aquatic Centre. Located in the Cranbourne Road precinct which is a key gateway area to the Frankston MAC, development of this site would help to increase the quality of place and a sense of arrival to the Frankston MAC.
Ease of development enablement for council	M	
Ability to shift factors of economic success / outcomes in emerging ideas paper	M	
Recommendation		
Develop (0-10 years)	Development of the site with ground floor commercial and retail opportunities would help to improve many economic success factors such as quality of place, critical mass and collaboration in the Cranbourne Road Precinct.	

Site number	6	
Site	Arts Centre Precinct	
<div><div>Legend</div><div><div><div></div></div>Frankston SP Boundary</div><div><div></div></div>Arts Centre Precinct (Council)</div> <div><div></div></div> 39A Davey St, 101 Young St, 46, 48, 50 & 52 Playne St (Private) 	Approx site area	Council: 9,000sqm Private: 2,000sqm Total: Approx. 11,000sqm
	Ownership	37 & 43b Davey St & Playne Lane: Council 39A Davey St, 101 Young St, 46, 48 & 50/52: Private
	Zoning	C2Z
	Overlays	PO
	Intended action/use by council	Expanded arts centre with mixed use offerings
Scoring		Considerations
Proximity to other appropriate uses	H	Upgrading the Arts Centre precinct would contribute to strengthening the arts, entertainment and culture of Frankston MAC. An expanded arts centre would greatly support events and festivals and has opportunities for existing spaces to be activated. Mixed use offerings should be supported for complimentary uses to the arts including restaurants, bars and cafes. Reorienting the arts centre to integrate with Playne Street will help to link the Arts Centre with the city centre. Purchasing the adjoining private properties will unlock the potential of the precinct and allow for the expansion of the centre and accommodate future growth.
Ease of development enablement for council	M	
Ability to shift factors of economic success / outcomes in emerging ideas paper	H	
Recommendation		
Assemble and Develop (0-10 years)	Expand the Arts Centre through purchasing additional properties to help establish Frankston as a regional hub for arts, entertainment and culture with commercial and retail leasing opportunities to add to the vibrancy of the precinct.	

Site number	7	
Site	Sofia's Frankston, 5N Pier Promenade	
<div>Legend</div> <div><div><div></div><div>Frankston SP Boundary</div></div><div><div></div><div>5N Pier Promenade</div></div></div> <div></div>	Approx site area	650sqm
	Ownership	DELWP/Council
	Zoning	CDZ2
	Overlays	PO
	Intended action/use by council	Restaurant/Café
Scoring		Considerations
Proximity to other appropriate uses	M	While the Frankston Waterfront precinct scores well in most factors of economic success, the successful activation of this site and surrounding area would help achieve a greater quality of place along both the foreshore and Kananook Creek promenade.
Ease of development enablement for council	H	
Ability to shift factors of economic success / outcomes in emerging ideas paper	H	
Recommendation		
Develop (0-10 years)	Upgrade the area to establish quality public space and attract businesses to occupy the space as a restaurant or café.	

Site number	8	
Site	Civic Centre, 30 Davey Street	
<div><div>Legend</div><div><div><div></div></div>Frankston SP Boundary</div><div><div></div>30 Davey St</div></div>  <div>SGS Economics & Planning</div>	Approx site area	10,300sqm
	Ownership	Council
	Zoning	PUZ6
	Overlays	ESO, PO
	Intended action/use by council	Sell with permit or joint venture development
Scoring		Considerations
Proximity to other appropriate uses	H	Located within the Arts, Entertainment and Government Services precinct, this is a premium site within the FMAC. If a new Civic Centre site is pursued, this site presents a great opportunity for development, building on the already strong economic factors of success in the precinct. Selling this site for development would unlock revenue for Council, helping in the purchase of land and development of a new Civic Centre and new Arts Precinct.
Ease of development enablement for council	M	
Ability to shift factors of economic success / outcomes in emerging ideas paper	M	
Recommendation		
Assemble (0-5 years)	Enable site to be developed either through joint venture or selling with permits for a mixed use development.	

Site number	9	
Site	Power Centre Site	
<div>Legend</div> <div><div><div></div>Frankston SP Boundary</div><div><div></div>Power Centre Site</div></div> 	Approx site area	100,000sqm
	Ownership	Private
	Zoning	C4Z
	Overlays	SBO, PO
	Intended action/use by council	Not determined
Scoring		Considerations
Proximity to other appropriate uses	L	The site is located outside the FMAC with a very large area. The developer has advised that it requires electrification of Leawarra Station in order to proceed. There are many variables affecting the future of this site. Development of this site should be staged as that economic activity is not drawn away from the FMAC. Development should first be focused within the FMAC.
Ease of development enablement for council	L	
Ability to shift factors of economic success / outcomes in emerging ideas paper	L	
Recommendation		
Strategise (10+ years)	Consider development and future of this site at a later date. Redevelopment and activation opportunities should be focused within the FMAC.	

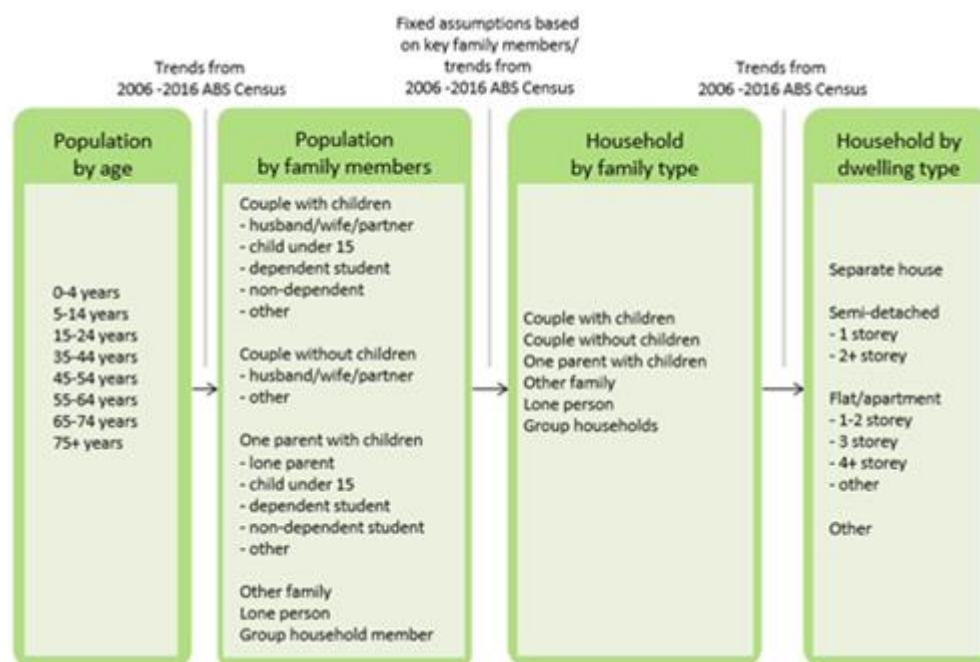
Source: SGS 2022

Appendix A: Housing Demand and Capacity Methodology

Housing Demand Model

The operation of SGS's housing demand model is shown in the figure below. Projections for population growth by age in five-year periods are converted to number of people by household and relationship type, and then to number of households by type using demographic trends from the ABS Census.

Trends in revealed housing preferences are used to convert these projections into requirements for number of dwellings in the future. Trends in the sizes of dwellings are used to convert the resulting projection of dwellings by type into projections for dwellings by size (i.e., number of bedrooms).



Source: SGS Economics and Planning (2022)

Population by age groups is translated into family members using community profile trends observed in the 1996 to 2016 ABS Censuses. This captures gradual changes in the formation of families (for example, an increase in lone person households and more complex family structures in general) and shifts in population demographics (such as an ageing population).

Family members are then translated into households by family type. Finally, households by family type are translated into underlying demand for dwellings by structure type based on trends evident in the 1996 to 2016 ABS Census. This approach captures changes in implied consumer preferences such as a

shift in preference towards higher density forms as household's trade-off dwelling size for higher accessibility and amenity. All findings will be reconciled to the Small Area Land Use Projections (SALUP).

Housing categories

Dwellings are categorised into four types which are based on definitions used by the Australian Bureau of Statistics (ABS) in the Census and other data sources. These categories are:

- Separate house means a dwelling which is not attached to any other dwelling.
- Medium density dwellings include attached dwellings (such as semi-detached, terraced houses and townhouses), as well as two storey apartments buildings.
- Higher density dwellings are flats and apartment buildings with three or more storeys.
- Other dwellings including caravans and cabins, improvised dwellings (for example sheds, tents or humpies), houseboats and flats attached to shops.

Another common categorisation of housing type is between separate houses; attached dwellings (in which each dwelling shares one or more walls with another and no dwelling is above another); and apartments (which share vertical as well as horizontal walls). In this report one and two storey attached dwellings have been combined with apartments to generate the medium density category due to the similarity in these development forms and the associated discrepancies in the Australian Bureau of Statistics data categorisations between different census periods.

The above refers only to *private dwellings*, in which individual households occupy self-contained dwellings which do not share bathrooms, kitchens or similar. The LGA also contains *non-private dwellings* which includes student accommodation, aged care facilities and various other dormitory style or not self-contained housing forms. This distinction refers to the living arrangements in dwellings rather than their ownership, and so social housing, while mostly owned by the government, would be counted in the categories listed above as long as each dwelling is self-contained.

Granny flats and other similar forms of secondary dwelling (for example tiny houses on a property containing a larger house) are inconsistently classified in the ABS census. They are sometimes counted as separate houses, or in some cases may be counted as part of the primary dwelling.

Household types

The following household types have been used in this report, aligned with those used in the ABS Census:

- Couple family with children means a family with two adults and one or more children.
- Couple family without children means a couple in a lone term-relationship without children. This includes both young couples and older couples whose children have moved out. In housing demand results, couple families without children are split into people aged 0-44 and 45+.
- One parent family means one parent living with one or more children.
- Other family includes other kinds of households containing related people living together, such as siblings living together.

- Multi-family household means two or more families (from the categories above) living together in the same dwelling.
- Lone person household means a single person living by themselves.
- Group household means two or more unrelated people living together, for example a shared house.
- Other non-classifiable household means a household which does not fall into the above categories, or for which insufficient information was available in the ABS census to accurately categorise the household.

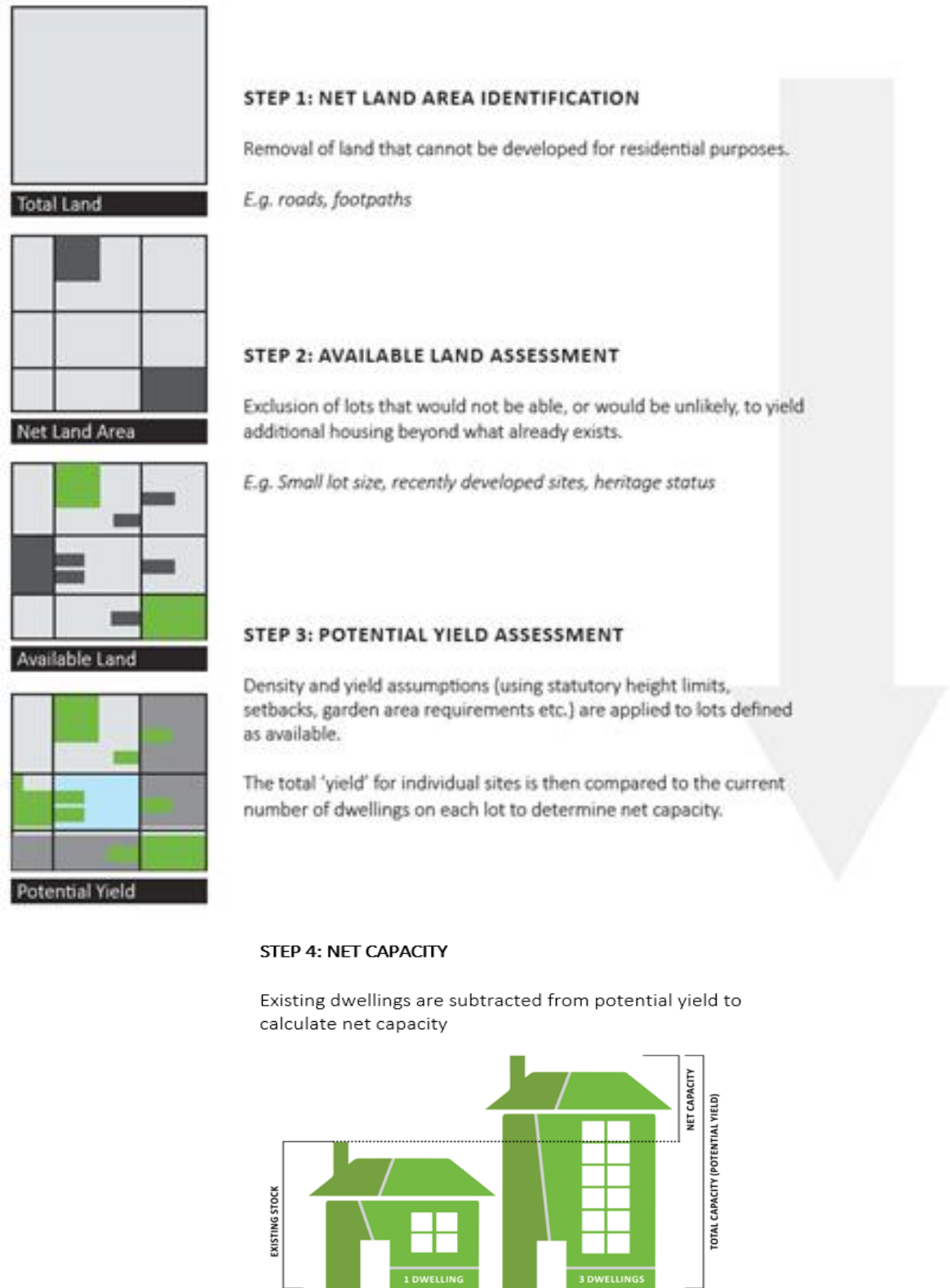
As defined by the ABS, and in this report, a family can have unrelated people living with them. For example, a couple sharing a dwelling with another person would count as a couple family with children rather than a group household.

Housing Capacity Modelling

SGS's housing capacity approach uses a four-step process to calculate local housing capacity. Each step of this method involves assumptions about what kinds of housing development are permissible, reasonable, and most likely to occur. In contrast to centralised capacity tools, SGS develops specific assumptions for individual areas based on recent development trends and data and local planning controls in consultation with Council planners.

The model is typically applied to infill areas but can be supplemented by analysis of potential greenfield areas to identify total housing capacity in the event that both some infill and greenfield development is anticipated. The need for this would be resolved with Council officers during the project's inception phase. It may be that renewal and redevelopment in some infill areas is so modest that they could be excluded from close examination, whether based on local heritage values, or due to other servicing constraints (for example). Areas of growth potential would also be highlighted at the start of the project based on discussions with Council officers, and then verified through the capacity analysis modelling considering servicing, environmental, landscape and other development constraints as necessary.

FIGURE 43: SGS HOUSING CAPACITY MODEL



Source: SGS Economics and Planning (2021)

In greenfield areas, housing capacity is usually estimated based on the expected overall housing development density, which is influenced by subdivision lot sizes and the amount of land which will be devoted to roads and other parts of the public domain. Assumptions regarding development density will be developed from profiling of recent development as well as from local planning controls. These will provide an estimate of greenfield current housing capacity, as well as how that capacity could change if development density were to shift in the future to resemble other benchmark areas more closely. We note the reference in the brief to factors such as:

- Developer capacity
- Timing/cost of supporting infrastructure
- Fragmentation
- Land use inertia.

With appropriate information, any or all of these factors can be introduced to adjust the capacity identified through the processes described above (for either infill or greenfield areas).

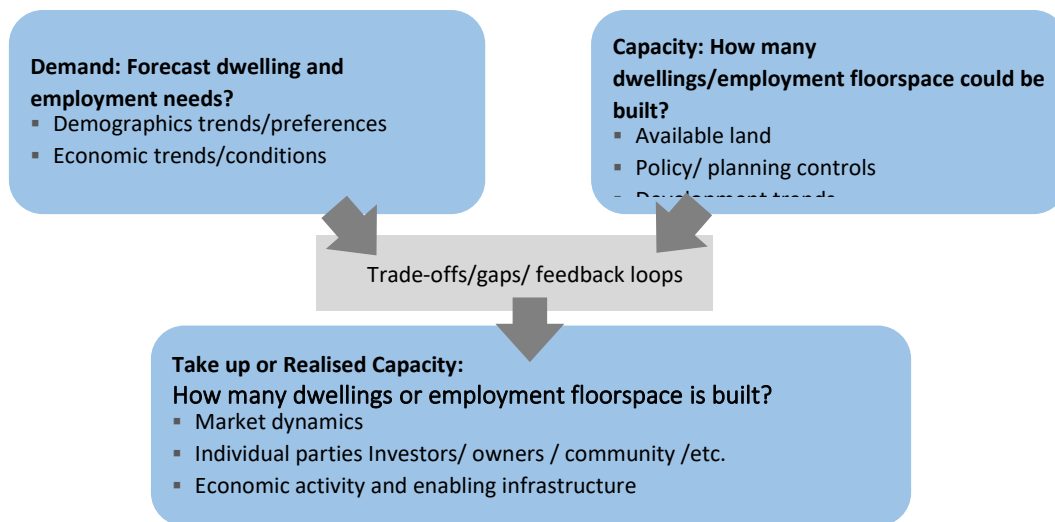
Appendix B: Floorspace Methodology

Model

The following provides an overview of the analysis approach used.

- **Demand assessment** of commercial floorspace needs based on the latest economic trends and population projections for the LGA.
- **Capacity assessment** of employment floorspace based on current and proposed planning controls. This included a sensitivity around the amount of first floor floorspace available for employment uses.
- **Realisation, alignment and recommendations** compares demand and capacity to estimate likely take up for each centre. Any gaps and other recommendations are then highlighted to inform centre planning.

FIGURE 44: DEMAND, CAPACITY AND TAKE UP APPROACH



Source: SGS Economics and Planning (2022)

Modern employment uses increasingly operate on a continuum as they adapt to changing consumer needs and operational models.

SGS Small Area Model (SAM) and floorspace needs

The demand for commercial and retail services floorspace is established using the SGS Small Area Model, which provides employment forecasts at a fine grain geography.

SGS SAM creates a suite of forecast variables which are:



- Estimated using a combination of ‘top-down’ and ‘bottom-up’ methodologies, ensuring that macroeconomic drivers are integrated with micro spatial data and trends
- Disaggregated to a fine-grain spatial scale, allowing for custom geographies to be defined based on the scope of analysis, such as an activity centre or renewal precinct

One of SAM’s key outputs is employment by industry, by location of the job. This is the key input for forecasting demand for commercial and retail services floorspace.

Employment floorspace capacity

Capacity is a measure of how much housing or employment floorspace could (theoretically) be built under current planning controls (including structure plans) if all opportunities were full realised.

It is a theoretical assessment of the maximum number of dwellings, and maximum amount of employment floorspace that could be developed and is intended to be indicative for planning, rather than absolute.

Realising theoretical capacity requires all existing opportunities to be fully realised. It does not consider market feasibility, or an owner’s willingness to develop.

The first step of capacity modelling is identifying all the land available for development. The second step is applying potential yield assumptions to available land to assess how much additional housing or employment floorspace could be developed. These steps are described below.

Available land

Available land represents all land that has the potential to generate additional housing and or employment floor space capacity for the towns assessed in the LGA. This does not mean that it is necessarily feasible or that property owners are ready or willing to develop these sites. Typically, only a small portion of available lots are likely to be developed in any one year.

Net land area, is defined as all land that is able to be developed for commercial and retail purposes, was derived by taking all applicable zones that could have the capacity for providing additional floorspace.

Available land is then calculated by excluding lots with site-specific limitations (e.g., individual heritage significance) from net land area using Council’s rates database and DELWP’s Housing Development Data.

Development yield (total capacity)

Using the outputs of the lot level available land analysis, a series of yield and built form assumptions based on both prescriptive controls (i.e., heights, setbacks), the planning intent of each zone (i.e., employment at ground floor and mixed use) or the planning intent of structure/framework plans were applied.

Assumed building typologies are translated into floorspace development ratios which are then applied to the available land parcel areas. This includes assumptions around site coverage, building efficiency and share of floorspace allocated to employment uses.

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