Proposed Acland Street Conversion:

Economic and Business Impact Assessment

Prepared for

City of Port Phillip

10 September 2013

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1. EXECUTIVE SUMMARY

Charter Keck Cramer was appointed by the City of Port Phillip in August 2013 to assess the potential economic impact of the proposed conversion of Acland Street to a incorporate greater pedestrian space. This conversion will allow upgraded Disability Discrimination Act (DDA) compliant trams and tram stop. Identifying the likely impacts and opportunities resulting from the proposed conversion will inform Council's submission to Public Transport Victoria (PTV) on the proposed new tram-works.

In identifying likely impacts and opportunities, the experience of comparable locations characterised by a pedestrian spaces were investigated. Identifying key success factors for these locations provided not only a better informed assessment of likely economic impacts, but also the opportunity to identify potential strategies for mitigating any adverse impacts.

1.1 Methodology

In order to allow an objective assessment of potential economic impacts to be undertaken, rents for retail properties were used as an indicator of the retail performance of a particular location, given the strong relationship between the profitability of businesses and their ability to pay higher rents.

Case studies for four pedestrian precincts, comparable to Acland Street through being regional destinations, have been undertaken. These locations were The Corso (Manly NSW), Moseley Square (Glenelg SA), Market Street Mall (Box Hill) and Eaton Street Mall (Oakleigh).

In each case study the rental premium for retail premises was compared to nearby properties which offered immediate access to on-street car parking. Any premium (or discount) was then compared to the premium that currently exists for properties in Acland Street over those in the adjacent retail areas of Barkly Street and Blessington Street. These case studies also offered the opportunity to identify those factors that have influenced the retail performance of each location.

1.2 Key Findings

Some of the strengths, weaknesses, opportunities and threats that characterise Acland Street are as follows

1. Strengths

- Bayside location provides a natural attraction for visitors which is unable to be replicated by other centres.
- Local population base growing at 1.25% per annum.
- Accessibility via public transport (trams, buses) and bike paths.
- Well defined and walkable precinct offering a village atmosphere compared to longer and less well defined retail precincts such as Chapel Street.
- Generally adequate car parking based upon recent traffic surveys.
- 2 hour free parking during non-peak times compared to only 1 hour in Chapel Street[1].
- Tram terminus located within Acland Street provides a natural destination for visitors.

[1] http://www.chapelstreet.com.au/getting-here/

2. Weaknesses

- Congestion during peak periods may impact upon visitors' experience or discourage potential visitors.
- On-going reliance upon attracting visitors from beyond the immediate area in order to maintain existing business mix and property values.
- Absence of public space and limited seating may discourage visitors from remaining longer in Acland Street.

3. Opportunities

- Creating a better pedestrian environment may differentiate Acland Street from competing centres through better street activation e.g. buskers, stage style street design, reducing pedestrian congestion during peak times, and encouraging visitors to remain in Acland Street longer through providing seating and entertainment.
- Opportunity to entice greater local resident and workers usage of Acland Street, including through varying the business mix/ offer, targeted marketing and promotions, introducing greater community space.
- Establish a community focus by encouraging visitors to remain longer in Acland Street through providing seating and entertainment.

4. Threats

- Seasonality in trading conditions may impact on business performance.
- Focus on discretionary retailing may expose businesses adverse economic conditions.
- Competition from other retail locations that have evolved into lifestyle precincts for both local residents and visitors (e.g. Carlisle Street Balaclava, Ormond Road Elwood, Bay Street Port Melbourne, Glen Huntly Road Elsternwick, Chapel Street Windsor).
- Congestion (pedestrian and vehicular traffic) during peak times may be limiting the potential for an overall expansion in business activity.

Acland Street's ability to attract visitors from across the wider region reflects the dominance of lifestyle related activities such as cafes and restaurants and fashion retailing, together with its bayside location.

This has supported higher retail rents in Acland Street given the opportunity to serve a larger catchment population. Net rents for retail properties within Acland Street are comparable to Melbourne's other prime retail strips with only Chapel Street having noticeably higher rents.

Within the St Kilda Village precinct retail properties within Acland Street currently achieve a rent premium of 40-60% over that of comparable properties in Barkly and Blessington streets. This reflects the attractiveness of Acland Street as a destination for visitors and the resulting higher trading performance of businesses.

1.3 Case Study Comparison

Each of the pedestrian precincts that were analysed also achieved a similar rent premium over adjacent retail areas where on-street car parking was available, or as in the case of Moseley Square achieved rents comparable to the adjacent prime retail precinct within Jetty Road Glenelg. The key findings from the assessment of Acland Street and the four case study locations are presented in the following table.

It would therefore be reasonable to conclude that the conversion of Acland Street to provide greater pedestrian space will not have any significant long-term economic impact upon the performance of business or rental income from properties.

The success of the four pedestrian precincts has however been achieved in most cases through Council playing an active role in not only regularly upgrading facilities but also facilitating entertainment and other activities to attract visitors. Providing the opportunity for visitors to extend their stay in Acland Street will increase the likelihood of increased spending at local businesses.

Location	Key Findings
Acland Street St. Kilda	▪ Rent premium of 40-60% over Barkly and Blessington streets. ▪ Rents comparable or slightly higher than Melbourne's prime strip centres.
The Corso (Manly NSW)	▪ Rent premium approximately 50% over adjacent retail strips offering on-street parking. ▪ Classified as one of Sydney's seven prime retail strips. ▪ Rents comparable to other prime strips and average 5 year vacancy rate (3.5%) below average of other prime strips (5.2%). ▪ Four Council car parks (1,013 spaces) offer free parking 7 days per week until 7pm. ▪ The Corso offers landscaped public space for entertainment and public seating.
Moseley Square (Glenelg NSW)	▪ Small precinct of 14 tenancies focused upon hospitality and take away food for a seasonal market. ▪ Rents are comparable to the prime 'destination style' precincts within the adjacent Jetty Road activity centre. ▪ Moseley Square and Council initiatives have received strong support from local traders and commercial real estate agents. ▪ Additional car parking is financed via a levy on new development where parking unable to be provided on-site. ▪ Key focus of Moseley Square is upon providing entertainment, public seating and community space.
Market Street Mall (Box Hill)	▪ Rent premium approximately 65% over adjacent Whitehorse Road properties. ▪ Rents comparable to prime high exposure sites. ▪ Benefits from being a connection from tram terminus / Box Hill TAFE to Centro Box Hill / train station.
Eaton Street Mall (Oakleigh)	▪ Rent premium 50% over adjacent retail precincts. ▪ Mall upgrades over past decade have attracted new hospitality businesses and investment in properties.

1.4 Assessment of Conversion Options

A preferred design for the conversion of Acland Street will most likely contain elements from more than one of the options prepared by PTV and the City of Port Phillip. Some key considerations in selecting these elements together with the opportunities for mitigating any adverse impacts include the following.

Key Design Elements

- Conversion of Car Spaces

The key factor determining the impact of any reduction in available car spaces will be the extent to which Acland Street maintains its role as a regional destination. Any conversion of car spaces should therefore directly provide for either improved public transport access or improvements to the public realm to attract additional visitors.

- Pedestrian Plaza

A plaza will provide the opportunity for street entertainment such as buskers as well as larger scale entertainment which would reinforce St. Kilda's reputation as a location for arts and music and attract more visitors. Importantly, this would also differentiate Acland Street from its competitors that have to some extent emulated Acland Street through evolving into café precincts.

Albeit on a larger scale, Federation Square and Bourke Street Mall are examples of how entertainment and activities attract visitors, activate a space and provide additional opportunities for local businesses. Closer to Acland Street the Esplanade Market has turned a footpath into a major tourist attraction.

Mitigation Strategies

- Enhancing Visitors' Experience

Improving visitors' experience of Acland Street will encourage longer stays within the precinct as well as more frequent visits. Key opportunities for achieving this include using public spaces to provide additional seating to allow visitors to rest and enabling both informal entertainment such as buskers and organised events. Pedestrian congestion that occurs during peak periods may also be alleviated through increasing the amount of public space.

- Transport

The impact of any changes to on-street parking may be potentially reduced through using remaining car spaces more efficiently. This may be achieved through improved signage to direct visitors coming by car to available spaces.

Similarly, demand for car spaces may be reduced by encouraging local residents and visitors to walk or cycle to Acland Street through Council providing improved bike infrastructure (routes and parking) and walking routes to the precinct.

1.5 Further Investigation

There may be the opportunity to better understand the likely impacts of alternative tram stop locations through surveying:

- Visitors to identify what is unique about Acland Street and what it is about the street that they want to enhance and attracts them to the precinct.
- Local residents to establish what would encourage them to visit Acland Street more regularly.

- Motorists to establish whether an inability to park in Acland Street would influence their decision to visit the centre and how parking in the precinct may be made more convenient.

2. INTRODUCTION

In August 2013 Charter Keck Cramer was appointed by the City of Port Phillip to assess the likely economic impact of the proposed conversion of Acland Street to a pedestrian precinct with upgraded Disability Discrimination Act (DDA) compliant trams and tram stop.

The purpose of this assessment was to identify potential business and economic impacts of the partial or full closure of Acland Street to vehicular traffic, installation of a DDA compliant tram stop and the conversion of approximately 51 on-street car parks. Identifying the likely impacts and opportunities resulting from the proposed works will inform Council's submission to Public Transport Victoria (PTV) on the proposed new tram-works.

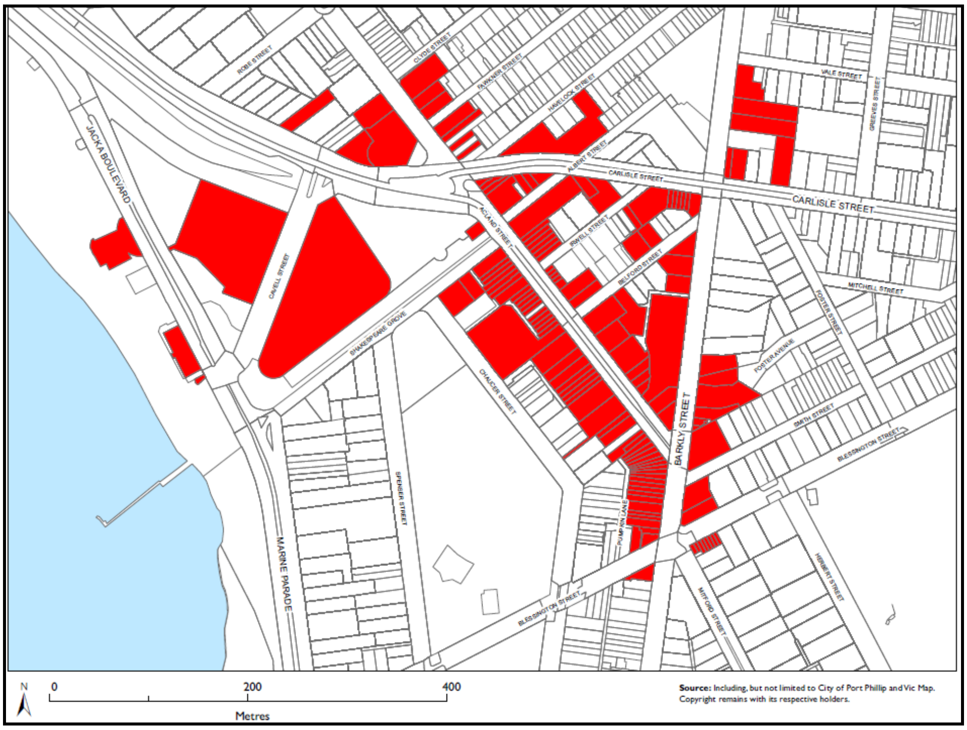
A key objective in identifying likely economic impacts and opportunities was to evaluate the experience of other locations within Australia which are characterised by a pedestrian precinct, and which perform a similar role to Acland Street as a regional destination.

Through analysing key success factors for pedestrianized areas allows a better informed assessment of design options for the proposed works and the opportunity to identify potential strategies for mitigating any adverse impacts and to leverage their positive attributes.

2.1 Location and Study Context

Assessing potential impacts of the proposed works has been undertaken within the context of businesses within the St Kilda Village Precinct as shown in the map below. The majority of businesses are located within Acland Street Activity Centre with the remainder being within walking distance.

Figure 1: St Kilda Village Precinct - Commercial Activity



Source: City of Port Phillip

The Route 96 tram connects Acland Street to the Melbourne CBD via Fitzroy Street and the light rail line that runs via South Melbourne. This route has been selected to run the new low-floor trams as part of an $800m tram upgrade program that includes infrastructure upgrades along the route to improve access, safety, reliability and efficiency for tram customers

PTV has proposed two concept design options (Options 1 & 2) for Acland Street, both of which involve some closure of Acland Street to motor vehicles. Option 1 provides the opportunity for a plaza to be created at the Barkly Street end of Acland Street. Council has also developed two design concepts (Options 3 & 4) for consideration based upon consultation with Stakeholders, both of which allow for a pedestrian plaza.

All concept designs will result in the conversion of 51 car spaces in Acland Street and increased tram movements as the current singular tram shunt is replaced by inward and outward tram traffic via two parallel tracks.

2.2 Methodology

The methodology adopted for this assessment comprises a number of related components being:

- A review of previous studies profiling visitors to Acland Street and car park usage.
- An analysis of Acland Street's existing situation with respect to its business mix, and the strengths, weaknesses, opportunities and threats that characterise it.
- An analysis of property market conditions to determine rent levels for retail properties within Acland Street and adjacent streets. This provides an indicator of the performance of each precinct as a retail location and the premium currently attached to Acland Street.
- Case studies of four pedestrian precincts that compare to Acland Street through being regional destinations. Differences in retail performance between each precinct and adjacent retail precincts offering on-street car parking were identified based upon retail rents for comparable properties. Variations in rent levels were then compared to the premium currently attributed to Acland Street to determine the likely impact upon rents (and retail performance) as a result of Acland Street being converted to a pedestrian precinct.
- An assessment of the likely economic impact of the proposed conversion based upon the above analysis was then undertaken, together with the identification of any opportunities for limiting any impacts or to promote economic activity within Acland Street.

3. INFORMATION AND DATA REVIEW

This section reviews two studies which provide insight into the characteristics of visitors to Acland Street and the ability of the existing provision of car parking to meet their needs.

3.1 Fitzroy Street and Acland Street Traffic Study (Trafficworks)

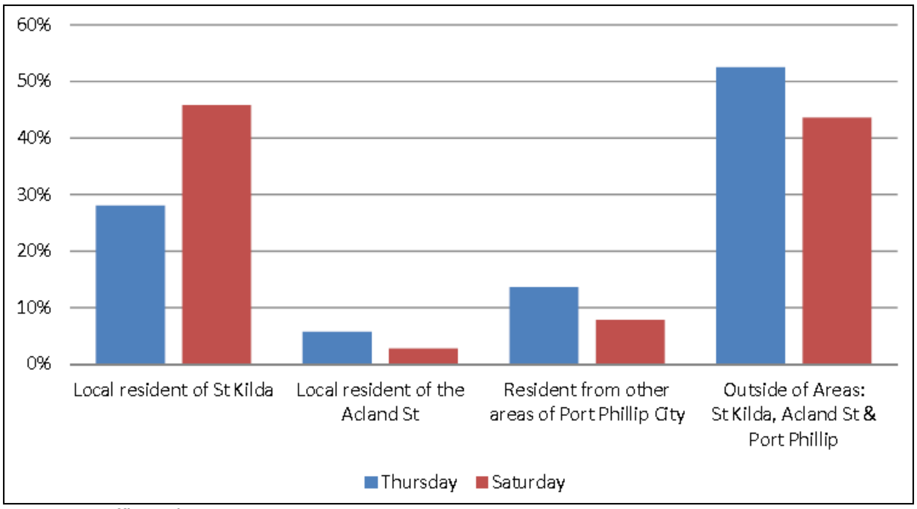
This study was undertaken for Yarra Trams and identifies:

- the key characteristics of visitors to Acland Street; and
- the utilisation of car parks.

Some key findings of the Study were that:

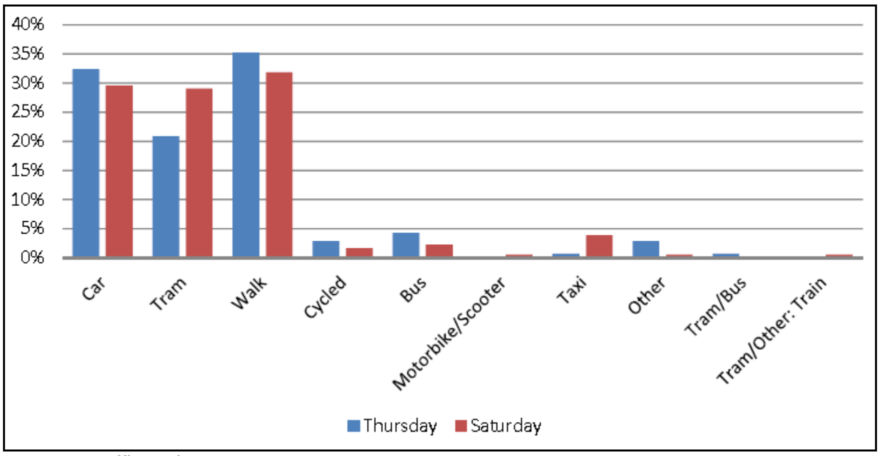
- Approximately half of visitors to Acland Street come from outside of the City of Port Phillip.
- The majority of visitors spend at least 1 hour in Acland Street. Fewer than 10% visit for less than 15 minutes representing those visits for which Visitors will most likely seek an on-street car park.
- Around 1/3 of visitors arrive by car with a further 1/3 walk to Acland Street with relatively little variation between weekdays and weekend. Tram users accounted for 20% of visitors during the week and 30% on weekends.
- More car parking would encourage around 15% of respondents to visit Acland Street more often, a similar proportion to that would be encouraged by a pedestrian only space.
- During the week (Thursday) there is a moderate level of parking demand in the late afternoon and evening with parking still generally easy to find.
- On weekends (Saturday) there is moderate to high demand for parking at 7pm but *'motorists should generally find spaces with ease, however some annoyance at a perceived lack of parking may be experienced from time to time'*.

Figure 2: Acland Street - Origin of Visitors



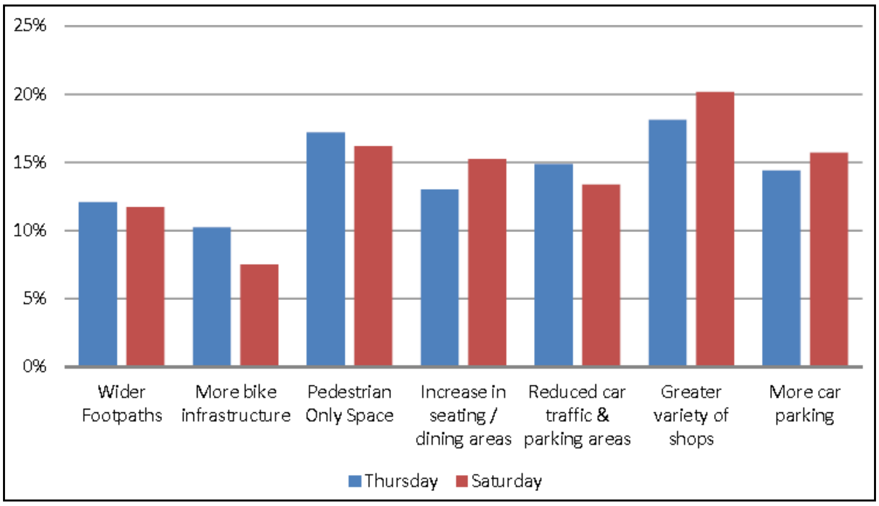
Source: Trafficworks

Figure 3: Acland Street – Visitor Transport Mode (% of Respondents)



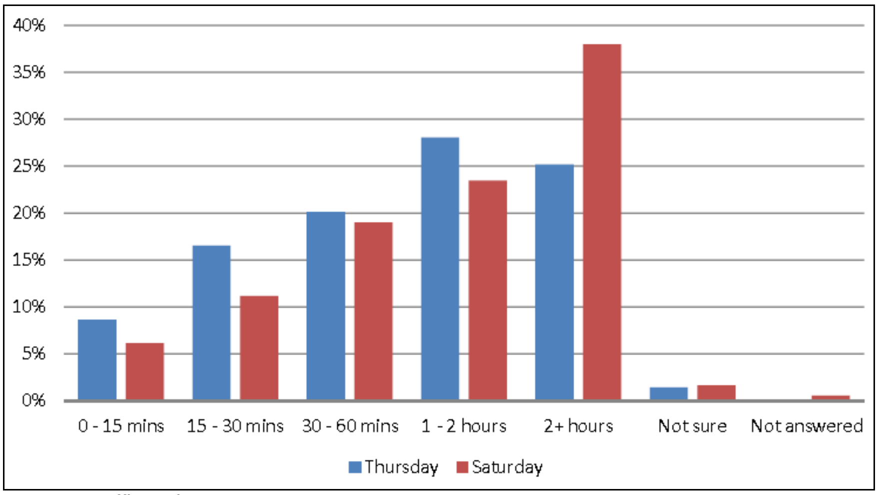
Source: Trafficworks

Figure 4: Acland Street – Factors That Would Encourage Increased Visitation (% of Respondents)



Source: Trafficworks

Figure 5: Acland Street – Duration of Stay (% of Respondents)



Source: Trafficworks

3.2 Tram Passenger Arrivals

Acland Street is serviced by three tram routes being:

- No. 96 - terminating at the end of Acland Street (Barkly Street) with an additional stop in Acland Street at Belford Street.
- No. 16 - travelling along The Esplanade / Carlisle Street with the nearest stop to Acland Street located at Luna Park
- No. 3a - operating on weekends only and also travelling along The Esplanade / Carlisle Street with the nearest stop located at Luna Park

The number of passengers arriving via these three services is shown in the table below for stops within Acland Street as well as at Luna Park. The available data does not differentiate between commuters and visitors and hence it is not possible to compare weekday and weekend arrivals.

The proportion of total passengers alighting in Acland is 43% on Saturday and 49% on Sunday. While there is the possibility that those passengers alighting at Luna Park may not visit Acland Street, it is not possible to determine the extent to which this may be occurring based upon the available survey data.

Figure 6: Acland Street – Estimated Daily Passenger Arrivals by Tram Route and Stop

	3a	16	96			Total
	Luna Park	Luna Park	Luna Park	Acland / Belford	Acland / Barkly	
Mon-Fri (per day)		956	1,121	662	1,341	4,080
Sat	434	1,067	924	581	1,223	4,229
Sun	480	595	649	445	1,195	3,364

Source: Yarra Trams

3.3 Visitor Survey - Acland Street Precinct Traders Association 2003

Although this survey was undertaken a decade ago it still provides a valuable insight into visitors' use of Acland Street and is generally consistent with the results of the more recent survey discussed above. It was based on a survey of 1,000 people over a six day week (excluding Monday).

A key finding of the survey was that 57.2% of expenditure at businesses within Acland Street was accounted for by visitors that walked to the centre, compared to 26% that was attributable to visitors that arrived by car and 16% that used public transport or cycled.

4. SITUATION ANALYSIS

The economic impact of the proposed Conversion Options will be dependent upon Acland Street's existing role and function including business mix, and the potential for this to change in response to the proposed works. Accordingly, Acland Street has been analysed with respect to:

- Business mix and the categorisation of these activities based upon the market segments serviced.
- The relevant strengths, weaknesses, opportunities and threats of Acland Street within the context of competing centres.

4.1 Business Mix

Acland Street itself is dominated by cafes and restaurants (food catering) and fashion retailing, with each accounting for 40% and 22% of businesses respectively. It is however complemented by two supermarkets, a Coles in Acland Court and a Woolworths supermarket on the southern side of the street.

While these supermarkets service local residents with respect to convenience retailing, Acland Street's business mix remains overwhelmingly focused upon activities that attract visitors from outside the local area. Similarly, the wider activity centre which includes Barkly, Carlisle, and Blessington streets and Shakespeare Grove are also focused upon hospitality and fashion which together account for a similar proportion of businesses as in Acland Street.

Table 1: Acland Street Business Mix

Category	No.	%
Cafes and Restaurants	42	40%
Fashion	23	22%
Personal Services	15	14%
Business services	9	9%
Destination Retailing	7	7%
Convenience Retailing	4	4%
Arts and Music	3	3%
Convenience Food	2	2%
Total	105	100%

Source: stkildavillage.org.au

By comparison, prime retail precincts within affluent residential areas have a noticeably lesser focus upon hospitality and fashion despite there being strong demand for discretionary retailing. For example, within centres such as Church Street (Brighton), Hampton Street (Hampton) and Bay Street (Brighton) only 10-14% of businesses are cafes or restaurants, and 8-26% that are fashion (clothing and footwear) retailers (refer table below).

Acland Street's bayside location complements its role as a destination for lifestyle related activities and enables it to attract visitors from a wider catchment than would otherwise be the case. This not only supports additional business activity but also property values with rents approximately 50% higher than in Church Street Brighton and around double that of smaller 'lifestyle' precincts such as Ormond Road Elwood.

Table 2: City of Bayside – Business Mix of Selected Retail Precincts

Industry Sub Group	Bay Street	Church Street	Hampton Street
Clothing, Footwear & Personal Apparel	9.9%	22.5%	12.7%
Food Retailing	9.4%	10.2%	13.7%
General Retailing	11.9%	12.7%	22.9%
Personal Services	9.4%	7.0%	12.4%
Sub Total Core Retail	*40.6%*	*52.5%*	*61.6%*
Cafes, Bars & Restaurants	13.4%	8.2%	12.1%
Business & Other Support Services	27.7%	29.1%	13.0%
Health Care & Social Assistance	9.4%	5.7%	8.9%
Sport Recreation & Travel Services	5.0%	2.0%	3.2%
Government Administration	1.0%	0.0%	0.0%
Other	3.0%	2.5%	1.3%
Total	**100.0%**	**100.0%**	**100.0%**

Source: Bayside Business Monitor 2012

4.2 Role and Function

Acland Street's role is primarily as a destination for hospitality (cafes and restaurants) and fashion related activities with convenience retailing is largely limited to the two supermarkets and other retailing within Acland Court. This is confirmed by visitor surveys indicating that the majority of visitors stayed in Acland Street for more than 1 hour and fewer than 10% visiting for less than 15 minutes.

By comparison, the average time spent at a neighbourhood shopping centre is 43 minutes, sub regional centre 60 minutes and a regional centre 80 minutes[2]. As visitors remain in Acland Street for a similar amount of time as do shoppers at sub-regional shopping centres, their expectations with respect to the convenience of car parking would also be expected to be similar.

Sub-regional shopping centres typically have a discount department store, one or two supermarkets and a range of specialty stores. Examples of such centres include Malvern Central, Centro Oakleigh and Centro Brandon Park. While parking within these centres is a mix of open and basement car park and varies between centres it is generally less convenient than Council car parks adjacent to Acland Street.

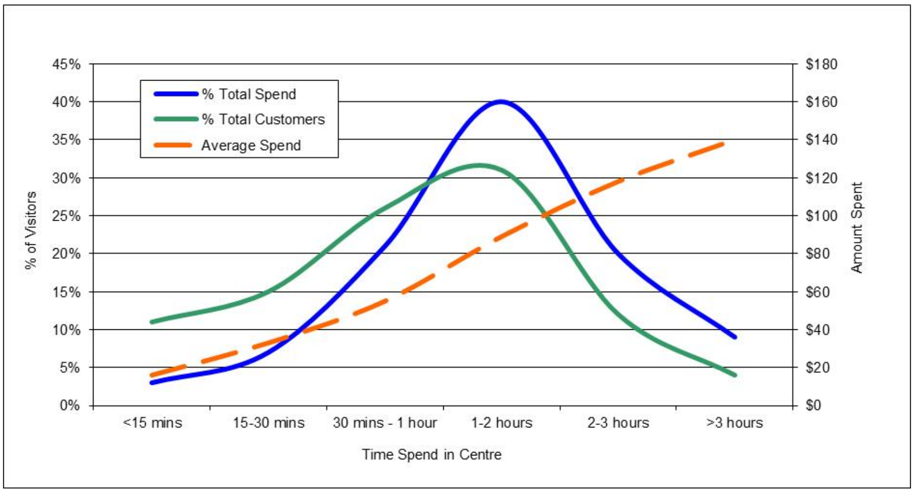
As would be expected there is also a direct relationship between the amount of time spent within a centre and the amount spent by visitors. While people will naturally spend more time in a centre if they are shopping and spending more, it is also the case that the longer they are encouraged to stay in a centre the more likely that they may notice a store, item or activity that they may purchase.

The relationship between time visiting a centre and amount spent for privately managed centres is shown in the figure below with each additional minute spent within a centre equating to an additional 75c being spent. It is for this reason that privately managed shopping centres incorporate food courts and public seating to encourage shoppers to eat, rest and continue shopping.

[2] Directional Insights http://www.directional.com.au/resources/benchmarks/ (accessed 28 August 2013)

The same relationship would be expected to apply to Acland Street where the longer visitors remain in the centre the more likely they are to notice a particular business or want to purchase food to eat.

Figure 7: Time in a Centre vs. Amount Spent (Privately Managed Centres)



Source: Directional Insights, Charter Keck Cramer

4.3 Economic Environment

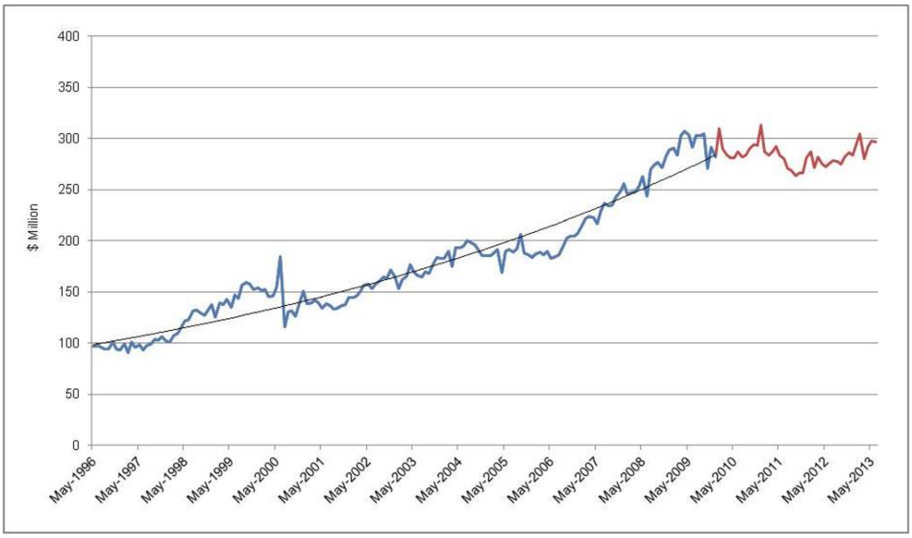
The onset of the Global Financial Crisis (GFC) has had a notable impact upon households' expenditure on discretionary goods and services including eating out and fashion retailing. As both of these sectors account for the majority of businesses within Acland Street, the stagnation in overall turnover across Victoria since 2009 is key issue for the precinct.

As the following two figures indicate, turnover in the hospitality and fashion retailing sectors grew steadily over the period 1996-2009 but since then has fluctuated with no indication at this stage of a return to the previous growth trend. With total household expenditure stagnating, or at least growing at a slower rate, there is greater pressure for Acland Street to protect it market share particularly given increasing competition from other centres.

Figure 8: Victoria - Cafes, Restaurants and Catering Services Turnover

Source: ABS Cat No. 8501.0

Figure 9: Victoria – Clothing Retailing Turnover



Source: ABS Cat No. 8501.0

4.4 Competing Centres

Acland Street and St Kilda generally have been iconic Melbourne locations for more than 20 years and have played an important role in establishing Melbourne's cafe culture. However over the past decade many retail strips have been transformed into cafe precincts that increasingly compete with established precincts such as Acland Street. Similarly there have been new 'destination precincts' such as Docklands and Southbank which attract visitors from across the metropolitan area.

With total turnover within the hospitality and fashion retailing sectors showing little sign of growing and increasing competition from other centres, Acland Street will increasingly need to look at ways of increasing its appeal to both local residents and visitors.

4.5 Strengths Weaknesses Opportunities and Threats (SWOT) Analysis

The following provides a listing of strengths, weakness, opportunities and threats that apply to Acland Street and which may be potentially addressed or exacerbated by the proposed tram infrastructure works. Similarly, these factors also define Acland Street's competitiveness relative to other centres.

5. Strengths

- Bayside location provides a natural attraction for visitors which is unable to be replicated by other centres.
- Local population base growing at 1.25% per annum.
- Accessibility via public transport (trams, buses) and bike paths.
- Well defined and walkable precinct offering a village atmosphere compared to longer and less well defined retail precincts such as Chapel Street.
- Generally adequate car parking based upon recent traffic surveys.

- 2 hour free parking during non-peak times compared to only 1 hour in Chapel Street[3].
- Tram terminus located within Acland Street provides a natural destination for visitors.

6. Weaknesses

- Congestion during peak periods may impact upon visitors' experience or discourage potential visitors.
- On-going reliance upon attracting visitors from beyond the immediate area in order to maintain existing business mix and property values.
- Absence of public space and limited seating may discourage visitors from remaining longer in Acland Street.

7. Opportunities

- An improved pedestrian environment may differentiate Acland Street from competing centres through allowing street based entertainment (e.g. buskers), reducing pedestrian congestion during peak times, and encouraging visitors to remain in Acland Street longer through providing seating and entertainment.
- Opportunity to entice greater local resident and workers usage of Acland Street, including through varying the business mix/ offer, targeted marketing and promotions, introducing greater community space.
- Establish a community focus by encouraging visitors to remain longer in Acland Street through providing seating and entertainment.

8. Threats

- Seasonality in trading conditions may impact on business performance.
- Focus on discretionary retailing may expose businesses to adverse economic conditions.
- Competition from other retail locations that have evolved into lifestyle precincts for both local residents and visitors (e.g. Carlisle Street Balaclava, Ormond Road Elwood, Bay Street Port Melbourne, Glen Huntly Road Elsternwick, Chapel Street Windsor).
- Congestion (pedestrian and vehicular traffic) during peak times may be limiting the potential for an overall expansion in business activity.

[3] http://www.chapelstreet.com.au/getting-here/

5. PROPERTY MARKET CONDITIONS

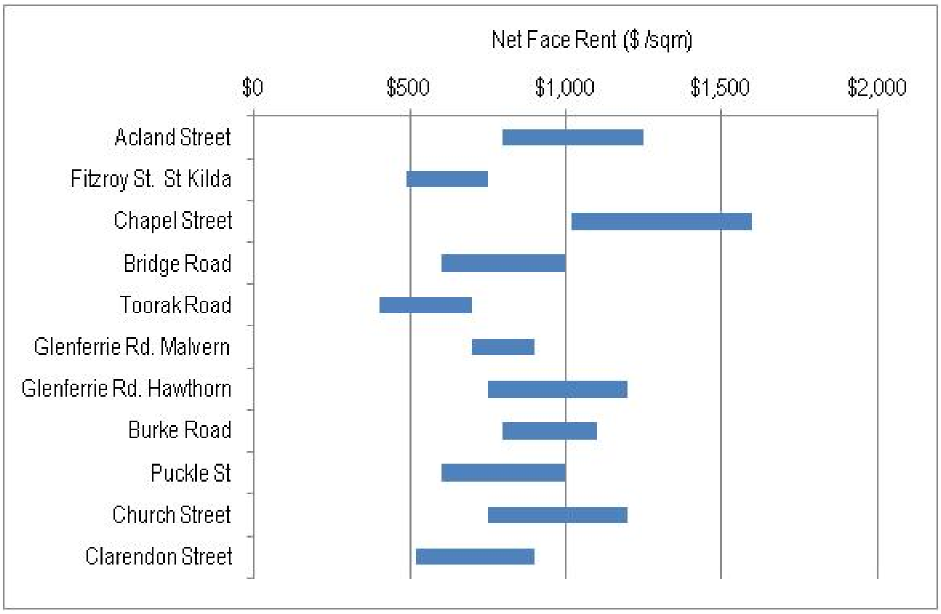
This section reviews the key property market fundamentals that reflect the underlying performance of Acland Street as a retail location. Rents for retail floorspace not only represent the income generated by a property, but more importantly the value of the property's location to a retailer or other business. Similarly, capital growth for retail properties reflects their future income earning potential as well as the perceived investment risks and opportunities associated with owning the property.

5.1 Rents

Prime retail centres such as Acland Street which service both a local population and visitors from a wider area are able to support higher levels of business activity and turnover. As a result, businesses are able to afford higher rents which then support higher property values.

Net rents for retail properties within Acland Street are comparable to Melbourne's other prime retail strips as shown in the figure below which has been sourced from CBRE. As it indicates, retail rents within Acland Street generally fall within the middle to higher end of prime centres with only Chapel Street having noticeably higher rents.

Figure 10: Prime Retail Strips – Net Face Rent Ranges ($/sqm)



Source: CBRE Market View Melbourne Retail June 2012

Across the Acland Street Village precinct, rents vary based upon the floorarea of properties and their location within the precinct as shown by various properties that have been leased over 2009-2013 (refer table below).

As Acland Street typically has larger properties than either Barkly Street or Blessington Street it is often not possible to make direct comparisons and some level of judgement is required. There is however three properties identified within Acland Street in the range 44-53 sqm with rents ranging from $52,000 to $67,840, or $1,181 to $1,413 per sqm. By comparison, slightly smaller properties within Barkly and Blessington streets have leased for around $32,000 to $36,000 or $900 - $980 per sqm. Similarly, two properties in Acland Street of 110 sqm and 102 sqm have leased for $125,000 ($1,136 per sqm) and $130,000 ($1,274 per sqm) respectively, compared to a slightly smaller property (94 sqm) in Barkly Street that leased for $78,000 ($830 per sqm).

This indicates that Acland Street attracts a significant rental premium over adjacent streets of in the order of 40-60%.

Table 3: Selected Retail Rents by Precinct 2009-2013

Floor Area	Annual Rent	$ per sqm
Acland Street		
110	$125,000	$1,136
77	$100,000	$1,302
53	$66,150	$1,241
169	$188,274	$1,114
48	$67,840	$1,413
102	$130,000	$1,274
44	$52,000	$1,181
140	$130,000	$929
76	$115,000	$1,513
78	$102,000	$1,308
Blessington Street		
35	$32,000	$914
35	$33,268	$950
18	$21,500	$1,194
26	$30,000	$1,153
Barkly Street		
200	$130,000	$650
39	$35,502	$910
37	$34,246	$925
18	$24,000	$1,333
37	$36,131	$976
94	$78,000	$830

Source: Charter Keck Cramer

5.2 Vacancy Rate

Currently there are only two properties within Acland Street that are vacant. Both are located at 82 Acland Street.

5.3 Investment Performance

The investment performance of properties in Acland Street may also be assessed based upon the sales history of individual properties that have recently sold. As Acland Street is tightly held with only one recently sold property, additional sales of properties in Fitzroy Street have also been analysed.

The sale of 104-106 Acland Street in May 2013 indicated a longer-term average growth in value of 9.1% per annum. This is higher than that achieved by the two Fitzroy Street properties which have been sold a number of times since 1998. Based upon this very limited number of sales there may be some evidence that Acland Street has experienced stronger capital growth. While this may reflect a number of factors, the greater diversity of businesses within Acland Street and stronger focus upon servicing local residents may have contributed.

Table 4: Selected Properties Capital Growth Rates

Address	Sale Price	Sale Date	Land Area (sqm)	Years	Capital Growth*	Annual Capital Growth*
104-106 Acland St	$3,140,000	05/2013	86	-	-	-
	$450,000	02/1991		22.3	598%	9.1%
33 Fitzroy St	$3,300,000	02/2011	335	-	-	-
	$3,150,000	12/2006		4.2	5%	1.1%
	$2,204,946	03/2003		7.9	50%	5.2%
	$1,210,000	12/1988		22.2	173%	4.6%
43 Fitzroy St	$3,712,500	12/2010	400 m²	-	-	-
	$3,510,000	03/2005		5.8	6%	1.0%
	$1,775,000	07/1996		14.4	109%	5.2%

* Capital growth relates to period between identified sale and most recent sale

6. CASE STUDIES

Case studies of pedestrian precincts with similar characteristics to Acland Street provide a practical approach to assessing the potential economic impact of the proposed conversion of Acland Street. This has been undertaken through comparing rents for retail properties in each precinct with nearby properties offering on-street parking and exposure to passing traffic. Any rental premium may then be compared to that currently achieved for Acland Street properties to determine if a pedestrian environment has an impact upon rents and retail activity.

Four pedestrian precincts were chosen on the basis that they are a destination for tourism, lifestyle or speciality retailing activities and located within an established metropolitan area. The chosen precincts are:

- The Corso (Manly NSW).
- Moseley Square (Glenelg SA).
- Market Street Mall (Box Hill VIC).
- Eaton Street Mall (Oakleigh VIC)

6.1 The Corso – Manly NSW

The Corso shares a number of features with Acland Street in being a major tourist destination serviced by public transport (Manly Ferry). The Corso extends almost 400 metres from Manly Wharf to Manly Beach with the majority of this being pedestrian space. The only part of The Corso offering street frontage and on-street parking is a section of approximately 100 metres between Darley and Whistler streets (refer map below).

The Manly 2015 Master Plan proposes that a number of streets adjacent to The Corso also be transformed into pedestrian precincts. It envisages that these streets will be revitalised through being linked to The Corso and as a result better able to support retail activity.

The Corso – Manly NSW

Figure 11: The Corso and Adjacent Retail Precincts

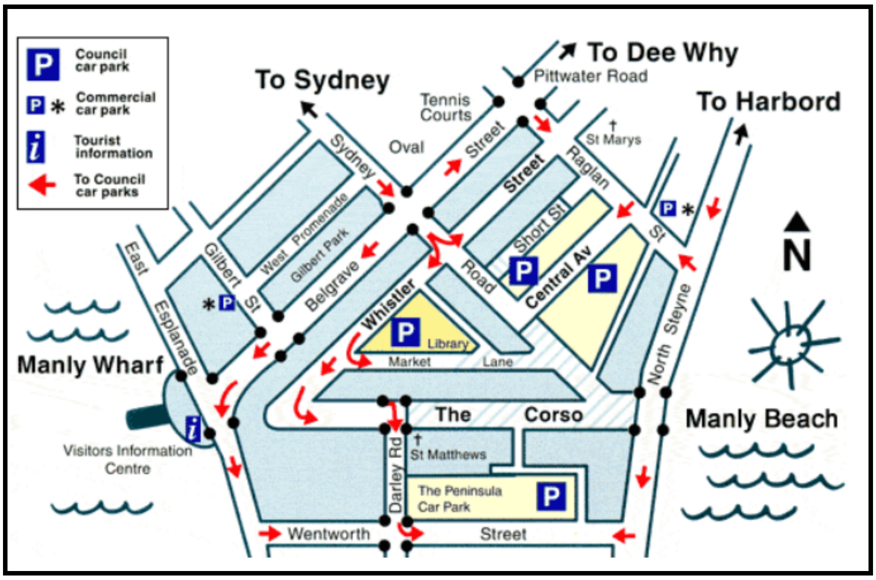
The Corso has attracted significant new investment with the recently completed Corsoleil development, a high profile mixed use development comprising a new Coles supermarket, retail strip shops and 60 residential units, built in 3 towers with basement car parking.

Corsoleil

6.1.1 Car Parking

In addition to on-street parking there are 1,013 car spaces located across four Council car parks offering two hours free parking until 7pm, seven days a week. Additional car parking is also available in two privately operated car parks.

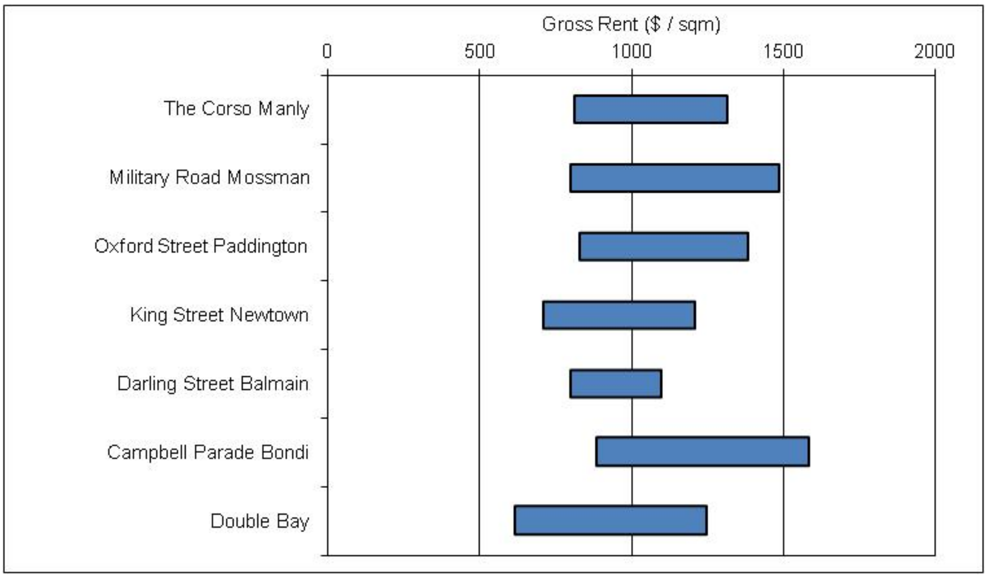
Figure 12: Car Park Locations



6.1.2 Property Market Conditions

The Corso is regarded as one of Sydney's prime retail strips with CBRE identifying retail rents in a range comparable to not only other prime strips in Sydney but also Acland Street (refer figure below). Vacancy rates within The Corso over the five years to 2011 averaged 3.8% compared to an average of 5.2% across the remaining prime retail strips.

Figure 13: Sydney Prime Retail Strips – Indicative Gross Rent (80-100 sqm) 2011



Source: CBRE Market View Sydney Metropolitan Retail 2011 Q4

Figure 14: Sydney Prime Retail Strips – Vacancy Rate and Indicative Yield 2011

Strip	Vacancy Rate	5 Year Average Vacancy Rate	Yield Range
The Corso Manly	3.8	3.5	5.00 - 7.00
Military Road Mossman	5.3	4.0	4.75 - 6.50
Oxford Street Paddington	7.8	6.5	5.00 - 7.00
King Street Newtown	5.2	3.5	5.25 - 6.50
Darling Street Balmain	1.8	3.0	6.00 - 8.00
Campbell Parade Bondi	3.7	8.5	4.75 - 7.00
Double Bay	7.5	8.5	5.00 - 6.50

Source: CBRE Market View Sydney Metropolitan Retail 2011 Q4

An analysis of recent leases within The Corso and adjacent retail precincts is presented in the table below. Properties directly fronting The Corso attract rental rates generally in the range $1,500-$2,000 per sqm, regardless of whether they front the mall or the street. While properties within the recently developed Corsoleil are understood to have rented for around $2,600 per sqm, this higher rate most likely reflects their smaller size (60 sqm) and location adjacent to a Coles supermarket in the same development. Retail space in The Corso that is either on upper levels or at basement levels have leased for $600-$1,000.

Retail space immediately adjacent to The Corso offering on-street parking includes two larger properties of 145 sqm and 178 sqm leasing for $662 and $702 per sqm, and a further two properties of 60 sqm and 81 sqm leasing for $1,100 and $963 per sqm. It would be reasonable to assume that properties of a comparable size to those identified within The Corso fronting the mall (100-130 sqm) would lease somewhere in between at around $800-$900 per sqm.

The above analysis therefore indicates that properties within The Corso would be expected to lease at rates in excess of 50% above that or the adjacent retail precincts. This is comparable to a 40-60% premium identified for Acland Street over its adjacent precincts.

Table 5: Retail Rental Evidence – The Corso and Adjacent Precincts

Address	Frontage	Building (sqm)	Tenant	Date	Term (Yrs)	Rent	Gross Rent $/sqm
The Corso - Mall Frontage							
2c The Corso	Southern Mall	100	Undisclosed	Apr 11	5	$150,000	$1,500
41 The Corso	Mid Mall	127	Ally Fashion	Mar 09	-	$180,000	$1,417
80 The Corso	Mid Mall	120	Supre	Aug 11	5	$240,000	$2,000
The Corso - Street Frontage							
1/15 The Corso	Street	96	Aboriginal Gallery	2011	-	$199,124	$2,074
3/15 The Corso	Street	70	Cafe	Dec 10	5	$103,138	$ 1,467
8-28 The Corso	Street (part of Corsoleil development comp. Coles & 7 specialty stores)	60					$2,600
Adjacent Retail Precincts							
22 Darley St	Street	178	Undisclosed	Sep 11	4	$125,000	$702
11-25 Wentworth St	Street	81	Undisclosed	Mid 2010	-	$78,000 (net)	$963 (net)
36-38 Sydney Road	Street	145	For Lease	Aug 2013		$96,000	$662
35 Sydney Road	Street	60	For Lease	Aug 2013		$66,000	$1,100

6.2 Moseley Square Glenelg SA

Moseley Square is located adjacent to Glenelg Beach at the end of the Jetty Road retail precinct where Adelaide's only tram terminates. The square is approximately 100 metres long by 40 metres wide including a single tram track that runs along the southern side of the square. The Square offers public seating, water features and informal performance spaces.

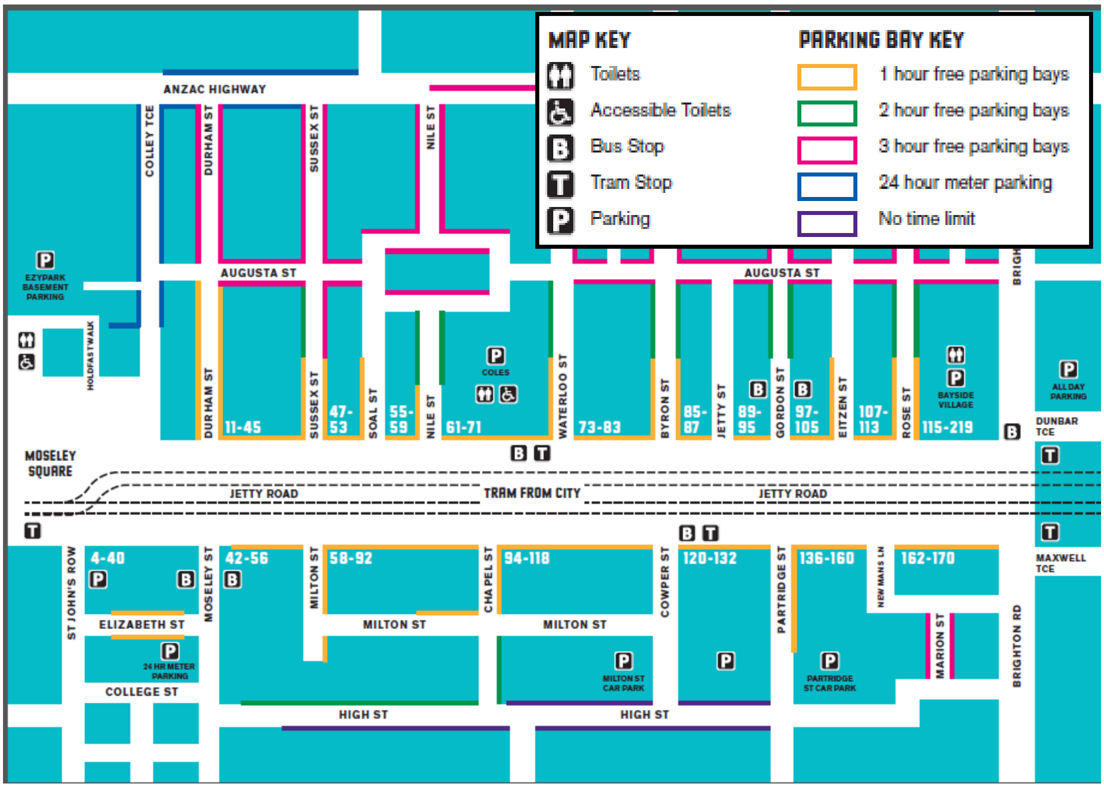
The Jetty Road precinct extends 800 metres from Brighton Road to Glenelg Beach with over 300 businesses, the majority of which are retailers or related activities such as personal or business services. There are a total of 69 cafes, restaurants and take-away food outlets representing 22% of all businesses, and 45 fashion retailers (14%).

Given the impact of Glenelg's foreshore location upon its catchment population, the Jetty Road precinct relies upon attracting visitors from beyond the local area. This has been largely achieved through focusing upon hospitality related activities in a similar way to which St. Kilda has.

Local commercial real estate agents consulted as part of this study were very supportive of Moseley Square, seeing it as providing a valuable activity space for entertainment and events which attract visitors. Similarly Council's Mainstreet Manager responsible for Jetty Road / Moseley Square indicated that traders are also supportive of the Square and Council's role in promoting events that attract visitors to the precinct.

In addition, the introduction of a levy on new development to finance the provision of car parking in strategic locations was identified by agents as contributing to the success of the centre. There are approximately 3,000 car parks within the Jetty Road precinct including 1,500 paid car parks. It was however emphasised by both commercial agents and Council's Mainstreet manager that there is a strong aversion amongst Adelaideans to paying for parking or not parking close to their destination. Given these circumstances, the success of Moseley Square is even more impressive.

Table 6: Jetty Road Glenelg



Moseley Square: Looking west to Glenelg Beach

Jetty Road: Looking west towards Glenelg Beach and Moseley Square

Moseley Square: Looking north

6.2.1 Business Mix

Moseley Square is dominated by hospitality and take-away food outlets with approximately 14 businesses directly fronting the square. This business mix reflects Moseley Square's direct connection to Glenelg Beach and as a result business activity is more seasonal that elsewhere along Jetty Road. This would typically reduce the turnover of businesses and their capacity to pay higher rents.

Table 7: Moseley Square Businesses Mix

Business	Activity
Stamford Grand Adelaide	Accommodation
Europa at the Bay	Hospitality
Mamma Carmela Restaurant	Hospitality
Salsa's Glenelg	Hospitality
Tasca Viva	Hospitality
Crema on Jetty	Hospitality
Jeanswest	Fashion
Ice	Fashion
Dublin Hotel	Hospitality
Bay Bar Dos	Hospitality
CIBO Espresso	Hospitality
McDonald's & McCafe	Hospitality
Nando's	Hospitality
Souvlaki Bros	Hospitality

Source: City of Holdfast Bay

6.2.2 Property Market Conditions

Given the small number of properties within Moseley Square there is limited data available on recent leases of retail space, particularly with respect to properties along the preferred southern side.

Real estate agents have indicated that the southern side of Moseley Square commands a rental premium over both the northern side as well as the prime retail precincts of Jetty Road due to:

- The tram stop and Stamford Hotel being located on that side of the square.
- The natural progression of pedestrians from car parks located on the southern side of Jetty Road towards Glenelg Beach.

Agents also indicated that the southern side of Moseley Square experiences a lower incidence of vacant retail space than the prime western section of Jetty Road. While there are currently three retail premises available for lease in Moseley Square these are all located on the northern side and therefore are not indicative of demand for those properties on the more preferred southern side of the square.

Based upon rental evidence (refer table below) for larger properties on the northern side of Moseley Square, it is likely that those smaller premises on the southern side of Moseley Square would achieve rents at least comparable to that of similarly sized premises in the prime Jetty Road precinct.

Table 8: Jetty Road / Moseley Square – Leasing Activity 2011-2013

	Area sqm	Annual Rent	Rent $ / sqm	Comment
Jetty Road Secondary (Eastern Precinct)				
Mobile Phones	59	$47,058	$797	
Ladies Fashion	117	$76,500	$653	
Hairdresser	100	$650	$650	
Bank	217	$113,568	$523	
Jetty Road Prime (Western Precinct)				
Delicatessen & Snack Bar	87	$87,500	$1,005	Prime comer tenancy.
Currency Exchange	35	$37,638	$1,075	
Ice Cream Shop	73	$87,500	$1,198	
Fashion	62	$74,800	$1,206	
Cafe / Coffee Bar	84	$840	$1,000	Comer position.
Colley Terrace (Overlooking Moseley Square)				
Restaurant	158	$108,500	$686	
Convenience Store	36	$37,500	$1,041	
Moseley Square (Northern Side)				
Cafe	133	$55,703	$418	Cafe tenancy within a Heritage listed building.
Family Restaurant	202	$87,550	$433	Modem two level retail building.

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	Area sqm	Annual Rent	Rent $ / sqm	Comment
Family Restaurant	292	$181,798	$622	Modem two level retail building.

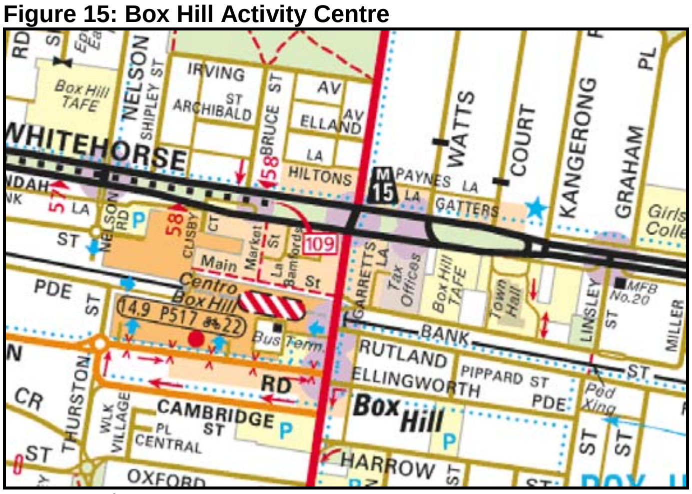
6.3 Market Street Mall Box Hill

The Market Street Mall provides a linkage from a number of destinations within Whitehorse Road to Centro Whitehorse and the Box Hill railway station which is accessed via Centro. The destinations along Whitehorse Road include Box Hill TAFE and the tram terminus located immediately opposite the mall.

Within the context of the entire centre, the level of pedestrian traffic attributable to this linkage is however minimal with the mall itself also functioning as a destination. This occurs despite considerable competition from the Centro shopping centre which also offers a food court that directly competes with cafes in the mall.

The majority of car parking within the Box Hill Activity Centre is provided within the Centro shopping centre and is complemented by on-street parking along Whitehorse Road and to a lesser extent Station and Carrington streets.

Figure 15: Box Hill Activity Centre



Source: Melways


Market Street Mall: Looking south from Whitehorse Road

6.3.1 Property Market Conditions

There are currently no properties available for lease in Market Street Mall. Rents for recently leased properties are generally around $130,000 per annum for typical retail premises of 94-130 sqm. This translates into approximately
$1,000-$1,400 per sqm.

Properties that fall outside this size range include:

- The Bank of China premises which benefits from exposure to both Whitehorse Road and the Market Street Mall and as a result achieves a rental rate of $1,432 per sqm despite being notably larger (175 sqm).
- 1 Market Street (45 sqm) which achieves a significantly higher rate of $2,302 per sqm reflecting its much smaller floorarea.

Some direction comparisons may be made between premises in the mall and similar sized properties located nearby in Whitehorse Road. These include:

- 914 Whitehorse Road (40 sqm)
  - Located adjacent to the Mall offering immediate on-street car parking and main road exposure.
  - Leased for $55,125 per annum or $1,389 per sqm.
  - Comparable sized property to 1 Market Street (40 sqm) leased at $104,737 or $2,302 per sqm.
  - Indicates a 65% rental premium for 1 Market Street.

- 75 Whitehorse Road (75 sqm) – Corner Station Street.
  - High exposure location on the corner of Whitehorse Road and Station Street with immediate on-street car parking.
  - Leased for $105,000 or $1,400 per sqm.
  - Slightly larger properties in Market Street Mall (nos. 3 and 5) of 84sqm and 94 sqm are currently leased for $1,375 and $1,396 per sqm respectively.
  - Indicates the Market Street Mall is considered a comparable location to a high exposure corner site offering on-street parking.

Table 9: Market Street Mall / Whitehorse Road – Leasing Activity 2011-2013

Tenant	Address	Area (sqm)	Date	Annual Net Rent	Rent $/sqm	Comments
Market Street Mall						
Bank of China	916 Whitehorse Rd	175	Jul 2011	$250,740	$1,432	Corner site (Whitehorse Road / Market Street Mall)
Larshine Restaurant	1 Market Street	45	Jun 2010	$104,737	$2,302	
Tuk Tuk Station Restaurant	3 Market Street	94	May 2011	$131,250	$1,396	
Extra Green Holidays	5 Market Street	84	Jun 2011	$115,500	$1,375	
Chemist Warehouse	7-9 Market Street	258	Sep 2012	$250,000	$967	

Tenant	Address	Area (sqm)	Date	Annual Net Rent	Rent $/sqm	Comments
Grand City Travel	11 Market Street	106	Oct 2011	$131,250	$1,231	
Jingchu Restaurant	13 Market Street	120	Dec 2011	$130,000	$1,087	
Orange Store Health	15 Market Street	127	Aug 2009	$130,000	$1,020	
Whitehorse Road Frontage						
Fancy Life Cosmetics	912 Whitehorse Rd	21	Dec 2011	$33,000	$1,579	
Happy Eyes Optical	914 Whitehorse Rd	40	Oct 2010	$55,125	$1,389	
Undisclosed	958 Whitehorse Road	75	Aug 2013	$105,000	$1,400	Former Flight Centre premises on high exposure site at corner Whitehorse Rd. / Station St.

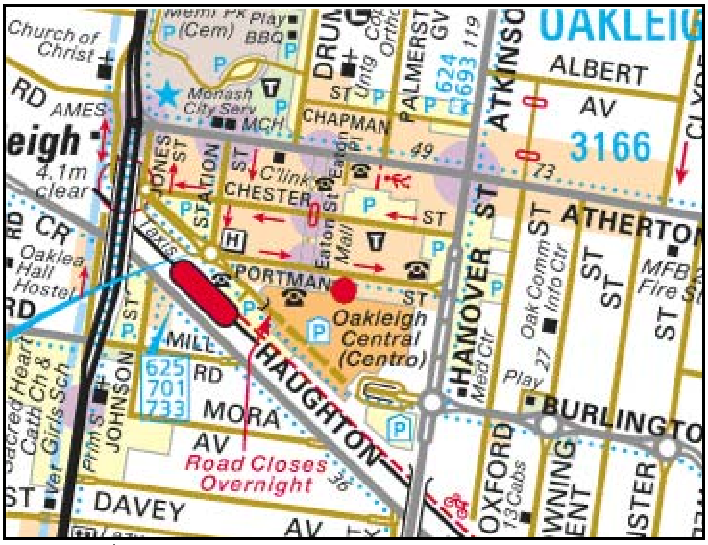
6.4 Eaton Street Mall Oakleigh

Oakleigh’s Eaton Street Mall is the traditional heart of the Oakleigh Activity Centre but has evolved into café and restaurant precinct over the past decade in response to Council upgrading the mall and the establishment of a number of major cafes offering outdoor dining.

The adjacent streets also perform a strong retail function and include the Oakleigh market that is accessed from both Chester and Portman Street a short distance to the west of the mall. Similarly, Centro Oakleigh is a key retail attraction offering both Coles and Woolworths supermarkets and a range of specialty retailers.

Car parking within the centre is provided both on-street and within a number of Council car parks as indicated in the map below.

Figure 16: Oakleigh Activity Centre



Source: Melways

Discussions with Council (City of Monash) officers indicate that there is strong trader approval of the mall as demonstrated by the significant upgrading of properties and the entry of a number of new cafes and restaurants including:

- O-Kitchen
- Backbone
- Meat Me
- Steve's Wine Bar
- Vanilla

Figure 17: Eaton Street Mall

6.4.1 Rental Market Conditions

There is currently only one retail property for lease in the Eaton Street Mall on the corner of Portman Street.

The size of properties within Eaton Mall is generally consistent with that of those within surrounding streets. Consideration however needs to be given to some being two level buildings with upper levels typically having a lower rental rate and therefore impacting upon the overall rate.

Properties of 140-230 sqm with frontage to Eaton Mall have leased for \$52,000 - \$65,000 per annum. By comparison those within the adjacent streets, being slightly smaller in the range 120-185 sqm, have leased for \$28,000-\$32,000 with the exception of 28 Portman Street located adjacent to the Oakleigh Market which leased for \$42,000.

Analysing rents on a per sqm basis indicates that rents within the Easton Street Mall are noticeably higher that the adjacent streets with rates in the range \$262-\$397 per sqm compared to \$174-\$276.

This indicates that there may be a considerable rental premium attached to the Eaton Street Mall of at least 50%. Anecdotally, this conclusion is supported by the Mall traditionally being the prime retail location within the centre, together with recent investment in the redevelopment of properties in the Mall to accommodate cafes.

Table 10: Eaton Street Mall and Adjacent Precincts – Leasing Activity 2009-2013

Tenant	Area sqm	Annual Rent	Rent $ / sqm	Date	Comments
Eaton Street Mall					
22 Eaton Street	165	$52,000	$315	Jul 2011	Ground floor retail
24 & 24A Eaton Street	230	$60,319	$262	Aug 2010	Two level shop/restaurant/office.
30 Eaton Street	88	$26,434	$300	Nov 2009	Single level Retail shop
27 Portman Street (Frontage to Eaton Street Mall)	146	$58,000	$397	Mar 2009	Two level premises on the corner of Eaton Street Mall / Portman Street. Occupied by Niko Cakes.
38 Portman Street (Frontage to Eaton Street Mall)	230	$65,000	$282	Jul 2009	Two level building located on the southern section of Eaton Mall at the entrance to Centro
Adjacent Retail Precinct					
28 Portman	152	$42,000	$276	Mar 2009	Single level shop located adjacent to Oakleigh Market
5 Station Street	120	$28,000	$233	Feb 2013	Single level shop / office
30 Atherton Road	185	$32,271	$174	Mar 2011	Two level retail premises
32 Atherton Road	129	$31,241	$250	Dec 2010	Two level retail premises

6.5 Conclusion

The four case studies presented in this section provide a practical means of identifying the performance of pedestrian precincts that most resemble Acland Street's role as a regional destination servicing both local residents and visitors from further afield.

Each of the four case studies indicated that rents for retail properties within the respective pedestrian precinct were:

- approximately 50% higher than adjacent retail precincts where on-street car parking is readily available; and
- in the case of the Market Street Mall (Box Hill) and Moseley Square (Glenelg) rents were comparable to prime retail precincts within their respective centres.

These findings suggest that the conversion of Acland Street to a pedestrian precinct is likely to see the rent premium that it commands over Barkly and Blessington streets maintained at current levels that have been estimated at 40-60%. There will however be a need to recognise that there have been a number of factors that have supported the success of these precincts including:

- Their existing role as either tourist destinations (The Corso and Moseley Square), an ability to attract visitors from a wider area through being differentiated from other centres, catering for a particular market niche (Eaton Mall), or being located in a regional centre with exposure to pedestrian traffic (Main street Mall).

- The opportunity for public spaces to be used to provide entertainment and public seating to encourage visitors to stay longer in the precinct (Moseley Square, The Corso) with Council providing the necessary infrastructure and marketing of events and entertainment.
- Continual upgrading of precincts to ensure that they meet the on-going needs of visitors.
- Proximity to public transport (The Corso, Moseley Square, and Market Street Mall).
- Adequate off street car parking within walking distance of precincts (The Corso, Moseley Square, and Eaton Street Mall).

7. ECONOMIC ASSESSMENT OF CONVERSION OPTIONS

The preceding analysis of the experience of the four pedestrian precincts suggests that there is the potential for Acland Street to continue to trade at a premium to the adjacent retail precincts based upon a comparison of current rent differentials with those achieved for the case study locations.

Rather than individually assessing each of the Conversion Options proposed by PTV and the City of Port Phillip, the key elements that characterise the options have been analysed within the context of the experience of the four case studies.

7.1 Conversion of Car Spaces

Acland Street's primary role is as a destination for hospitality and fashion retailing with convenience retailing being largely limited to the two major supermarkets, both of which provide on-site car parking. As a result, convenient car parking is not as critical to Acland Street's performance as it would be for those centres that primarily cater for household's weekly shopping needs.

The key factor determining the impact of a reduction in on-street car parking therefore is the degree to which Acland Street is able to maintain its role as a regional destination. Any conversion of car spaces should therefore directly facilitate either improved public transport services and/or improve the public realm to provide a more attractive environment for visitors that also differentiates Acland Street from its competitors.

Improved signage to direct visitors to available car spaces may also compensate for the reduction in car spaces in Acland Street.

7.2 Footpath Trading Opportunities

The opportunity for businesses to expand onto the footpath will be limited to cafes and restaurants and provide a new element to the dining experience offered in Acland Street. This would be expected to not only enhance the attractiveness of Acland Street as a precinct but also expand the capacity of businesses and potentially turnover. In addition, it could also provide opportunities for Council to generate revenue which may be invested in promoting Acland Street.

7.3 Pedestrian Plaza

The creation of a plaza at the Barkly Street end of Acland Street would be expected to create the opportunity for street entertainment such as buskers as well as larger scale entertainment. Given St. Kilda's reputation as a location for arts and music it would be expected that providing the opportunities for these activities would reinforce Acland Street's image and attract more visitors. Importantly, this would also differentiate Acland Street from its competitors that have to some extent emulated Acland Street through evolving into café precincts.

The City of Port Phillip has also proposed two additional pedestrian plazas adjacent to Acland Street in Irwell and Belford Streets. While this space would only benefit the adjoining businesses through providing the opportunity to expand their trading area, there may be the opportunity to provide additional space for entertainment and other activities. This will however come at the expense of limiting access to the Irwell / Belford Street car parks to Carlisle Street.

A key objective in providing a pedestrian plaza should be to provide the opportunity for visitors to extend their stay in Acland Street. Through providing a number of different opportunities to do so will increase the likelihood of this occurring.

Albeit on a larger scale, Federation Square and Bourke Street Mall are examples of how entertainment and activities attract visitors, activate a space and provide additional opportunities for local businesses. Closer to Acland Street the Esplanade Market has turned a footpath into a major tourist attraction. Smaller scale activities may be used to attract visitors to Acland Street such as outdoor cinemas, telecasting sporting events, live bands, farmers markets etc.

7.4 Vehicle Access

A number of options have been proposed for excluding vehicles from Acland Street. The preferred option will need to reflect a balance between the benefits of maintaining vehicle movements through the street from a traffic management and passive surveillance perspective, versus the benefits of providing increased pedestrian space.

PTV has proposed the option of maintaining one-way access for vehicles in an easterly direction which would prevent the creation a pedestrian plaza at the end of Acland Street. As discussed above a Plaza offers the opportunity to introduce entertainment and activities to attract visitors, and seating to encourage them to remain in the centre longer and spend more at local businesses.

7.5 Mitigating Negative Impacts

Any negative impacts associated with the reduction in car parking and reduced access for vehicles may be potentially mitigated through either leveraging off the particular elements of the design options or through Council initiatives.

These include:

- Traders utilising newly created public space

As already discussed above there will be the opportunity for cafes and restaurants to expand onto footpaths, thereby increasing their capacity and profitability.

- Space Activation

The opportunity to introduce buskers and other entertainment into Acland Street would be expected create an additional attraction for visitors, thereby encouraging them to remain in the precinct longer and visit more businesses.

- Public seating

Additional public space will provide the opportunity for public seating to be provided for visitors and thereby also extending their stay. Currently there is relatively little seating available and as a result visitors progress through Acland Street to either O'Donnell Gardens or the foreshore.

- Reduced pedestrian congestion

During peak periods, pedestrian traffic along Acland Street becomes congested which impacts upon the amenity of the precinct. The additional public space offered by converting Acland Street to a pedestrian precinct would therefore be expected to attract additional visitors particularly during these peak periods.

- Tourism information booth

Providing information to tourists on local attractions and activities will support local business and enhance their overall experience of Acland Street.

- Car park signage

Investment by Council in improving signage directing visitors to car parks may include investigating opportunities for electronic signage identify where available space are located. This would allow a reduced number of spaces to be better utilised and potentially offset the reduction in car parks in Acland Street.

- Improved Pedestrian Signage

Signage may direct visitors to various precincts that may otherwise be missed.

- Better Walking and Bike Riding Access

While St. Kilda is serviced by a number of bike paths and lanes, Acland Street currently offers limited opportunities for parking bicycles particularly on weekends when it is busiest. With 2011Census data indicating that Port Phillip had the fourth highest number of residents cycling to work (2,249) behind Yarra (3,651), Moreland (3,455) and Darebin (2,751), there would appear to be considerable scope to increase the number of local residents cycling to Acland Street. Similarly, the Census also reveals that 20% of households in the St Kilda do not own a car and a further 50% only own one car compared to only 9% and 35% across metropolitan Melbourne.

The City of Stonnington recently undertook a bike parking audit which identified a shortage of bicycle parking in most shopping strips with the demand for short term parking highest near cafes, food outlets, post offices and convenience stores. In addition, unsecured bicycles were found to add to footpath congestion. The audit recommended installing additional bicycle parking in most areas along with signage. It also suggested that Council consider creating bicycle parking islands in busy precincts with limited footpath space and developing a suite of bicycle parking options.

8. CONCLUSION

8.1 Key Findings

The analysis of Acland Streets current operating environment together with the case studies of four pedestrian precincts has produced a number of key findings that provide an insight into the likely impact of the proposed conversion of Acland Street to a more pedestrian orientated street. In addition it provides direction for Council in promoting the on-going performance of the precinct.

Acland Street’s role as a destination for local residents and visitors from the wider metropolitan area is in many ways comparable to that of regional shopping centres which also draw shoppers from a relatively large catchment. Shoppers at these regional shopping centres are not only prepared to travel significant distances but they are also prepared to use inconvenient parking facilities such as multi-storey car parks or large at-grade car parks. Similarly, the majority patrons at large sporting events will use public transport with many unlikely to use it otherwise. The key reason being that each offers something unique that is not readily available elsewhere and the benefits outweigh any inconvenience associated with travelling there.

Similarly Acland Street and St Kilda generally are able to attract visitors from across metropolitan Melbourne despite having limited parking because of its uniqueness and lifestyle opportunities that is difficult to replicate elsewhere.

The key issue therefore is about how Acland Street maintains and enhances its appeal to the thousands of visitors that come to the centre each day, rather than what will be the impact the conversion of relatively few car spaces that the vast majority of visitors will never occupy.

As the four case studies have demonstrated, a pedestrian environment performs equal to that of Acland Street in terms of rents, rent premium over adjacent retail precincts and vacancy rates. The success of these precincts reflects the lifestyle experience that is not available in competing centres with alfresco dining, entertainment and events that attract visitors from a wide catchment.

With hospitality and fashion retailing showing little growth in turnover since the onset of the GFC, Acland Street is particularly susceptible to increasing competition from emerging lifestyle precincts across Melbourne inner and middle suburbs. As a result, Acland Street will need to further differentiate itself by offering a lifestyle experience that goes beyond what local businesses are able to offer.

The opportunity for increased public space and potentially a pedestrian plaza offers the opportunity to host such activities and bring an added dimension to Acland Street establishes a new point of difference. While St Kilda’s bayside location differentiates Acland Street from its competitors mostly during the warmer months, a pedestrian space offers a year round attraction provided it is appropriately designed.

Local residents are still key users of Acland Street accounting for around half of all visitors. The saying about it being ‘cheaper to keep existing customers than to attract new ones’ also applies to this group given their proximity to Acland Street. Unlike staple retail items such as food and groceries, the limit to household’s consumption of coffee or restaurant meals in Acland Street is to a greater degree by the amenity it offers. Furthermore given the lower level of car ownership amongst St Kilda residents and the greater likelihood of cycling, providing safe cycle paths and bike parking facilities may increase the frequency that they visit Acland Street.

8.2 Strategic Positioning

The above findings highlight a need for Acland Street to continue to evolve as a lifestyle precinct in order to maintain its competitiveness, particularly in light of the increasing number of cafes being established in small strip centres, former milk bars and lifesaving clubs such as those along Beaconsfield Parade.

Creating a better pedestrian environment will offer the opportunity to strategically position Acland Street with a new point of difference that may be used for entertainment and events that further strengthen the image of the precinct. Unlike the St Kilda foreshore, pedestrian space would be able to be used year round as well as during the evening to establish a stronger focal point for visitors and the local community within Acland Street.

While Acland Street is not a neighbourhood centre there is still the opportunity to better meet the needs of local residents through providing a public space for community events and social interaction. This will not only encourage greater expenditure at local businesses but places place less demand upon available car parking.

8.3 Recommendations

The key recommendations that flow from these findings and which will support Acland Street's future competitiveness and strategic position are that:

- Any conversion of car spaces in Acland Street should directly provide either improved public transport or an enhanced public realm to attract visitors.
- A pedestrian plaza should be incorporated into Acland Street to provide the necessary space to accommodate live entertainment and events.
- Council should actively promote entertainment and other events as well as provide for informal entertainment such as busking.
- Opportunities for facilitating the more efficient use of available car parking through signage directing visitors to available spaces should be investigated.
- The opportunities for providing bike riding infrastructure (routes and parking) and enhanced walking routes into the precinct should be investigated.

8.4 Further Investigation

There may also be the opportunity to better understand the potential impact of alternative locations for the proposed DDA compliant tram stop such as at the entrance to Acland Street. Surveys of visitors across the St Kilda foreshore and Fitzroy Street may identify the level of awareness of Acland Street. Similarly, visitors arriving at Acland Street by tram may be interviewed to identify whether they would have still come to the centre if the tram did not terminate there.

Surveying local residents to better understand what may encourage them to visit Acland Street more often within the context of its existing role and business mix. For example, would they cycle to the precinct if convenient bike parking were available, or would they visit it more often if there were a pedestrian plaza? Similarly, interviewing existing visitors may determine the extent to which they would not visit Acland Street if there were not able to park close to their destination.