# Ballarat CBD Land Use Review and Capacity Analysis

Final

Ethos Urban

Prepared by Ethos Urban

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**'Dagura Buumarri'**

Liz Belanjee Cameron

'Dagura Buumarri' – translates to Cold Brown Country. Representing Victoria.

The river system illustrated in this visual image is bound in greens and golds to acknowledge the warmth often felt in a colder climate. The rich earth hues of green, reds and browns reflect the local landscapes of this state while the extensive use of rhythmical patterning captures the unique landscapes of flat and mountainous areas. The use of earth colours imparts a sense of strength and serenity while contrasting greens throughout the image reminds us of the lushness of the natural world, where animals and humans once lived in harmony – it reminds us of the importance to protect the lands, waterways and skies and care for our localised environment. Scattered throughout the image are bold colours of oranges – a source of energy that continues to be felt as a life-giving source. The orange hues also portray the varying sunsets in which many Victorians enjoy seeing.earth, waterways and skies.

Ethos Urban acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and culture.

We acknowledge the Wurundjeri Woi Wurrung people, of the Kulin Nation, the Traditional Custodians of the land where this document was prepared, and all peoples and nations from lands affected.

We pay our respects to their Elders past, present and emerging.

In supporting the Uluru Statement from the heart, we walk with Aboriginal and Torres Strait Islander people in a movement of the Australian people for a better future.


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|---|---|---|
| **Contact:** | Name: Jack O'Connor<br>Position: Associate Director | Email: joconnor@ethosurban.com<br>Mobile: 0409 540 759 |
| **This document has been prepared by:** | Tessa Goldie & Jack O'Connor | **This document has been reviewed by:** Jack O'Connor & Sean Stephens |


| | | | |
|---|---|---|---|
| **Author** | 11/09/2024 | **Project Reviewer** | 28/03/2025 |

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Ethos Urban Pty Ltd | ABN 13 615 087 931 | Level 8, 30 Collins Street, Melbourne VIC 3000, (Wurundjeri Woi Wurrung Land), ethosurban.com

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# Executive Summary

## Introduction

1. Ballarat City Council (Council) has engaged Ethos Urban to prepare the Ballarat CBD Land Use Review and Capacity Analysis (the Project). The Project will inform the development of a new structure plan for Ballarat CBD. Although the Project was finalised in 2025, the majority of the analysis and reporting was undertaking in 2023 and reflects the market and policy context at that time.

## Location Overview

2. Ballarat is Victoria's second regional city and the primary service centre for the Central Highlands Region and a significant area of western and south-western Victoria.

3. Ballarat CBD is Ballarat's largest activity centre and foremost concentration of commercial, entertainment, education, and civic uses. The CBD is located centrally in Ballarat and balances a wide variety of functions. Its significant size, built heritage, different sub-precincts, and evolving urban fabric are key characteristics.

## Strategic Policy Overview

4. A review of planning policies most relevant to Ballarat CBD's economic and development context makes clear, the CBD:

   - Is Ballarat's highest order centre and primary concentration of commercial, retail and services activities in the municipality and broader Central Highlands region.
   - Comprises a large area characterised by a range of individual sub-precincts.
   - Is undergoing a long-term process of urban renewal in which opportunities for redevelopment must be balanced with the retention of valued built heritage and vistas.

5. A vast number of actions to drive urban renewal in the CBD flow from strategies including Bakery Hill Urban Renewal Plan, Making Ballarat Central – CBD Action Plan, and Making Ballarat Central – the CBD Strategy.

6. These actions relate to range of aspects including:

   - Enhancing the CBD's diversity of functions and uses (retail, commercial office, arts and culture, entertainment/visitation, residential, and tertiary education etc).
   - Protecting and improving existing strengths including its renowned heritage and prominent vistas
   - Redevelopment of key sites, including:
     - Bridge Mall
     - Little Bridge Street car park
     - Big W and Dan Murphy's site
     - Peel Street redevelopment site.

## Economic and Demographic Context

7. Ballarat Local Government Areas' (LGA's) population is forecast to increase by approximately +36,940 residents across the 18 years to 2041. This indicates the current trend of strong year-on-year population growth in the municipality will continue, underpinned by residential development in the Ballarat West Growth Area. Population growth is forecast to occur in all age groups. However, the strongest growth is expected to occur in the seniors (55+) cohort.

8. Population growth in the Local Study Area – the collection SA1s (statistical areas) that best represent the CBD – would be negligible across the 18-year period under a business-as-usual scenario.

9. Compared to Regional Victoria, Ballarat LGA's socio-economic and demographic profile is characterised by higher median household incomes; a younger structure; higher shares of lone person and group households, semi-detached dwellings, households renting, and white-collar professions. The vast majority of houses in Ballarat are conventional detached dwellings owned outright or under mortgage.

10. Recent growth in the resident labour force across the intercensal period (2016-2021) largely occurred in sectors that often locate in activity centres, including health care and social assistance, public administration and safety, and professional, scientific and technical services.

11. Health buildings and commercial offices were the largest drivers of investment in non-residential sectors, based on buildings approvals data from 2017 to 2022. Across the five years to 2022, only 80 new dwellings approvals were recorded in the Local Study Area, A peak of 36 approvals in 2020 was largely attributed to the Nightingale apartment development (at 11 Davey Street). In five of the last six years, the number of new dwelling approvals for detached dwellings was higher than semi-detached/attached typologies in the Local Study Area.

12. Ballarat CBD's development pipeline includes 16 projects with an individual construction value over $2.5 million) including projects with significant apartment and/or office components. A variety of large projects (over $100 million in value) are in the development pipeline for the balance of the LGA and will play a role in generating employment opportunities and growth in the local economy.

## Stakeholder Consultation Findings

13. Stakeholder consultations highlighted that Ballarat CBD faces a fork in the road moment. Feedback makes clear that:

    - A significant opportunity exists for the CBD to broaden and improve its role as a mixed-use precinct balancing commercial, retail, residential, entertainment, and arts and culture aspects.
    - However, the potential for evolution is limited by constraints on redevelopment including heritage requirements and current market and feasibility considerations.
    - Without significant public and private sector investment, there is a risk that the CBD underperforms, and detracts from Ballarat's economic performance and perceptions of the wider Ballarat region.
    - The current reset of strategic policies is a timely opportunity for the CBD's strategic direction to be refined and more clearly articulated to the broader community, including business and development industry stakeholders.

## Economic Trends Influencing Regional CBDs

14. Large street-based activity centres and the retail sector (more generally) continually change as consumer preferences and tastes evolve, and new and incumbent businesses seek to gain a competitive advantage. In recent years, the extent and pace of change is significant due to the growth of online retailing and the nature in which COVID-19 accelerated its uptake.

15. More than ever the success of large street-based activity centres, including regional CBDs, is attributed to the quality of the urban environment, the ability to offer a range of complementary uses that meets the needs of customers and workers, and the ability to attract visitors through entertainment, arts and culture, and associated marketing and events.

16. In some comparable regional CBD's, competition from out-of-centre retail development has resulted in hospitality and entertainment filling a vacuum previously occupied by apparel and other retailing. Development of higher-order offices has also occurred due to the relocation of major public service departments and private businesses from capital cities.

## Ballarat CBD Trading Context

17. Ballarat CBD serves a large regional catchment and is Ballarat LGA's only Principal Activity Centre (PAC). Other activity centres in Ballarat compete with Ballarat CBD to various degrees. The Major Activity Centres (MACs) at Wendouree and Delacombe are of most competitive relevance.

18. The lack of Neighbourhood Activity Centres (NACs) in Ballarat's eastern suburbs means that residents in Black Hill, Brown Hill and Eureka travel into the CBD to access daily and weekly retail needs.

19. Mobile ping data from Near Vista for the year ending June 2022 indicates that:

    - Around 64% of visits to Ballarat CBD originate from Ballarat LGA. Visits from outside Ballarat LGA primarily originate in Moorabool, Golden Plains and Hepburn, Melton and Greater Geelong LGAs.
    - Within the CBD, the areas of highest daytime pedestrian activity (based on mobile phone pings) include the main supermarkets (Woolworths and Coles x2) and adjacent carparks, Big W and the adjacent car park, and the Bakery Hill McDonalds. Visitation in the evening is significantly lower and concentrated in fewer areas, relative to daytime hours.

20. The CBD supports approximately 144,160m$^2$ of shopfront floorspace, of which 6% is vacant. This level of vacancy is within an acceptable threshold for a large street-based activity centre (5%-10%). Clusters of high vacancies, however, do exist in certain locations including Sturt Street and Bridge Mall.

21. Some 71% of shopfront floorspace is occupied by retail tenants, with the balance comprising office shopfronts (21%) and other commercial shopfronts (1%). The amount of occupied retail floorspace in Ballarat CBD (102,980m$^2$) is similar to Bendigo CBD, although lower than the CBDs in Albury and Geelong. The provision of dedicated office floorspace totals an estimated 56,560m$^2$, of which 7% is vacant.

## Retail and Commercial Outlook

22. Ballarat CBD's development outlook for retail and commercial floorspace is informed by:

- Increased demand for activity centre uses (such as retail, offices, and other commercial uses) due to the strong projected population growth in the Ballarat region.
- An increasingly dynamic competitive context due to:
  - Ongoing development of Delacombe MAC
  - Ongoing development of C2Z land proximate Wendouree MAC (fronting Learmonth Road)
  - Future delivery of neighbourhood and local activity centres in developing greenfield area (such as Ballarat West Growth Area)
  - The possibility that Stockland Wendouree Shopping Centre could increase its provision of retail and commercial floorspace in the future.

23. Though this competition will likely result in Ballarat CBD's market share for retail reducing over time, the opportunity still exists for the CBD to capture a large share of demand in a growing regional market and observe a substantial level of retail development across the 18-years to 2041. There is also potential for Ballarat CBD's:

- Office market to undergo a step-change focused on the development of prime-grade space geared to government departments and larger private businesses.
- Commercial accommodation and entertainment sector to increase in prominence.

24. By 2041, it is estimated that Ballarat CBD could support:

- An additional +31,400m$^2$ of shopfront floorspace (rounded), comprising in the order of:
  - +21,100m$^2$ of retail floorspace
  - +9,900m$^2$ in office shopfronts
  - +400m$^2$ in other (non-office) commercial shopfronts
- A net increase of approximately +3,000m$^2$ of (non-shopfront) commercial floorspace which equates to:
  - +23,000m$^2$ of dedicated office floorspace; less
  - 20,000m$^2$ of other (non-office) commercial uses, due to this floorspace being developed for more intensive higher-order uses.

25. In total, it is anticipated that approximately +34,400 of net additional retail and commercial floorspace could be developed in Ballarat CBD by 2041. This outlook is considered to represent an aspirational, yet achievable, approximation of what Ballarat CBD's development trajectory for retail and commercial floorspace could look like. The retail and dedicated office figures outlined represents the Base Scenario for each. In reality, the actual quantum of retail and dedicated office floorspace delivered will likely fall within a broad range, based on a range of factors, including:

- The evolving competitive context
- Changes in market share and average trading levels (for retail)
- The degree in which Ballarat's CBD can become a go-to location for government and corporates seeking a regional presence (for dedicated offices)
- The extent that lower value commercial floorspace is redeveloped for more intensive uses.

26. Potential exists that a small share of the anticipated demand for additional shopfront and dedicated office space could materialise in the form of decreased vacancies.

## Residential Development Opportunities

27. The outlook for residential growth in the CBD is uncertain and will depend on the emergence of a viable apartment market in Ballarat. The CBD's apartment market is currently in its infancy. A 27-apartment project was delivered in 2022 by joint venture between Nightingale and Hygge Property (Hygge) and a 58-apartment project by Hygge is currently in the presales phase[1]. Several other projects with apartment components are in the CBD's development pipeline.

28. The opportunity for growth in the CBD's apartment sector is underpinned by:

    – Strong population growth in the seniors cohort and a need for housing options for downsizers.
    – A future increase in the student population due to redevelopment of the Federation University SMB campus, and professional workers employed in the CBD and surrounding areas (including medical professionals)
    – Increasing residential prices in Ballarat.

29. However, conceptual feasibility analysis undertaken by consultant indicates that – due to recent increases in construction costs, financing costs and taxes, charges and levies – new apartment projects would:

    – Need to be reflect a premium price point and offering in the Ballarat market; and
    – The build-to-sell apartment market in Ballarat CBD will, in the foreseeable future, remain small, niche and focused on wealthy downsizers purchasing for lifestyle reasons.

30. In view of the current cost base and the price trade-off between apartments and dwellings with a land component in Ballarat, it is unlikely conventional built-to-sell developers can deliver an apartment product that is priced to the middle of the market and affordable to first home buyers on modest incomes, and particularly those seeking accommodation that is suitable to start a family.

31. The opportunity exists, to varying degrees, for alternative residential models to service housing needs not met by conventional built-to-sell apartment developers including Buit to Rent (BTR), Purpose Built Student Accommodation (PBSA), Co-Living, and key worker and affordable housing.

32. The opportunity for these models to come-online is dependent on a wide range of factors including:

    – Changes in Victoria's investment, governance and policy landscape in coming years. Future fluctuations in construction and debt costs and the appetite of government and institutional capital (such as superannuation and pension funds) to invest in non-market housing are factors with potential to shift the dial.
    – The intentions of key landowners who may deliver housing for their specific needs such as Federation University and the hospitals (Ballarat Base Hospital and St John of God Ballarat).

33. 'Affordable housing' as defined in the Planning and Environment Act 1987 could be delivered in the CBD through partnerships with not-for-profit social and affordable housing providers (i.e. public and community housing), negotiations with private developers (via Section 173 agreements), or the State Government Development Facilitation Program (DFP).

34. An alternative, yet achievable, scenario for residential growth has been prepared which has regard for the aspects previously described. Under this scenario, an average of 50 new dwellings would be developed annually to 2031, increasing to 105 new dwellings from 2031 to 2041. This would result in the Local Study Area's residential population increasing by approximately +3,000 persons by 2041.

## Floorspace Capacity Assessment

35. High-level capacity analysis was undertaken based on the built-form parameters outlined in the Draft Urban Design framework (UDF) issued to the consultant in March 2024. The area that the built form framework plan in the Draft UDF applies (the UDF Study Area) differs slightly from the Ballarat CBD Study Area and excludes the Federation University SMB Campus.

36. Based on the built form parameters outlined in the Draft UDF, sites with redevelopment potential in the UDF Study Area could theoretically support in the order of 1.15 million $m^2$ of total built floorspace, including:

[1] In 2023, when the majority of the analysis and reporting was undertaken for the Project.

- Approximately 613,500m$^2$ of residential floorspace (net saleable) supporting some 7,220 dwellings, based on an average dwelling size of 85m$^2$.
- Approximately 538,000m$^2$ of other floorspace commercial/government/community)

37. Although the capacity estimates are high-level, it is clear the CBD would be able to accommodate additional retail and commercial floorspace and additional dwellings anticipated by 2041, based on the parameters in the Draft UDF.

## Considerations for the Forthcoming Structure Plan

38. The following consideration flow from this report and should inform the preparation of the forthcoming structure plan:

- **Ballarat CBD has significant theoretical capacity** to accommodate additional floorspace due mainly to its large land area.
- **The extent of additional retail, commercial and residential floorspace likely to be delivered in the CBD is uncertain** due to factors including competitive impacts of other centres in the region, evolving market trends, potential changes in market shares and average trading levels, and development feasibility impacts.
- **The CBD must continue to evolve to remain relevant and competitive**. The CBD's continue emergence as a regionally significant arts and cultural precinct (and associated visitation) and growth in the resident, worker and student populations are all factors that will assist in driving an evolution in the land use mix.
- **The new structure plan provides an opportunity to review and consolidate current existing policies and set a refined strategic direction**. A less is more approach when identifying strategic priorities and actions would be sensible.
- **Identify redevelopment sites that will be a priority for investment**. The CBD has number of large strategically located sites that, if redeveloped at a high standard to their future market potential, would likely be a catalyst for further investment in the CBD. The forthcoming structure plan should identify these sites.
- **Appropriate flexibility is warranted**. The forthcoming structure plan will need to reflect a sensible level of flexibility to ensure future economic development opportunities are not precluded by rigid land use and development guidelines.
- **The expansion of Federation University's SMB Campus is a major opportunity to stimulate economic development in the CBD**. This will significantly increase the number of students and (university) workers in the CBD which will deliver flow-on benefits to the retail, entertainment and hospitality sectors, assist in growing the night-time economy, and increasing the number of residents in the CBD.

# Introduction

## Background

Ballarat City Council (Council) has engaged Ethos Urban to prepare the Ballarat CBD Land Use Review and Capacity Analysis (the Project). The Project will inform the development of a new structure plan for Ballarat CBD that provides a contemporary strategic framework to guide the area's future development.

Ballarat CBD is the foremost concentration of commercial, entertainment, education and civic uses in Victoria's Central Highlands Region and the administrative seat of Ballarat Local Government Area (Ballarat LGA). Primarily located in the Commercial 1 Zone (C1Z) of the Ballarat Planning Scheme, the CBD is suitable for an intensive mix of retail, commercial and residential uses.

The Project is the principal economic input to the forthcoming structure plan and provides an assessment of:

- The current mix of commercial (including retail) land uses in Ballarat CBD
- The opportunity for the existing provision of commercial and residential uses to increase and/or evolve, having regard to relevant strategic policies and plans, the local and regional economic context, and market (supply and demand) considerations.
- Future capacity of Ballarat CBD – in terms of eventual commercial and residential floorspace – having regard for the market outlook and built form assumptions established in the Urban Design and Built Form Framework (prepared by Council to inform the structure plan).

## This Report

This report is structured as follows:

- **Chapter 1:** Location Overview
- **Chapter 2:** Strategic Policy Review
- **Chapter 3:** Stakeholder Consultation Findings
- **Chapter 4:** Economic and Demographic Context
- **Chapter 5:** Economic Trends Influencing Regional CBDs
- **Chapter 6:** Ballarat CBD Trading Context
- **Chapter 7:** Retail and Commercial Outlook
- **Chapter 8:** Residential Development Opportunities
- **Chapter 9:** Floorspace Capacity Assessment
- **Chapter 11:** Considerations for the Forthcoming Structure Plan

**Timing of the Report**

This Project was finalised in June 2025. The background analysis was primarily undertaken in 2023 with subsequent reporting and client review. Although the analysis mainly reflects the market and policy context in 2023, the overall findings of the report remain valid and represent a robust basis to inform the forthcoming structure plan for Ballarat CBD.

# Terms and Definitions

## Activity Centres

Activity centres are hubs where people shop, work, meet, relax and live. They range from local shopping strips to larger activity nodes and include white collar employment, community services and shopping malls. The State planning framework identifies four main activity centre categories: Metropolitan Activity Centres, Major Activity Centres, Regional Activity Centres and Neighbourhood Activity Centres (refer www.planning.vic.gov.au/policy-and-strategy/activity-centres/activity-centres-overview).

## Retail Activities

Retail activity is defined according to the Australian Bureau of Statistics (ABS) classification adopted for the 1991/92 Retail and Services Census but excludes garden supplies, marine equipment and motor vehicle and related traders. This definition of retail is consistent with the normal practice for undertaking retail-economic analysis in Australia.

For the purpose of this report, estimates of retail floorspace are provided for the following retail categories:

- **Food, Liquor and Groceries (FLG):** Comprising household spending and floorspace involved in the selling of take-home food, groceries and liquor.
- **Food Catering**: Household spending and floorspace associated with cafes, restaurants and take-away food stores.
- **Non-Food**: Spending on non-food retail products such as apparel, homewares, bulky merchandise, leisure goods, other general merchandise
- **Services**: spending on hairdressers, video hire, dry cleaning, etc.

For retail tenancies, average trading levels are the average revenue levels assumed for each retail category per $m^2$ of **leasable** floorspace.

## GST

All spending figures expressed in this report are inclusive of GST.

# 1.0 Location Overview

This chapter provides an overview of Ballarat CBD and its locational context. Reference is made to the CBD's role and land uses, and location within Ballarat LGA and the broader Central Highlands Region.

## 1.1 Ballarat CBD

Ballarat CBD is the largest cluster of commercial, entertainment, education and civic uses in the Central Highlands Region, and western and south-western Victoria (excluding Geelong CBD).

The CBD is located centrally within the Ballarat's urban area, around 1km southeast of Lake Wendouree, and focused at the juncture of Sturt Street, Bridge Mall and Victoria Street.

Initially home to the Wadawurrung people, the CBD area emerged as the commercial and administrative centre of the new settlement of Ballarat which came into existence in the early 1850s after the discovery of gold at Buninyong in 1851. Over the subsequent 160+ years, Ballarat has transformed from:

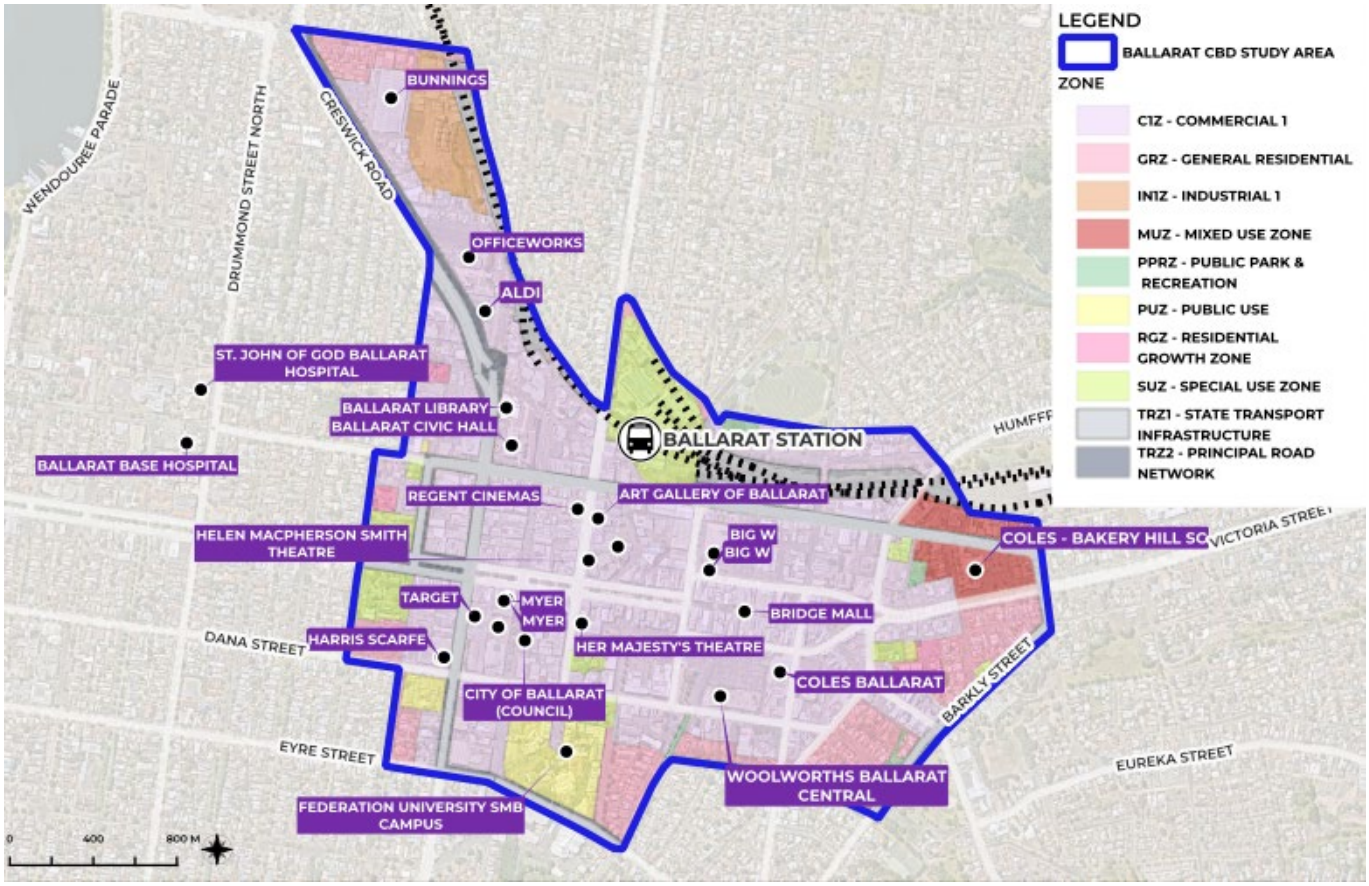
- The Original settlement referred to as the Ballarat Diggings, in the early 1850s
- To Victoria's largest gold rush town (along with Bendigo), in the 1860s
- To a successful industrial age city in the late 1800s and early 1900s
- To the 21st century regional city we see today.

Through Ballarat CBD's layout, streetscapes, architecture and land uses, the lineage of Victoria's second largest regional city can be traced to its beginnings as a humble gold mining camp.

The study area for this Project (referred to as Ballarat CBD Study Area) is shown in Figure 1.1 and is generally bound by:

- Macarthur Street, the Western Line (rail line), Ligar Street, Ebden Street and Corbet Street, to the north
- Princes Street South, Princes Steet North and Barkly Street, to the east
- Steinfeld Street South, Anderson Street East, Grant Street and Eyre Street, to the south.
- Dawson Street South, Lyons Street South, Davey Street and Croxton Street, to the west.

*Figure 1.1 Ballarat CBD Study Area*



Source: Ethos Urban with QGIS

The majority of Ballarat CBD is in the Commercial 1 Zone (CIZ) of the Ballarat Planning Scheme. However, a range of other planning zones apply in the area, including the Public Use Zone Schedule 2 (PUZ2), Special Use Zone 5 (SUZ5), Mixed Use Zone (MUZ), General Residential Zone Schedule 1 (GRZ1), Residential Growth Zone Schedule 1 (GRZ1), Industrial 1 Zone (IN1Z), Special Use Zone Schedule 16 (SUZ16), and Transport Zone 1 (TRZ1).

The range of land uses in Ballarat CBD is highly diverse, and includes:

- Major retail anchors, such as:
  - Bridge Mall (specialty retail strip)
  - Woolworths and 2 x Coles (supermarkets)
  - ALDI (supermarket)
  - Central Square Shopping Centre, anchored by Myer (department store), Target (discount department store), and Rivers.
  - Big W (discount department store)
  - Dan Murphy's (liquor store),
  - Rebel Sport
  - Harris Scarfe (homewares department store)
  - Officeworks
  - Bunnings
- Civic, community and government uses, including:
  - Ballarat Civic Hall
  - Ballarat Library
  - Ballarat Town Hall
  - Ballarat City Council (offices)
  - Ballarat Police and Law Courts
  - Ballarat GovHub
- Education uses, including:
  - Australian Catholic University
  - University of Melbourne – Ballarat Clinical School
  - Deakin University
  - Federation University (SMB and Camp Street campuses)
  - Notre Dame – Ballarat Rural Clinical School
- Arts and cultural uses, including:
  - Art Gallery of Ballarat
  - Post Office Gallery
  - Her Majesty's Theatre
  - Regent Cinemas
- Commercial offices including lawyers, real estate agents, accountants, conveyancing etc
- Industrial activities, including Allied Mills (in the INZ1) and a range of smaller legacy industrial uses (in the C1Z)
- Some residential dwellings, mainly in the GRZ1 and RGZ areas at the fringe of the CBD area
- Ballarat VLine Railway Station

Accordingly, Ballarat CBD fulfills a range of roles. These include high-order retailing and white-collar employment precinct, entertainment hub, tertiary education and arts precinct, civic and administrative seat, and residential area. The CBD functions as a place of work, shopping, and leisure, for residents from across the Ballarat LGA, Central Highlands Region and a vast swathe of western Victoria. It also attracts visitors from the balance of Victoria and beyond.

***Figure 1.2 Ballarat CBD Streetscape (Lydiard Street South from Sturt Street)***



Source: Ballarat City Council

*Figure 1.3 Ballarat CBD Streetscape (Looking West along Sturt Street)*




Source: Ballarat City Council

Other characteristics of Ballarat CBD include:

- **Significant size**. The CBD, as defined for the purpose of the Project, comprises approximately 160 hectares in land area.
- **Prevalence of sub-precincts**. Due to the extensive land area, Ballarat CBD has a range of sub-precincts characterised by their land uses, character and intensity of built form, and street activity. These sub-precincts can be broadly defined as:
  - Sturt Street commercial core – situated to the north and south of Sturt Street (west of Bridge Mall). This area is renowned for its distinctive Victorian era facades and concentration of retail, food catering, entertainment, office, civic and educations uses.
  - Bridge Mall area – including the Bridge Mall and nearby Little Bridge Street carpark site (which accommodates a large at-grade carpark and retail uses including Coles and Woolworths).
  - Bakery Hill – a prominent hill and eastern gateway to the CBD noted for its concentration of cafés and restaurants. Note that the recent *Bakery Hill Urban Renewal Plan* included the adjacent Bridge Mall within its study area (refer Section 2.4 of this report).
  - Mair Street commercial area – which loosely encompasses the variety of low intensity commercial uses (trades showrooms, homewares/bulky goods etc) in the area of Mair Street to the southeast of Ballarat Station.
  - Ballarat Station – including Ballarat Station and immediate surrounding uses, such as those fronting Lydiard Street North and Mair Street.
  - Creswick Road – comprising uses in the C1Z and IN1Z proximate Creswick Road (north of the Creswick Road/Doveton Street/Market Street intersection).
  - Civic precinct – including civic and administrative uses near the Ballarat Civic Hall, such as the Gov Hub, Ballarat Library, and Ballarat District Aboriginal Cooperative.
  - North-West CBD fringe – which includes a legacy industrial area in the C1Z (to the north and south of Webster Street) undergoing a gradual land use transition.
  - Education precinct – containing the SMB Federation University Campus located immediately south of Dana Street and associated uses such as the Ballarat Technology Park.
- **Built heritage**. Ballarat CBD is renowned for its built heritage which includes striking Victoria era facades. A significant extent of the CBD is affected by the Heritage Overlay, including some areas subject to World

Heritage listing. Though the CBD's build heritage is central to the Ballarat's identity, the prevalence of older buildings limits the potential for redevelopment in some areas of the CBD and results in high maintenance and fit-out costs for landowners.

- **Evolving urban fabric**. Ballarat CBD has and will continue to evolve as new investment drives physical and economic changes to the CBD area. Delivery of the GovHub in 2021 was a landmark development and accommodates staff from eight Victorian Government agencies. The Ballarat Station precinct redevelopment has transformed the Station area through a range of initiatives, including:
  - New public space and car parking
  - Delivery of a Quest Hotel
  - Refurbishment of the Goods Shed for a conference and events centre.

  Council has strategies in place to stimulate urban renewal in a range of areas and sites within the CBD including Bakery Hill, Bridge Mall, and several strategic redevelopment sites. In addition, Federation University, a major occupier and anchor use in the CBD has plans that will also drive change.

**Federation University – Current Operations and Future Plans in Ballarat CBD**

Two universities have campuses at Ballarat:

- **Australian Catholic University's** Aquinas campus is located at 1200 Mair St, Lake Wendouree – approximately 600m west of Ballarat CBD.
- **Federation University** operates campuses at SMB and Camp Street in the CBD, as well as Mt Helen, Gilles Street (Lake Wendouree) and Yuille Street (Ballarat Central). Approximately 2,795 equivalent full-time study load (EFTSL) students were enrolled at Federation University's Ballarat campuses in 2022.

Mt Helen, some 7km southeast of the CBD, is currently Federation University's flagship campus at Ballarat and is home to Federation TAFE, a range of higher education courses, and Ballarat Technology Park. The SMB Campus is located in the southern area of the CBD and supports Federation TAFE, the Building and Construction Training Centre, Manufacturing Technology Training Centre, and the Ballarat CBD Technology Park. Situated in centre of the CBD, Camp Street supports a highly regarded Art Academy, while Gilles Street is focused on TAFE programs aligned to rural sciences.

Federation University plans to rationalise its operations at Ballarat and deliver a campus model that better utilises existing assets to meet contemporary educational needs. Central to these plans is the aim to consolidate 70% of Federation University's activities in Ballarat at the SMB campus by 2035, with the balance (30%) to be supported a Mt Helen (refer Federation University Masterplan (2023)). This will result in a significant share of activity at Mt Helens and existing creative arts activities at Camp Street relocating to an expanded SMB. By 2035, SMB is anticipated to be Federation University's primary campus at Ballarat and accommodate:

- Approximately 43,500m$^2$ in GFA, representing an increase of +116% on the current level and including increases in teaching, workspace, informing learning, research and administration areas.
- Some 4,350 EFTSL students, or an increase +3,827 EFTSL students compared to current level (523).
- Approximately 1,180 staff, compared to the 270 existing.

The expanded SMB will be delivered through both redevelopment and refurbishment of existing facilities. Key projects include delivery of a new 300-space carpark fronting Armstrong Street South and a 'learning street' and connected heritage buildings via large scale urban design works in the area of Lydiard Street South. The SMB campus does not currently support student accommodation on campus and a separate feasibility study is being undertaken by Federation University regarding student accommodation demand.

The relocation of Camp Street activities to the SMB will unlock an opportunity for the Camp Street precinct to be repurposed which has several prominent heritage buildings including the Old Post Office. Development of a vision to transform the Camp Street precinct into the CBD's 'civic heart' and potentially supporting a mix of art, cultural, entertainment, community and businesses focused uses, is a priority outlined in the *Federation University Campus Vision 2023-2030*.

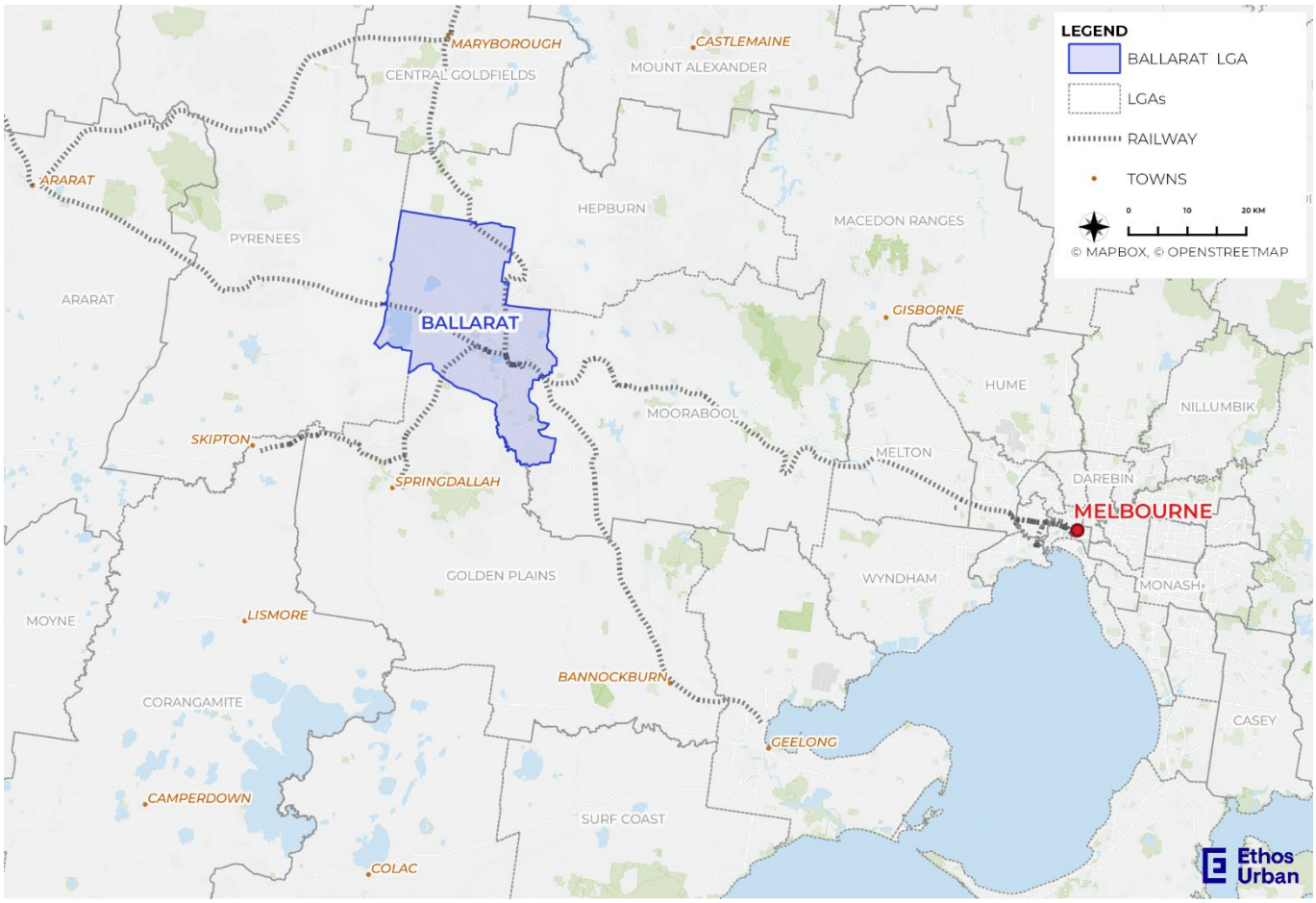
## 1.2 Regional Context

Ballarat Local Government Area (Ballarat LGA or Ballarat) is Victoria's second largest regional city and supports a population of some 117,810 residents in 2023 (source: id. Consulting). Strategically positioned at the juncture of the Western, Glenelg, Midland and Sunraysia Highways, Ballarat functions as a large regional centre that services surrounding communities in the Central Highlands (including Beaufort, Ararat, Skipton, Lexton, Creswick, Daylesford, Meredith, and Ballan), and a large share of the balance of western and southwestern Victoria.

Central Melbourne is approximately 100km (direct distance) southeast of Ballarat CBD. Melbourne's western and central areas are highly accessible to Ballarat via the Western Freeway and public transport. VLine operate services between Ballarat on an almost hourly basis, providing the option for Ballarat residents to commute to Melbourne for work.

In recent years Ballarat's proximity and convenient transport connections to Melbourne, combined with its lifestyle attributes, affordability, and employment opportunities, have resulted in strong population growth. The COVID-19 pandemic and resulting cultural acceptance of remote working strengthened Ballarat's role as a 'tree-change' location. Accordingly, many persons who now move to Ballarat from Melbourne and work in white collar occupations can continue in the same job.

***Figure 1.2 Regional Context***




Source: Ethos Urban with QGIS

## 1.3 Summary

Ballarat CBD is Ballarat's largest activity centre and foremost concentration of commercial, entertainment, education, and civic uses. The CBD is located centrally in Ballarat and balances a wide variety of functions. Its significant size, built heritage, different sub-precincts, and evolving urban fabric are key characteristics.

Ballarat is Victoria's second regional city and the primary service centre for the Central Highlands Region and a significant area of western and south-western Victoria. In recent years, the town's accessibility to Melbourne and relative affordability has resulted in strong population growth.

# 2.0 Strategic Policy Review

This chapter provides a high-level summary of those policies and plans most relevant to Ballarat CBD's economic and development context.

## 2.1 Plan Melbourne 2017-2050

Plan Melbourne is the metropolitan planning strategy for Melbourne released by the Victorian State Government in 2017. It outlines principles, outcomes, directions and policies to manage growth to 2050 and support Melbourne's continuation as a global city of opportunity and choice.

Of specific relevance to Ballarat is Outcome 7 (regional Victoria is productive, sustainable and supports jobs and economic growth) which includes policies to:

- Stimulate employment and growth in regional cities.
- Improve connections between cities and regions, including via modern commuter style services to Geelong, Bendigo, Ballarat, Seymour and Traralgon.

Plan Melbourne notes that Victoria's largest municipalities by population (Greater Geelong, Ballarat and Greater Bendigo) are projected to account for 50% of all population growth in regional Victoria from 2011 to 2031.

## 2.2 Central Highlands Regional Growth Plan

This document provides the long-term planning vision and strategic land use framework for the Central Highlands Region, which comprises:

- Ararat Rural City
- City of Ballarat
- Golden Plains Shire
- Hepburn Shire
- Moorabool Shire
- Pyrenees Shire.

Ballarat is identified as the region's largest settlement, focus for population for growth, and primary service centre for higher-order health, education, retail and government services. The importance of Ballarat as a key regional service centre means that its growth and prosperity is critical to future economic outlook of the wider Central Highlands Region.

Encouraging the development of Ballarat CBD as a higher-order activity centre with major employment, cultural, service and retail attractors is outlined as a Direction for Ballarat. Ballarat CBD is identified in the Ballarat Settlement Framework Plan as a 'business area' to be 'enhanced as a key regional employment, retail and service centre'. (Refer Map 10 at p48 of the Regional Growth Plan).

## 2.3 Ballarat Planning Scheme

The Ballarat Planning Scheme includes a range of state, regional and local planning policies that are applicable to Ballarat CBD.

### Victorian Planning Policy

State planning policies of specific relevance to Ballarat CBD's economic and development outlook include:

- **Clause 11 (Settlement)** Planning is to anticipate and respond to the needs of existing and future communities through provision of zoned and serviced land for housing, employment, recreation and open space, commercial and community facilities and infrastructure. Relevant sub-clauses include:
  - Clause 11.01-1S (Settlement - Victoria) which has strategies to:
    - Focus investment in metropolitan Melbourne and major regional cities (including Ballarat)
    - Ensure retail, office-based employment, community facilities and services are concentrated in central locations.
  - Clause 11.01-1R (Settlement – Central Highlands) which has strategies to support:

    - Urban consolidation in Ballarat CBD
    - Maintain Ballarat CBD as the primary focus for commercial, retail and service activity in the city and region.
  - Clause 11.02-1S (Supply of urban land) which has the objective to ensure there is a sufficient urban land supply available for residential, commercial, retail, industrial, recreational, institutional and other community uses.
  - Clause 11.03-1S (Activity centres) which has the objective to encourage the concentration of major retail, residential, commercial, administrative, entertainment and cultural developments into activity centres that are highly accessible to the community.
- **Clause 15 (Built Environment and Heritage)** Planning is to recognise the role of urban design, building design, heritage, and energy and resource efficiency in delivering liveable and sustainable cities, towns and neighbourhoods.
- **Clause 17 (Economic development)** Planning is to provide for a strong and innovative economy, where all sectors are critical to economic prosperity. A relevant sub-clause is:
  - Clause 17.02-1S (Business) which has the objective to encourage development that meets the community's needs for retail, entertainment, office and other commercial services.

## Local Planning Policy Framework (LPPF)

Aspects in the LPPF of specific relevance to Ballarat CBD include:

- The land use vision at Clause 21.01 (Municipal Overview) flows from the Ballarat Strategy (2015) and is based on the themes of 'The 10 Minute City' and 'The City in the Landscape'. Key issues that relate to the CBD include:
  - Encouraging significant residential growth in the CBD.
  - Supporting the CBD as the primary centre for Ballarat.
- The Strategic Framework Plan identifies the Ballarat CBD as the focus area for '*mixed use housing, entertainment and employment growth'* (Clause 21.01-4).
- Clause 21.02-1 (Urban Growth) has the objective to support a pattern of growth which reinforces the *'10 minute City'*. Facilitating higher density infill housing in areas of convenience living, urban renewal precincts and Ballarat CBD is outlined as a strategy.
- The Creswick Road Precinct (CBD fringe mixed use) is identified at Clause 21.02-3 as an area for urban renewal. However, the entire CBD is designated as an 'urban renewal area' by the Housing Framework Plan at Clause 21.02-6.
- Clause 21.06-1 (Urban Design) seeks to protect and enhance the quality and character of built areas and improve the public realm. Relevant strategies include:
  - Maintain important views and vistas within Ballarat CBD including skyline views of spires and towers and the Yarrowee escarpment.
  - Facilitate activation of streets, CBD laneways and public spaces.
  - Ensure new developments in the CBD and activity centres provide active street frontages, legible pedestrian routes including minimising pedestrian disruption from car access.
- At Clause 20.06-2 (Heritage) it is noted that Ballarat's heritage resources must be protected, conserved, and enhanced for its conservation, and that the city's heritage includes places of national, state and local significance. A large share of the CBD is in the Heritage Overlay, as previously mentioned.
- Clause 21.07-1 (Economic Growth) includes a strategy to encouraging the co-location of business, education and research in close proximity to the CBD to strengthen Ballarat's competitive and innovative capacity, and its role in western Victoria as a centre for knowledge innovation and research.
- The Regionally Significant Precincts Plan at Clause 21.07-2 (Regionally Significant Precincts) designates the CBD as a 'Regional Activity Centre'. The strategic direction for Regional Activity Centres is to encourage significant new mixed-use development which supports knowledge sector and retail employment opportunities, more inner city living and street level and out-of-hours activation.
- Maintaining Ballarat Technology Park as a location for new information, communication and other higher technology-based industry is also outlined as a strategy at Clause 21.07-2.
- Clause 21.07-3 outlines an activity centre hierarchy for Ballarat and identifies the CBD as a Principal Activity Centre – the highest-order centre the Ballarat's hierarchy. Relevant strategic include:
  - Ensure the location and scale of retail development aligns with the hierarchy of activity centres.

  - Encourage new retail and office development to locate in existing or planned activity centres.
  - Encourage activity centres to be mixed use precincts offering retail, office, entertainment, community services, and higher density residential.
  - Encourage re-development within activity centres to improve built form quality, and provide the opportunity to redesign the space as a highly accessible, people focussed hub for the local community.
  - Support increased residential densities in and around activity centres.
  - Encourage redevelopment and use of vacant upper storey floorspace within Ballarat CBD for commercial and/or residential use.
  - Discourage the use of ground floor floorspace in Bridge Mall and floorspace on the south side of Sturt Street between Grenville and Dawson Streets for non-retail uses that have low levels of personal daily interaction with the public.
  - Encourage bulky goods/peripheral retailing to locate within Ballarat CBD and Wendouree Bulky Goods Retail Centre.
- Clause 21.09-1 (Local Areas) outlines the following strategic for land use in the CBD:
  - Facilitate significant new mixed-use development and redevelopment in the CBD
  - Facilitate the redevelopment of vacant upper floorspace within Ballarat CBD for residential purposes
  - Consider the objectives, strategies and actions of the *CBD Strategy: Making Ballarat Central* (2010).

## 2.4 Relevant Strategic Documents

### Today Tomorrow Together: Ballarat Strategy 2040

Released in 2015, this document is Council's long-term strategy for Ballarat. It outlines a vision based on two key pillars:

- The '10 Minute City' will support complete, liveable neighbourhoods within a compact city
- The 'City in Landscape' will support Ballarat to be a greener and more vibrant regional city.

Regarding the delivery of a more compact city, it is states that the CBD contains less than 300 residents though offers enormous potential for residential growth. Revitalisation of the CBD is noted as a crucial opportunity for economic transformation.

Activating the CBD as a vibrant destination for working and living is outlined as a strategy to support economic growth and includes the following initiatives:

- Accelerate implementation of *Making Ballarat Central: The CBD Strategy*
- Revitalise the CBD and encourage inner city housing
- Facilitate activation of streets, laneways and public spaces
- Encourage night-time, out of hours and out of season activation of the CBD's public spaces through arts, culture, events and illumination
- Establish a co-working hub to generate new opportunities for innovation and business development.

Ballarat CBD is also identified as a:

- Regional Activity Centre – which supports knowledge sector and retail employment opportunities, more inner city living, and an activated street level.
- Tourism Cultural and Recreational Precinct – where the visitor experience is enhanced by growth in ancillary businesses such as accommodation, food and entertainment.
- A future Employment Cluster – in particular, the CBD Technology Park (in the area of Camp Street).

### Ballarat Housing Needs Assessment (2020)

Undertaken by SGS Economics and Planning, this document was prepared as input to the *Ballarat Compact City Plan* and provides guidance in relation to housing needs based on projected population growth and demographic change.

The assessment notes that:

- Large dwellings (three and four bedrooms) are most prevalent in Ballarat and comprise over 50% of total dwelling stock.

- Semi-detached and unit dwellings are more prevalent in Ballarat's inner urban areas.
- Separate houses are expected to remain the dominant housing type over the period to 2051, making up 79% of the total demand in 2051. However, demand for semi-detached dwellings (16 per cent) and units and apartments (4 per cent) is expected to grow at larger rates than in the past, due to lone person households and couple households (without children) comprising a larger share of the overall population.
- Overall, a modest shift in housing needs is projected, driven by a number of factors including: an aging population of downsizers, decreases in family sizes, the housing needs of new migrants in Ballarat, and the availability and affordability of urban land.

While the demand for housing in Ballarat CBD in isolation is not estimated, reference is made to strategic policies (including *Ballarat Strategy 2040*) that emphasise the potential for the CBD to increase its residential role.

### Bakery Hill Urban Renewal Plan

Prepared by Council in conjunction with the Victorian Planning Authority (VPA), this plan provides a vision and objectives to drive urban renewal in the Bakery Hill precinct which includes Bakery Hill, Bridge Mall (and surrounds) and the Ballarat Station area. The Plan seeks to address a reduction in economic activity in the area and concerns that Bridge Mall, specifically, has declined.

The Vision Statement indicates an intention for the area to balance a range of functions. The Statement notes, among other aspects, that Bakery Hill:

- Will be the new destination in Ballarat – a cosy quarter within Ballarat's grand historic CBD – setting a standard for urban renewal which fully embraces the unique heritage canvas
- Will become a pivotal economic hub
- Will remain proud retail area
- Be at the forefront of sustainable living.

To drive urban renewal, a range of projects are advanced, including:

- Opening Bridge Mall to car traffic to improve the movement network
- Mixed-use redevelopment of Little Bridge Street car park and delivery of new open space (on Yarrowee River Parkland)
- Redesign of the exiting roundabout at Victoria Street
- Upgrading the Grenville and Sturt Street intersection
- Redevelopment of the Big W and Dan Murphy's site for more intensive mixed-use scheme
- Redevelopment of the site bound by Peel Street, Porter Street, Humffray Street and Eastwood Street (The Peel Street Redevelopment Site).

Most of the redevelopment initiatives outlined require private sector investment and/or State Government partnerships and will be dependent on the support of landowners.

### Making Ballarat Central – CBD Action Plan

This document was prepared by Council in 2017 and provides actions for the period 2017-2021 to support the long-term growth and renewal Ballarat CBD. It builds on the strategies outlined in *Making Ballarat Central – The CBD Strategy* (2010) which provided the long-term planning vision for the CBD.

A significant number of actions are outlined and relate to a broad range of considerations of relevance to the CBD, including:

- Its role as a regional commercial centre, arts and cultural precinct, place to visit, living (residential) role), and University precinct
- Pedestrian, cycling and public transport networks
- CBD entrance
- Public space network and pedestrian environment
- Heritage, architecture, and street scapes
- Leadership and governance.

Actions of note include:

- Locate major office and retail development in the CBD

- Provide opportunities for expanded retail and office activities in the CBD
- Develop of the CBD as an arts and cultural centre with a regional standing
- Increasing the number of visitors
- Undertake a major programme to encourage residential land use and development
- Increase activity and the range of entertainment at night and on weekends
- Encourage universities to expand CBD operations into the general public sphere
- Establish a network of key pedestrian routes
- Expand the CBD laneway network
- Develop a network of cycling routes
- Organise traffic flows to favour cyclists and public transport over other vehicles
- Aim to reduce car parking demand
- Develop a network of high quality spaces
- Ensure landmark heritage buildings remain as dominant features in the streetscape
- Ensure new building are of a high architectural standard
- Develop and marketing plan for the CBD
- Implement the CBD Strategy in the Planning Scheme through an amendment process.

Actions are also outlined for individual precincts and streets within CBD.

In total, some 195 actions are outlined to support the CBD's ongoing development. Many of these reflect actions outlined in *Making Ballarat Central – The CBD Strategy*.

### Making Ballarat Central – The CBD Strategy

Undertaken in 2010 by a consulting team led by Planisphere (now Ethos Urban), this document is the long-term plan to guide growth and change in the CBD for a 25-year period. The overarching vision is for Ballarat CBD to have the following characteristics at around 2035:

- A premier regional centre in Australia, providing a 'capital city' experience and contributing to the nation's economic wealth and cultural breadth.
- The thriving retail, commercial, community, educational and cultural focus of Western Victoria.
- A place that reflects the unique character, aspirations, abilities and history of the community.
- Cohesive and accessible by people of all abilities, ages and means of transport, and easy to move around on foot.
- A vibrant, exciting and friendly place that attracts visitors, residents, shoppers, students, artists and business investment.
- A leader in ecological sustainability practice.
- A place with a proud heritage reflected in its buildings, streetscapes and a living history, while showcasing innovation and creativity.
- Elegant and beautiful, exciting, and multi-layered.

Key priorities for realising this vision are:

- Creating a civic heart for the CBD
- Encouraging street activity during the day and evening
- Making it easier to move around the CBD by all modes
- Restoring key heritage landscapes and making heritage more accessible and authentic
- Prioritising environmental sustainability in buildings and streetscape design
- Ensuring adequate car parking and the retail offer maintain the CBD's competitive advantage
- Improving the CBD entrances to reflect the status, grandeur and history of the city
- Improving streetscapes to provide more shelter, greenery and pedestrian amenity
- Working with the business and investment community to achieve positive growth and change
- Identifying locations where large-scale retail and office development can occur
- Restoring and enhancing the boulevard and open space role of the Sturt Street Gardens.

A wide range of actions are outlined to achieve these priorities.

### Other Strategic Documents

Other strategic plans and policies reviewed include:

- *Ballarat Creative City Strategy*
- *Ballarat Heritage Plan 2017-2030*
- *Ballarat Prosperity Framework*
- *Ballarat's Creative Precinct Master Plan*

## 2.5 Summary

A review of planning policies most relevant to Ballarat CBD's economic and development context makes clear the CBD:

- Is Ballarat's highest order centre and primary concentration of commercial, retail and services activities in the municipality and broader Central Highlands region.
- Comprises a large area characterised by a range of individual sub-precincts.
- Is undergoing a long-term process of urban renewal in which opportunities for redevelopment must be balanced with the retention of valued heritage and vistas.

A vast number of actions to drive urban renewal in the CBD flow from strategies including *Bakery Hill Urban Renewal Plan, Making Ballarat Central – CBD Action Plan*, and *Making Ballarat Central – the CBD Strategy*.

These relate to range of aspects including:

- Enhancing the CBD's diversity of functions and uses (retail, commercial office, arts and culture, entertainment/visitation, residential, and tertiary education etc).
- Protecting and improving existing strengths including its renowned heritage and prominent vistas
- Redevelopment of key sites, including:
  - Bridge Mall
  - Little Bridge Street car park
  - Big W and Dan Murphy's site
  - Peel Street Redevelopment site.

# 3.0 Economic and Demographic Context

This chapter provides a broad overview of key economic and demographic indicators influencing Ballarat CBD's development outlook. The findings inform analysis and discussion in subsequent chapters.

## 3.1 Study Area Identification

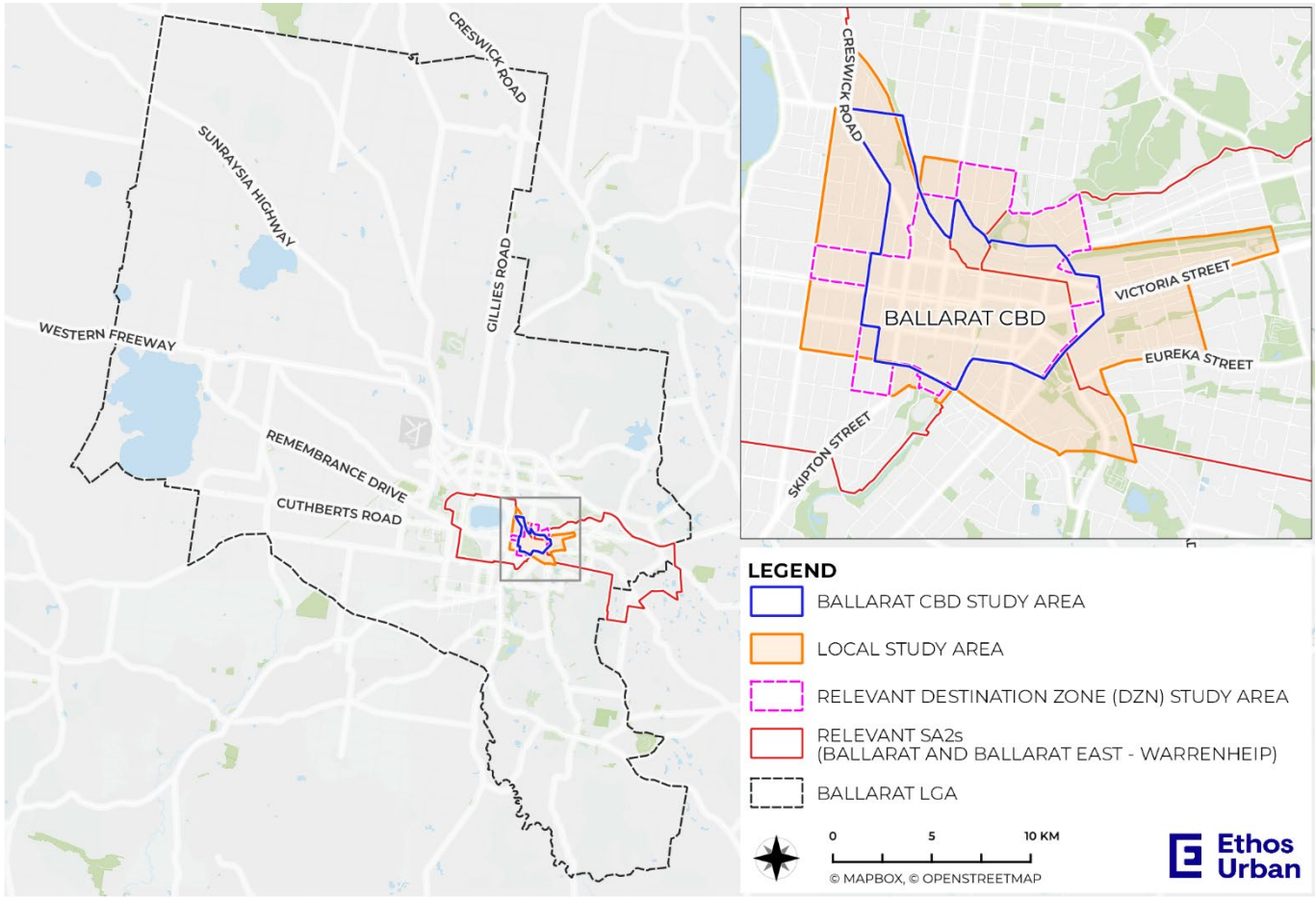
The following study areas have been applied to best understand Ballarat CBD's economic context:

- **Local Study Area:** Comprising the collection of SA1s (ABS statical geographies) that best represent Ballarat CBD, noting that ABS defined geographies do not necessarily align with planning areas. The Local Study Area includes most of Ballarat CBD and the immediate surrounds.
- **Ballarat LGA**: Comprising the urban areas of Ballarat and surrounding townships and rural areas including Buninyong (to the south), Burrumbeet (to the west), and Ascot (to the north).
- **Regional Victoria:** Reflecting the balance of Victoria located outside the ABS Greater Capital City Statistical Area (GCCSA), that is, metropolitan Melbourne. Regional Victoria is a benchmark for comparison against the Local and Regional Study Areas.

Throughout this chapter reference is also made to other ABS statistical geographies, including:

- **SA2s (Ballarat, and Ballarat East – Warrenheip)** that collectively are a best fit for the central Ballarat when analysing non-residential building approvals and place of work data.
- **Best fit Destination Zones (DZNs)** - that have been used to analyse ABS place of work data.

*Figure 3.1 Local and Regional Study Areas*




Source: Ethos Urban with QGIS

## 3.2 Population Trends and Forecasts

### Recent Population Growth

In 2022, Ballarat LGA had an estimated resident population of approximately 115,950 persons. From 2012 to 2022 the population increased by +19,220 persons, representing average growth of +1,920 or +1.8% per annum (pa) (refer Table 3.1). Greenfield development in the areas of Lucas, Alfredton, and Delacombe has been the major driver of recent population growth in Ballarat LGA.

The Local Study Area accommodated 4,770 residents in 2022 (or 4% the total population for Ballarat LGA) and declined by an average of 10 persons pa across the previous 10 years.

Population growth in Ballarat LGA has remained strong subsequent the emergence of COVID-19, as shown by Figure 3.2. In 2022 the municipality increased by +2,450 residents, representing the largest annual population increase across the 2012 to 2022 period.

This rapid population growth is likely attributed to combination pandemic induced 'tree-change' migration from Melbourne to Ballarat, Ballarat's housing affordability relative to Melbourne, and the recent surge in residential market activity due to the low interest rates in 2020 and 2021.

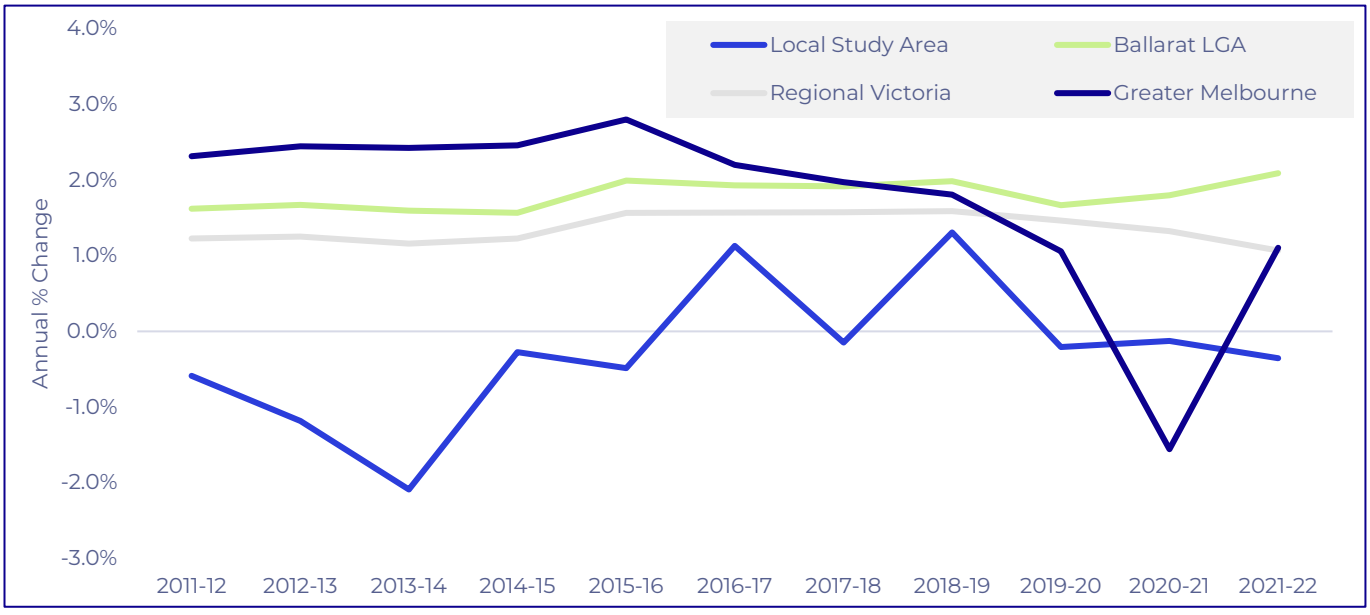
Residential densities in Ballarat's urban areas are generally in the order of 20 dwelling per hectare due to the predominance of traditional detached dwellings (refer Figure 3.3). Ballarat CBD has a lower residential density than surrounding suburbs due to its lower population.

*Table 3.1 Population Growth Trends 2012 to 2022*

| Category | 2012 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2012 - 2022 |
|---|---|---|---|---|---|---|---|---|---|
| **Population (no.)** | | | | | | | | | |
| Local Study Area | 4,890 | 4,700 | 4,750 | 4,740 | 4,810 | 4,800 | 4,790 | 4,770 | -120 |
| Ballarat LGA | 96,730 | 103,500 | 105,550 | 107,610 | 109,770 | 111,650 | 113,500 | 115,950 | *+19,220* |
| **Annual Growth (no.)** | | | | | | | | | |
| Local Study Area | | -50 | +10 | +0 | +20 | +0 | +0 | -10 | -10 |
| Ballarat LGA | | +1,690 | +2,050 | +2,060 | +2,160 | +1,880 | +1,850 | +2,450 | +1,920 |
| **Annual Growth (%)** | | | | | | | | | |
| Local Study Area | | -1.0% | +1.1% | -0.2% | +1.5% | -0.2% | -0.2% | -0.4% | -0.2% |
| Ballarat LGA | | +1.7% | +2.0% | +2.0% | +2.0% | +1.7% | +1.7% | +2.2% | +1.8% |
| *Regional Victoria* | | *+1.3%* | *+1.6%* | *+1.6%* | *+1.6%* | *+1.5%* | *+1.3%* | *+1.1%* | +1.4% |

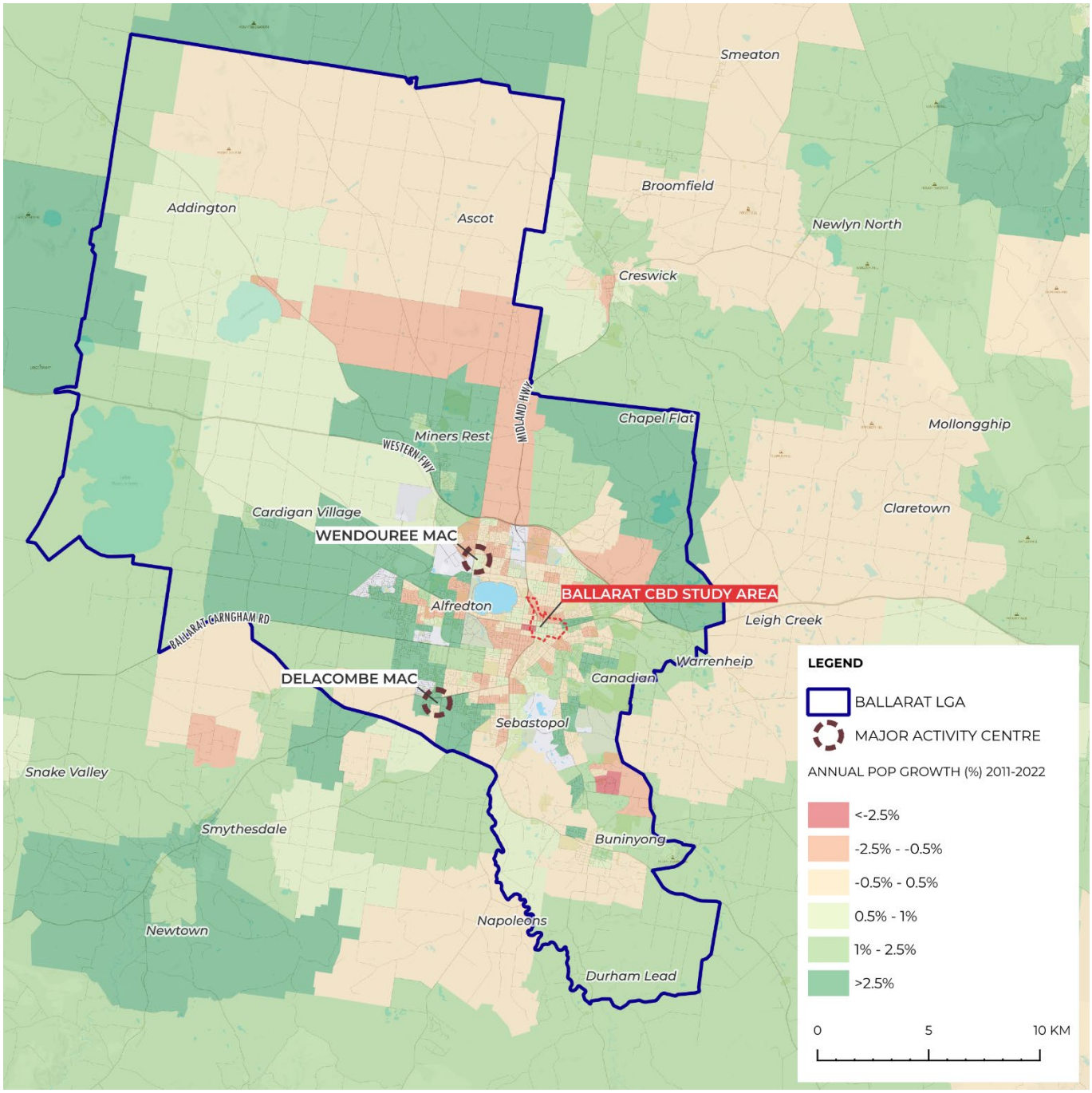
Source: ABS Estimated Residential Population; Ethos Urban
Note: Figures rounded

*Figure 3.2 Annual Population Change (%), 2012 to 2021 (Years to June)*



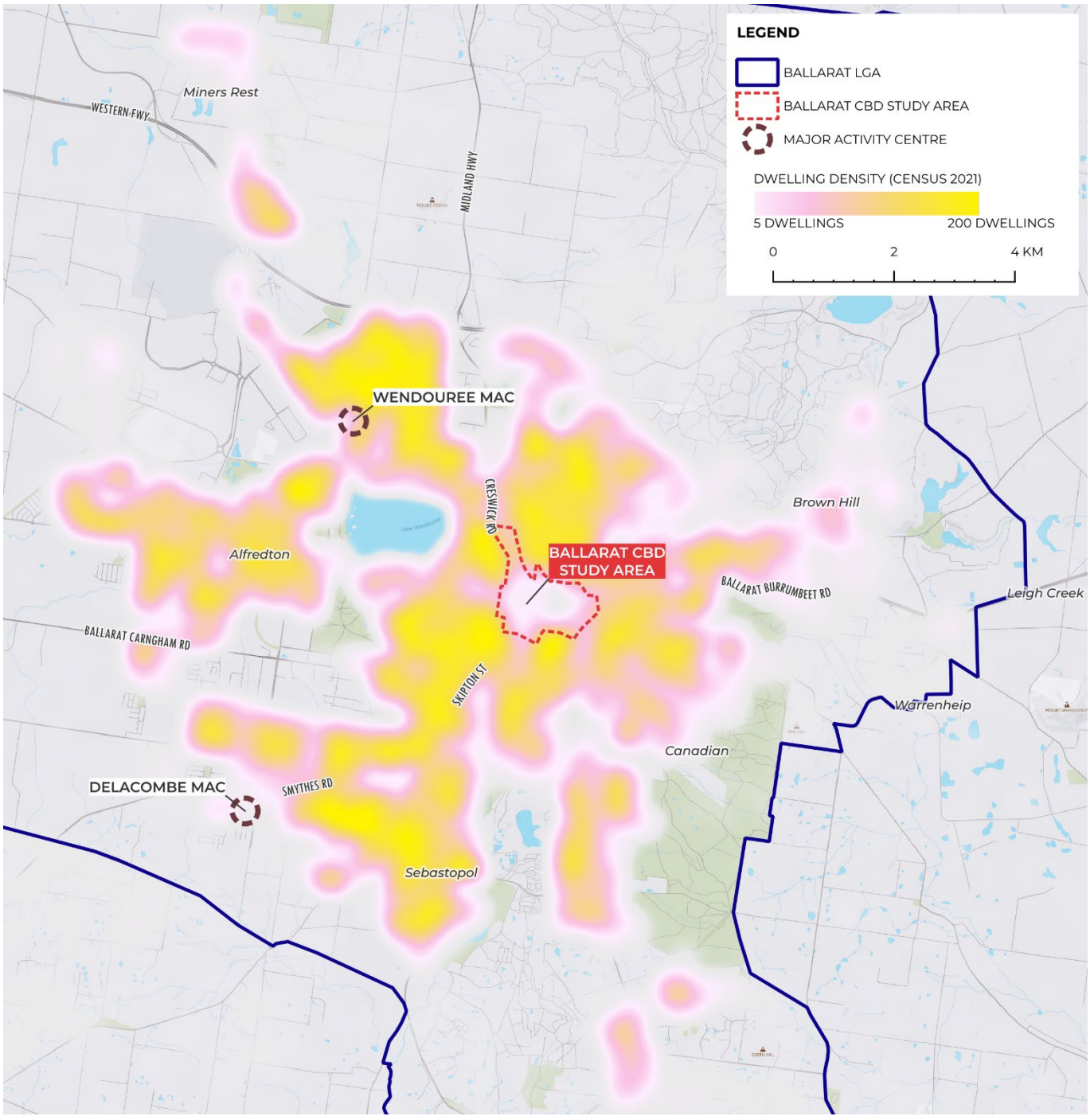

Source: Ethos Urban; ABS Estimated Residential Population

*Figure 3.3 Historic Population Change (%), 2011 to 2022*




Source: Ethos Urban; ABS Estimated Residential Population

*Figure 3.4 Population Density 2022*




Source: Ethos Urban; ABS Estimated Residential Population

## Forecast Population Growth

Population growth in both Ballarat LGA and the Local Study Area has been forecast by rebasing id. Consulting's Small Area Forecast information (SAFi) to the latest ABS ERP release. id. Consulting's SAFi forecasts are bespoke forecasts undertaken at a more granular level than the small area forecasts available on their website.

These rebased forecasts indicate the current trend of strong year-on-year population growth in Ballarat LGA will continue for the foreseeable future. It is anticipated that Ballarat LGA's population will increase by approximately +36,940 residents from 2023 to 2041, reflecting average growth of +2,050 residents or +1.5% pa across the 18 years. The majority of the LGA's population growth is forecast to occur in the SA2s of Alfredton and Delacombe, which include Ballarat West Growth Area.

id Consulting's forecasts indicate the Local Study Area's population will increase by only +350 residents by 2041, or an average +20 residents pa. Accordingly, these forecasts assume a continuation of the Local Study Area's modest role in supporting residential infill development and population growth. This is effectively what could be

described as a 'no change' scenario, and could alter based upon the upcoming structure plan and other measures to increase residential development in the Ballarat CBD.

The market opportunity for Ballarat CBD to develop as a genuine higher-density residential area is considered in Chapter 8 of this report, while the theoretical floorspace capacity of the CBD is discussed in Chapter 9.

*Table 3.2 Forecast Population Growth*

| Category | 2023 | 2026 | 2031 | 2036 | 2041 | 2023 - 2041 |
|---|---|---|---|---|---|---|
| **Population (no.)** | | | | | | |
| Local Study Area | 4,870 | 4,970 | 5,050 | 5,140 | 5,220 | +350 |
| Ballarat LGA | 117,920 | 124,110 | 134,690 | 144,930 | 154,860 | +36,940 |
| **Annual Growth (no.)** | | | | | | |
| Local Study Area | | +30 | +20 | +20 | +20 | +20 |
| Ballarat LGA | | +2,060 | +2,120 | +2,050 | +1,990 | +2,050 |
| **Annual Growth (%)** | | | | | | |
| Local Study Area | | +0.7% | +0.3% | +0.4% | +0.3% | +0.4% |
| Ballarat LGA | | *+1.7%* | *+1.6%* | *+1.5%* | *+1.3%* | +1.5% |

Source: Ethos Urban; .id Consulting
Note: Figures rounded

## Forecast Demographic Change

In 2023, the largest age group in Ballarat LGA is seniors (55+ years), accounting for 31% of the population, followed by young adults (26%), older children and adolescents (19%), middle age (18%) and young children (6%).

From 2023 to 2041, the major anticipated change in Ballarat's age structure will be growth in the seniors cohort of approximately +15,470 residents, followed by middle age (+ 7,610), young adults (+ 6,390), older children and adolescents (+ 6,220), and young children (+1,250). By 2041, effectively one-third of the population of the Ballarat LGA will be aged 55 years or over.

The anticipated growth in older persons will likely generate stronger demand for private housing appropriate for downsizers, as well as retirement living, aged care and health services.

*Table 3.2 Population Growth by Age Group, Ballarat LGA*

| Category | 2023 | 2026 | 2031 | 2036 | 2041 | Total Change, 2023 to 2041 |
|---|---|---|---|---|---|---|
| **Population** | | | | | | |
| Young Children (0-4) | 6,970 | 7,240 | 7,510 | 7,730 | 8,220 | +1,250 |
| Older Children and Adolescents (5-19) | 22,850 | 24,310 | 26,460 | 28,110 | 29,070 | +6,220 |
| Young Adults (20-39) | 30,920 | 31,690 | 33,100 | 34,580 | 37,310 | +6,390 |
| Middle Age (40-54) | 21,180 | 22,050 | 24,550 | 27,380 | 28,790 | +7,610 |
| Seniors (55+) | 35,990 | 38,820 | 43,080 | 47,130 | 51,460 | +15,470 |
| **Total** | **117,920** | **124,110** | **134,690** | **144,930** | **154,860** | **+36,940** |
| **Share** | | | | | | |
| Young Children (0-4) | 5.9% | 5.8% | 5.6% | 5.3% | 5.3% | |
| Older Children and Adolescents (5-19) | 19.4% | 19.6% | 19.6% | 19.4% | 18.8% | |
| Young Adults (20-39) | 26.2% | 25.5% | 24.6% | 23.9% | 24.1% | |
| Middle Age (40-54) | 18.0% | 17.8% | 18.2% | 18.9% | 18.6% | |
| Seniors (55+) | 30.5% | 31.3% | 32.0% | 32.5% | 33.2% | |
| **Total** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | |

Source: Ethos Urban; .id Consulting
Note: Figures rounded

## 3.3 Socio-Economic Characteristics

### Ballarat LGA Compared to Regional Victoria

The socio-economic profile of Ballarat LGA at the 2021 ABS Census is summarised in Table 3.3 and compared to Regional Victoria. The main findings include:

- **Higher median household income.** In 2021, the median household income in Ballarat LGA was $74,630 or +2.6% higher than Regional Victoria ($72,730).
- **Younger age structure.** The median age of Ballarat LGA residents was 38.7 years in 2021, which is significantly lower than Regional Victoria (42.8 years). A younger age structure is common in regional cities experiencing substantial growth. The municipality's median age will likely increase in the future due to forecast growth in the seniors cohort.
- **Majority Australian born.** Some 90% of Ballarat LGA residents were born in Australia, which is slightly higher than Regional Victoria (88%).
- **Higher share of lone person households and group households.** Due the Ballarat's student population (attending Australian Catholic University and Federation University etc), the share of lone persons and group households in Ballarat is slightly higher than Regional Victoria. Note that family households comprise the majority (or 66%) of households in Ballarat LGA.
- **Lower proportion of detached dwellings.** In 2021, approximately 85% of all occupied private dwellings in Ballarat LGA were separate houses, compared to 90% in Regional Victoria. In particular, the share of semi-detached dwellings in Ballarat LGA is 12% and flat, units or apartments 3%.
- **Higher proportion of renters.** Approximately 32% of households are renters in Ballarat LGA, which is above Regional Victoria (24%). The higher share of renters is likely attributed to the presence of two universities (and a significant student population) and the large urban population of Ballarat.
- **Occupational structure skewed to white collar professionals.** Professionals (23%), community and personal service workers (14%), and sales workers (10%) account for a significantly higher share of workers in Ballarat LGA than Regional Victoria (19%, 13% and 9%, respectively). A higher share of white-collar professionals is common in large regional centres like Ballarat with significant commercial, administrative, health and education sectors.
- **Large concentrations of disadvantage to the north-west and south of the Ballarat CBD.** The 2021 index of relative socio-economic disadvantage (IRSD) shows that neighbourhoods in Wendouree and Sebastopol have households experiencing high relative levels of socio-economic disadvantage (refer Figure 3.5).

Broadly speaking, Ballarat LGA's socio-economic and demographic profile is characterised by higher median household incomes; a younger structure; higher shares of lone person and ground households, semi-detached dwellings, households renting, and white-collar professions – compared to Regional Victoria.

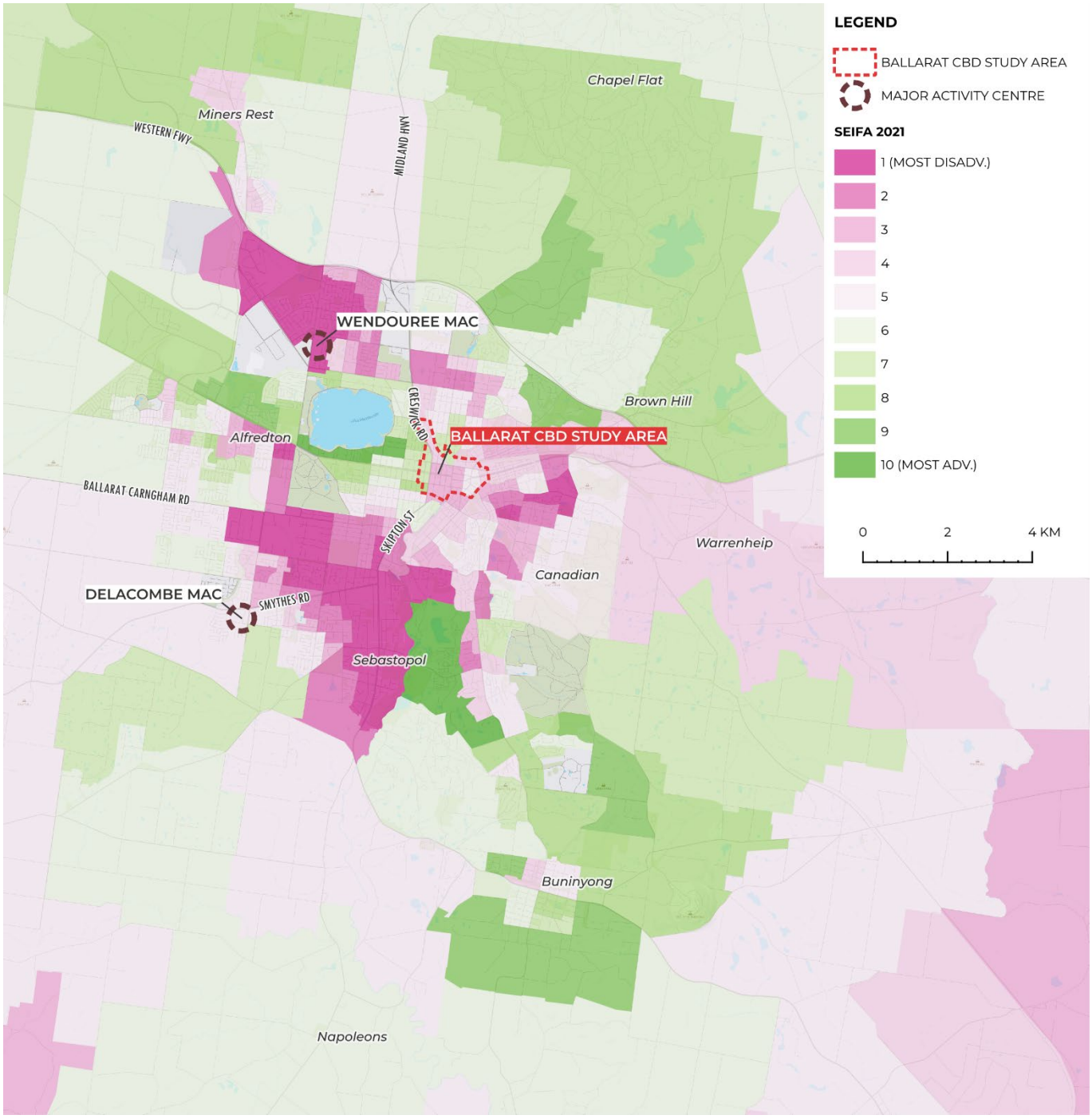
Regarding housing, it is important to remember the vast majority (or 85%) of dwellings in Ballarat LGA are separate houses, and that most houses (67%) are either owned outright or with a mortgage.

*Table 3.3 Socio-Economic Characteristics, 2021*

| Category | City of Ballarat | *Regional Vic.* |
|---|---|---|
| **Income** | | - |
| Median household income (annual) | $74,630 | *$72,730* |
| *Variation from Regional Vic. median* | *+2.6%* | *n.a.* |
| **Age Structure** | | - |
| Median Age (years) | 38.7 | *42.8* |
| **Country of Birth** | | - |
| Australia | 89.5% | *88.2%* |
| Other Major English Speaking Countries | 4.1% | *4.9%* |
| Other Overseas Born | 6.4% | *6.9%* |
| *% speak English only at home* | *93.4%* | *93.0%* |
| **Household Composition** | | - |
| Family households - Total | 65.7% | *67.7%* |
| Lone person household | 30.4% | *29.4%* |
| Group household | 3.9% | *2.9%* |
| **Dwelling Structure (Occupied Private Dwellings)** | | - |
| Separate house | 85.2% | *90.2%* |
| Semi-detached, row or terrace house, townhouse etc. | 12.1% | *7.2%* |
| Flat, unit or apartment | 2.5% | *1.9%* |
| Other dwelling | 0.3% | *0.7%* |
| *Occupancy rate* | *92.6%* | *86.0%* |
| Average household size | 2.4 | *2.4* |
| **Tenure Type (Occupied Private Dwellings)** | | - |
| Owned outright | 33.2% | *40.3%* |
| Owned with a mortgage | 33.7% | *34.1%* |
| Rented | 31.9% | *23.6%* |
| Other tenure type | 1.3% | *2.0%* |
| **Housing Costs** | | - |
| Median monthly mortgage repayment | $1,468 | *$1,443* |
| *Variation from Regional Vic. median* | *+1.8%* | *n.a.* |
| Median mortgage as a share of median household income | 23.6% | *23.8%* |
| Median weekly rents | $298 | *$289* |
| Variation from Regional Vic. median | *+2.9%* | *n.a.* |
| Median rent as a share of median household income | 20.7% | *20.7%* |
| **Occupation** | | - |
| Managers | 11.6% | 14.8% |
| Professionals | 23.1% | 19.1% |
| Technicians and trades workers | 14.0% | 14.7% |
| Community and personal service workers | 14.0% | 13.0% |
| Clerical and administrative workers | 12.4% | 11.1% |
| Sales workers | 9.6% | 8.7% |
| Machinery operators and drivers | 5.2% | 6.5% |
| Labourers | 9.9% | 12.2% |

Source: ABS Census of Population and Housing, 2021

*Figure 3.5 SEIFA Index Results for Ballarat LGA*




Source: ABS SEIFA (2021); Ethos Urban

## 3.4 Other Economics Indicators

A snapshot of other economic indicators is as follows:

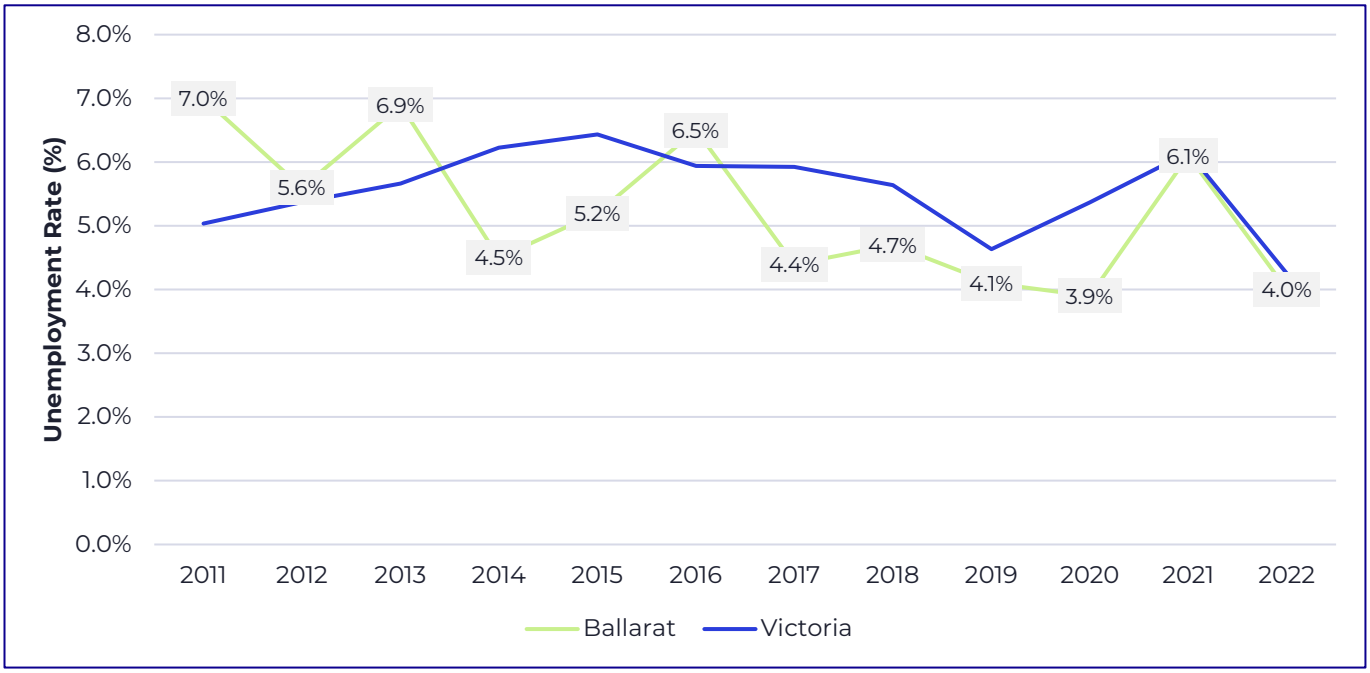
### Unemployment, Labour Force, and Workforce Trends

- **Low unemployment rate in line with Victoria.** The municipality's unemployment rate fell to 4.0% in the June 2022 quarter, down 2.1 percentage points from the June 2021 quarter, reflecting a broader macro trend of low unemployment in the Victorian economy. These figures indicate the labour market is extremely tight and access to labour is likely an impediment to some businesses expanding in the local commercial and retail sectors. Refer Figure 3.6.
- **Growth in the Labour Force focused on sectors that often locate in activity centres.** Ballarat LGA's resident labour force increased by some +8,400 persons (or +18.8%) between 2016 and 2021 (refer Table 3.4). Population growth and demographic change are the primary drivers of this growth. Approximately 61% of the additional labour force participants work in sectors that often locate in activity centres, including health care and social assistance, public administration and safety, and professional, scientific and technical services.
- **Workers in central Ballarat mainly live in Ballarat LGA.** Approximately 80% of workers in Ballarat and Ballarat East-Warrenheip SA2s (referred to as central Ballarat) reside within the municipality. The suburbs of Ballarat North, Alfredton, Canadian, Mt Clear and Ballarat are the main locations where these workers live. Workers that reside beyond the municipality mainly travel in from neighbouring Golden Plains and Moorabool LGAs. Refer Table 3.6.

### Building Approval Trends

- **Approximately 1.2 billion dollars of non-residential building investment since 2017 in central Ballarat.** Non-residential building investment comprises commercial (including office and retail), industrial, and non-residential projects (which includes health, education, entertainment, aged care, and short-term accommodation buildings). Health buildings was the largest subsector by value of approvals ($483.1 million), with a large share of this figure attributed to the Ballarat Base Hospital redevelopment. Commercial building investment accounted for $390 million (or 32% of total non-residential building investment); of which $298 million was attributed to offices and only $76 million was for retail and wholesale trade buildings. Refer Figure 3.7 and Table 3.8.
- **Limited new dwellings approvals in the Local Study Area.** From 2017 to 2022 only 80 new dwelling approvals were recorded in the Local Study Area, with a peak of 36 approvals recording in 2020. In all years other than 2017 and 2020 the number of detached dwellings was higher than semi-detached/attached dwellings. Note, in 2017 the share of detached and semi-detached dwellings were equal, and in 2020 the significantly higher share of semi-detached/attached was attributed to the approval of the Nightingale residential apartment development (at 11 Davey Street).

*Figure 3.6 Smoothed Unemployment Rate (June Quarter)*




Source: Ethos Urban; Small Area Labour Markets – June Quarter 2022, National Skills Commission

*Table 3.4 Ballarat LGA Labour Force, 2016 and 2021*

| Industry | 2016 | | 2021 | | Change (2016 to 2021) | |
|---|---|---|---|---|---|---|
| | (No.) | (%) | (No.) | (%) | (No.) | Share (%) |
| ***Often Located in Activity Centres*** | | | | | | |
| Accommodation and Food Services | 3,450 | 7.7% | 3,830 | 7.2% | 380 | 4.5% |
| Administrative and Support Services | 1,100 | 2.5% | 1,430 | 2.7% | 330 | 3.9% |
| Arts and Recreation Services | 910 | 2.0% | 1,010 | 1.9% | 100 | 1.2% |
| Financial and Insurance Services | 770 | 1.7% | 910 | 1.7% | 140 | 1.7% |
| Health Care and Social Assistance | 7,530 | 16.8% | 10,150 | 19.1% | 2,620 | 31.2% |
| Professional, Scientific and Technical Services | 2,390 | 5.3% | 2,860 | 5.4% | 470 | 5.6% |
| Public Administration and Safety | 2,730 | 6.1% | 3,400 | 6.4% | 670 | 8.0% |
| Rental, Hiring and Real Estate Services | 530 | 1.2% | 640 | 1.2% | 110 | 1.3% |
| Retail Trade | 5,070 | 11.3% | 5,380 | 10.1% | 310 | 3.7% |
| **Sub-Total** | **24,480** | **54.7%** | **29,610** | **55.7%** | **5,130** | **61.1%** |
| ***Other Industries*** | | | | | | |
| Agriculture, Forestry and Fishing | 700 | 1.6% | 890 | 1.7% | 190 | 2.3% |
| Construction | 3,970 | 8.9% | 5,060 | 9.5% | 1,090 | 13.0% |
| Education and Training | 4,890 | 10.9% | 5,740 | 10.8% | 850 | 10.1% |
| Electricity, Gas, Water and Waste Services | 420 | 0.9% | 540 | 1.0% | 120 | 1.4% |
| Information Media and Telecommunications | 920 | 2.1% | 740 | 1.4% | -180 | -2.1% |
| Manufacturing | 3,520 | 7.9% | 3,830 | 7.2% | 310 | 3.7% |
| Mining | 340 | 0.8% | 400 | 0.8% | 60 | 0.7% |
| Transport, Postal and Warehousing | 1,550 | 3.5% | 1,790 | 3.4% | 240 | 2.9% |
| Wholesale Trade | 910 | 2.0% | 980 | 1.8% | 70 | 0.8% |
| Other Services | 1,540 | 3.4% | 1,840 | 3.5% | 300 | 3.6% |
| Inadequately described | 1,030 | 2.3% | 1,140 | 2.1% | 110 | 1.3% |
| Not stated | 450 | 1.0% | 560 | 1.1% | 110 | 1.3% |
| **Sub-Total** | **20,240** | **45.3%** | **23,510** | **44.3%** | **3,270** | **38.9%** |
| **Total** | **44,720** | **100.0%** | **53,120** | **100.0%** | **8,400** | **100.0%** |

Source: ABS Census of Population and Housing, 2016 & 2021; Ethos Urban

*Table 3.5 Local Study Area Workforce, 2016 and 2021*

| Industry | 2016 | | 2021 | | Change (2016 to 2021) | |
|---|---|---|---|---|---|---|
| | (No.) | (%) | (No.) | (%) | (No.) | (%) |
| ***Often Located in Activity Centres*** | | | | | | |
| Accommodation and Food Services | 1,110 | 13.4% | 1,160 | 11.4% | 50 | 2.6% |
| Administrative and Support Services | 210 | 2.5% | 300 | 2.9% | 90 | 4.6% |
| Arts and Recreation Services | 110 | 1.3% | 70 | 0.7% | -40 | -2.1% |
| Financial and Insurance Services | 430 | 5.2% | 390 | 3.8% | -40 | -2.1% |
| Health Care and Social Assistance | 1,140 | 13.8% | 1,680 | 16.4% | 540 | 27.7% |
| Professional, Scientific and Technical Services | 840 | 10.2% | 920 | 9.0% | 80 | 4.1% |
| Public Administration and Safety | 930 | 11.2% | 1,670 | 16.3% | 740 | 37.9% |
| Rental, Hiring and Real Estate Services | 270 | 3.3% | 300 | 2.9% | 30 | 1.5% |
| Retail Trade | 1,560 | 18.9% | 1,650 | 16.1% | 90 | 4.6% |
| **Sub-Total** | **6,600** | **79.8%** | **8,140** | **79.6%** | **1,540** | **79.0%** |
| ***Other Industries*** | | | | | | |
| Agriculture, Forestry and Fishing | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Construction | 180 | 2.2% | 280 | 2.7% | 100 | 5.1% |
| Education and Training | 460 | 5.6% | 520 | 5.1% | 60 | 3.1% |
| Electricity, Gas, Water and Waste Services | 10 | 0.1% | 10 | 0.1% | 0 | 0.0% |
| Information Media and Telecommunications | 190 | 2.3% | 120 | 1.2% | -70 | -3.6% |
| Manufacturing | 180 | 2.2% | 180 | 1.8% | 0 | 0.0% |
| Mining | 10 | 0.1% | 10 | 0.1% | 0 | 0.0% |
| Transport, Postal and Warehousing | 90 | 1.1% | 320 | 3.1% | 230 | 11.8% |
| Wholesale Trade | 90 | 1.1% | 90 | 0.9% | 0 | 0.0% |
| Other Services | 240 | 2.9% | 300 | 2.9% | 60 | 3.1% |
| Inadequately described | 130 | 1.6% | 150 | 1.5% | 20 | 1.0% |
| Not stated | 90 | 1.1% | 100 | 1.0% | 10 | 0.5% |
| **Sub-Total** | **1,670** | **20.2%** | **2,080** | **20.4%** | **410** | **21.0%** |
| **Total** | **8,270** | **100.0%** | **10,220** | **100.0%** | **1,950** | **100.0%** |

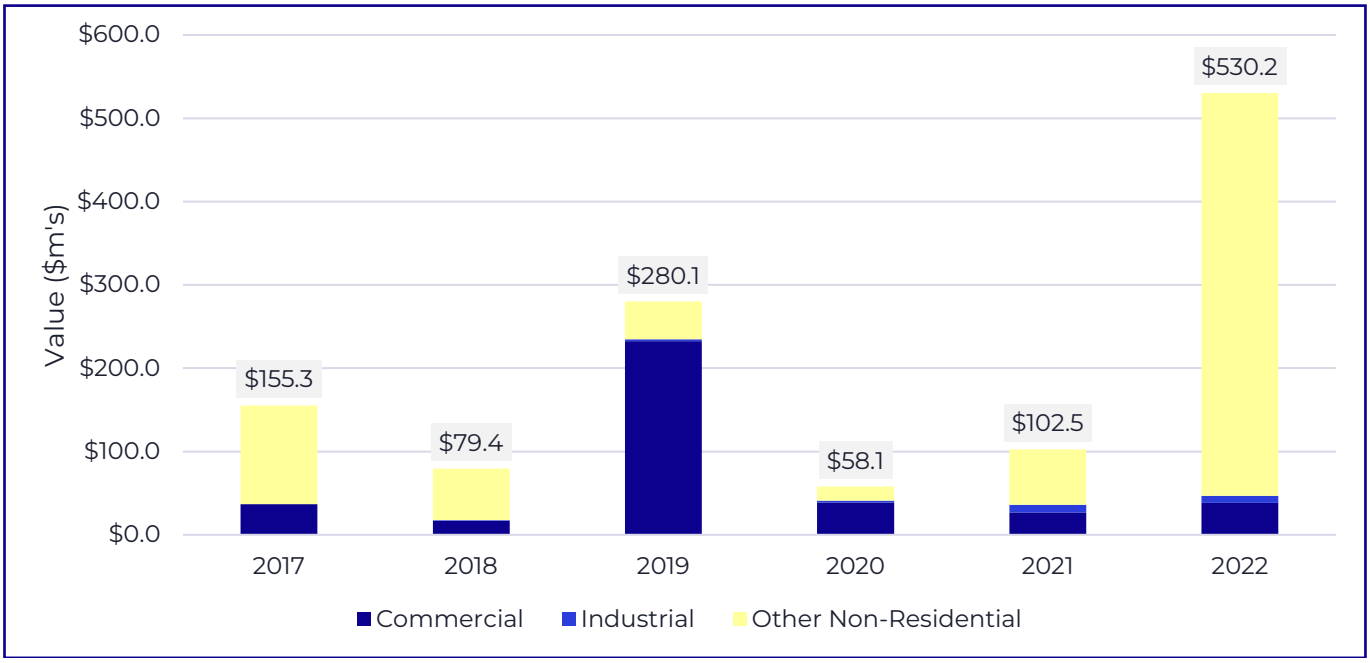
Source: ABS Census of Population and Housing, 2016 & 2021; Ethos Urban

*Table 3.6 Central Ballarat Workers – Place of Residence*

| Region | Workers Place of Residence | |
|---|---|---|
| | (No.) | (%) |
| ***Within Ballarat LGA (SA2)*** | | |
| Ballarat North - Invermay | 1,250 | 12.2% |
| Alfredton | 1,210 | 11.8% |
| Canadian - Mount Clear | 1,090 | 10.7% |
| Ballarat | 1,070 | 10.5% |
| Ballarat East - Warrenheip | 780 | 7.6% |
| Wendouree - Miners Rest | 750 | 7.3% |
| Delacombe | 740 | 7.2% |
| Sebastopol - Redan | 730 | 7.1% |
| Buninyong | 510 | 5.0% |
| Balance of SA2s within Ballarat LGA | 60 | 0.6% |
| **Sub-Total** | **8,190** | **80.1%** |
| ***Beyond Ballarat (LGA)*** | | |
| Golden Plains | 530 | 5.2% |
| Moorabool | 420 | 4.1% |
| Hepburn | 260 | 2.5% |
| Greater Geelong | 120 | 1.2% |
| Pyrenees | 110 | 1.1% |
| Balance of workers beyond Ballarat LGA | 590 | 5.8% |
| **Sub-Total** | **2,030** | **19.9%** |
| **Total** | **10,220** | **100.0%** |

Source: ABS Census of Population and Housing, 2021; Ethos Urban
Note: Data reflects 'place of residence' for the following DNZs: 214810001, 210023332, 214820001, 210023344 and 210023345

*Figure 3.7 Value of Non-Residential Building Approvals, 2017 to 2022*



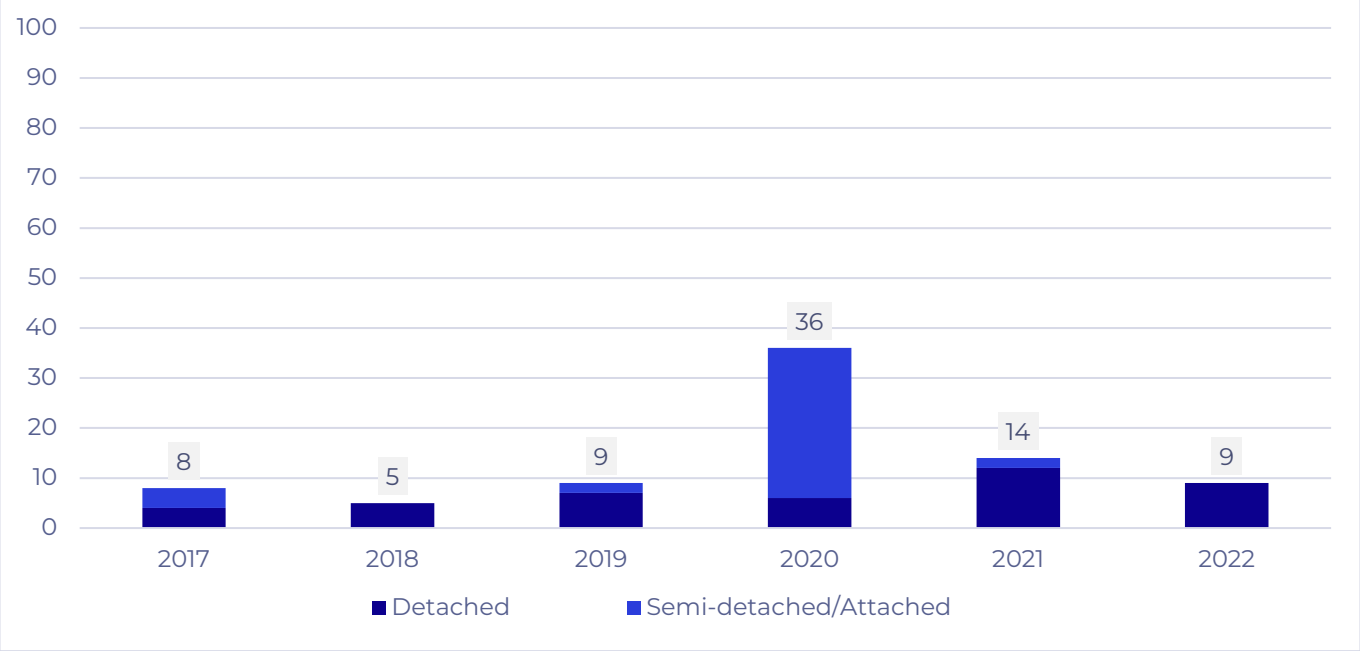

Source: ABS Building Approvals; Ethos Urban
Note: Data shown for Ballarat and Ballarat East- Warrenheip SA2s

*Table 3.8 Total Value of Non-Residential Building Approvals, 2017 to 2022*

| Type of Building | Local Study Area |
|---|---|
| **Commercial Buildings** | |
| Offices | $298.2m |
| Retail and wholesale trade buildings | $76.0m |
| Transport buildings | $14.7m |
| Balance of Commercial Buildings | $0.8m |
| **Commercial Buildings - Total** | **$389.6m** |
| **Industrial Buildings** | |
| Warehouses | $18.8m |
| Agricultural and aquacultural buildings | $1.3m |
| Balance of Industrial Buildings | $3.0m |
| **Industrial Buildings - Total** | **$23.1m** |
| **Other Non-Residential** | |
| Health buildings | $483.1m |
| Education buildings | $190.6m |
| Aged care facilities | $52.4m |
| Entertainment and recreation buildings | $25.7m |
| Short term accommodation buildings | $16.5m |
| Balance of Other Non-Residential | $24.7m |
| **Other Non-residential - Total** | **$793.6m** |
| **Total Non-residential - Total** | **$1,206.4m** |

Source: ABS Building Approvals; Ethos Urban
Note: Data shown for Ballarat and Ballarat East- Warrenheip SA2s

*Figure 3.8 Total Residential Building Approvals – Local Study Area*




Source: ABS Building Approvals; Ethos Urban

## 3.5 Ballarat CBD Development Pipeline

Ballarat CBD's development pipeline (proposed, planned, or commenced) comprises 16 major projects that individually have an estimated construction value above $2.5 million[2]. Collectively, the total investment attributed to these projects is almost $290 million.

Mixed-use projects comprise around 49% of this total value; followed by infrastructure projects (21%), community projects (14%), residential (9%), and commercial (7%). Over 230 additional dwellings would be delivered if all current envisaged mixed-use and residential projects were approved and developed.

The largest of these projects include:

- **8-10 Mair Street – Mixed-use development** (Estimated value: $60 million)

  This mixed-use development in the planning phase comprises a 7-storey hotel with a wellness centre, as well as a 5-storey mixed-use building with office, childcare and retail components.
- **The Ballarat Railway Station Upgrade** (Estimated value: $50 million).

  This project is currently in early planning and involves a significant upgrade to the existing Railway Station including improvements to accessibility and platforms, and construction of a pedestrian overpass.
- **102-108 Humffray Street – Mixed use development** (Estimated value: $40 million).

  A 7-8 storey mixed-use proposal in the development application phase comprising 74 dwellings, along with retail, and office components over two buildings.
- **4-6 Lyons Street North – Mixed-use development** (Estimated value: $30 million).

  A 7-storey mixed-use building in containing 58 apartments and some townhouses, and a café at ground floor. As part of this development, the existing church façade and music hall is being retained. The original approved application has been subject to a number of amendments since August 2022.
- **29 St. Pauls Way – Residential development** (Estimated value: $18 million).

  This project comprises the development of approximately 85 dwellings over four stages at Bakery Hill. Dwellings are mainly double-storey townhouses and apartments in 3 to 4 storey buildings. This project is still in the planning phase.
- **Bakery Hill Streetscape Redevelopment** (Estimated value: $15 million).

  Revitalisation of the Bakery Hill historic area via significant streetscape improvements including improvements to the entrance to Bakery Hill from Sturt Street into Bridge Street, along with introducing tree-lined streets to the area and extending the Sturt Street Garden.
- **222 Mair Street – Commercial** (Estimated value: $10 million).

  This project is in the development application phase and involves the construction of two 6-storey office buildings with end of trip facilities (i.e., showers) and lobby/front of house amenities.
- **VicRoads Headquarters Ballarat** (Estimated value: $8 million).

  This proposal is for a new VicRoads Headquarters at the site adjacent the Civic Hall and skate park. The development is likely to accommodate 400 jobs as a result of VicRoads relocating some of their main functions from Melbourne to Ballarat.
- **203 Peel Street Development** (Estimated value: $10 million).

  This proposed mixed-use development consists of townhouses, apartments, and some commercial space, and is currently in the planning phase.

Other notable major projects include an upgrade to the Her Majesty's Theatre (estimated value: $15 million), the Lydiard Street Level Crossing Upgrade (estimated value: $11 million), refurbishing the Ballarat Library (estimated value: $6 million), and establishment of the National Centre for Photography at the old Union Bank building (estimated value: $5 million).

Note, the above does not include expected major redevelopments in the CBD known to be in the early conceptual planning phase, including the Federation University plans for the CBD discussed in Chapter 1.

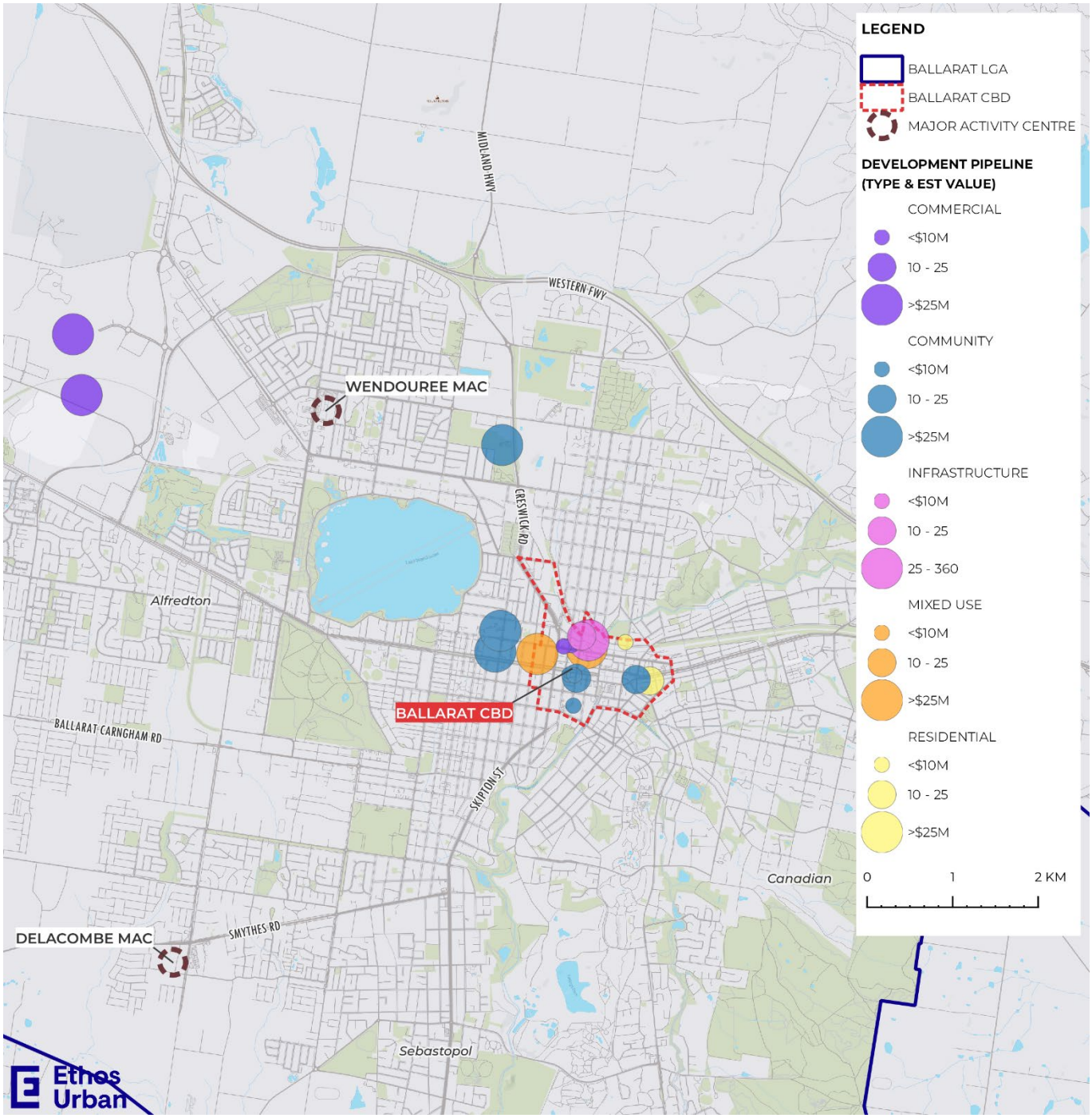
Key projects in the development pipeline of the balance of Ballarat LGA include:

- Ballarat Base Hospital Redevelopment - Stages 2 and 3 (Estimated value: $360 million)

[2] Based on analysis undertaken in 2023.

- Eureka Stadium Upgrade (Estimated value: $150 million)
- Weston Foods Mauri Flour Mill (Estimated value: $133 million)
- Broo Limited Brewery (Estimated value: $100 million)
- Zest Lifestyle Villages Winter Valley (Estimated value: $100 million)
- St John of God Hospital Development Stage 1 (Estimated value: $40 million)

***Figure 3.11 Pipeline of Major Projects (Valued Above $2.5 million)***




Source: Ethos Urban with QGIS and Cordell Connect

## 3.6 Summary

Economic and demographic trends of relevance for the planning and development of Ballarat CBD include:

- From 2023 to 2041, Ballarat LGA's population will increase of approximately +36,940 residents, indicating the current trend of strong year-on-year population growth will continue, underpinned by development in Ballarat West Growth Area. Population growth in the Local Study Area would be negligible across the 18-year period under a business-as-usual scenario.
- While population growth is forecast to occur in all groups, the strongest growth is expected to be in the seniors (55+) cohort.
- Compared to Regional Victoria, Ballarat LGA's socio-economic and demographic profile is characterised by higher median household incomes; a younger structure; higher shares of lone person and group households, semi-detached dwellings, households renting, and white-collar professionals. The vast majority of houses in Ballarat are conventional detached dwellings owned outright or with a mortgage.
- Recent growth in the resident labour force across the intercensal period (2016-2021) has largely occurred in sectors that often locate in activity centres, including health care and social assistance, public administration and safety, and professional, scientific and technical services. The majority of workers in central Ballarat (i.e. Ballarat and Ballarat East- Warrenheip SA2s) reside in the suburbs of Ballarat North, Alfredton, Canadian, Mt Clear and Ballarat.
- Health buildings and commercial offices were the largest drivers of investment in non-residential sectors, based on buildings approvals data from 2017 to 2022. Across the five years to 2022, only 80 new dwellings approvals were recorded in the Local Study Area, with a peak of 36 approvals in 2020 being largely attributed to Nightingale apartment development (at 11 Davey Street). In five of the six years, the number of new dwellings approval for detached dwellings was higher than semi-detached or attached typologies.
- Ballarat CBD's development pipeline includes 16 projects with an individual construction value over $2.5 million) including projects with significant apartment and/or office components. A variety of large projects (over $100 million in value) are in the development pipeline of the balance of the LGA which will play a role in generating employment opportunities and economic growth.

# 4.0 Stakeholder Consultation Findings

This chapter provides a summary of findings from the stakeholder consultations undertaken by consultant.

## 4.1 Stakeholder Consultation Background

To inform this report, conversations were undertaken with stakeholders from the following organisations identified by Council in partnership with the consultant:

- Ballarat City Council's Economic Development and Design units
- Committee for Ballarat
- Commerce Ballarat
- Federation University
- Hygge Property
- Colliers (Ballarat)
- Ray White (Ballarat)
- Urban Planning Collective

Individual consultations involved meetings by video conference. During these discussions the consultant sought information regarding the stakeholder's:

- Relationship to Ballarat CBD
- Current issues and opportunities of relevance to Ballarat CBD's commercial and residential development trajectory
- Other considerations that may be of relevance.

Conversations were undertaken on the basis that feedback and opinions of individual stakeholders would remain confidential. Accordingly, only key themes that emerged from the stakeholder consultation process are outlined below.

## 4.2 Stakeholder Consultation Findings

The following key findings from stakeholders are highlighted according to broad theme:

### Urban Structure, Connectivity and Public Realm

- Ballarat CBD is a large area which is fragmented and comprises a range of sub-precincts with their own character and identity. Pedestrian connectivity and wayfinding between some key attractor land uses is poor due to the disjointed urban structure and large distances between attractor uses.
- Sturt Steet (to the west of Grenville Street) is a natural barrier separating the southern and northern areas of the CBD.
- There is a shortage of high quality public open space.
- Access to parking is an issue for both workers and shoppers.
- The recent re-structure of parking metres (including removing time restrictions and implementing a mobile app) has been beneficial.

### Activity and Vibrancy

- The CBD is characterised by 'hot or cold' areas of activity.
- Bridge Mall is urgently in need of investment and its historic status as the CBD's flagship precinct has significantly diminished.
- Armstrong Street North (between Mair Street and Sturt Street) is the CBD's primary food precinct and has benefited from development of the nearby Gov Hub.
- Reducing heavy vehicle traffic in the CBD will assist in improving the quality of the urban environment and increasing pedestrian activity.
- Ballarat's poor weather (in the colder months) limits the potential for al-fresco dining and outside events in exposed areas.

## Role and Competitive Context

- Competition from other commercial precincts including Stockland Wendouree and the recently developed Delacombe Town Centre (both sub-regional shopping centres) has reduced the share of local retail sales to the CBD. Stockland Wendouree and Delacombe are arguably more accessible to a significant share of Ballarat and offer better access to parking.
- Retailing in the CBD is destinational, rather than being characterised by casual browsing and comparison shopping.
- A lack of local and neighbourhood scale retail facilities in Ballarat North, Black Hill, Brown Hill and Eureka, means the CBD plays and important role in serving residents in Ballarat's established north-eastern and eastern areas.
- The recent establishment of premium apparel retailer Country Road on Sturt Street has enhanced the CBD's retail shopfront offering.
- A recent trend of professional businesses and government entities moving out of the CBD due to a lack of appropriate space (such as Centrelink) is diminishing the CBD's office role.
- The availability of competitively priced office floorspace or land for new offices in Federation University's Technology Parks in the Ballarat CBD and Mt Helens has reduced the opportunities for new office development in the balance of Ballarat CBD.
- Federation University's Technology Parks in the Ballarat CBD and Mt Helens have played a significant role accommodating businesses that may not otherwise have established in Ballarat, including IBM and EY.
- Development of the Gov Hub has elevated Ballarat CBD as location for public service jobs.
- Key retail attractors Bridge Mall and Central Square Ballarat are underperforming.
- There is a shortage of tenancies suitable for higher-order retailers.
- Access to convenient car parking is an issues for workers in some areas of the CBD.

## Market Depth and Feasibility

- The market for apartments in the CBD is small and currently focused on wealthy downsizers. The opportunity may broaden as residential prices increase and population growth combined with an expansion of the university and medical sectors in central Ballarat generates demand for units from key workers and students.
- The relative affordability of detached dwellings in Ballarat (including new dwellings in greenfield subdivisions) currently limits the market for apartments in Ballarat.
- Commercial rents in Ballarat are not yet at a level the unlocks the opportunity for regional 'A-grade' standard commercial offices.
- Significant recent increases in construction costs has resulted in the feasibility of apartment and/or office development being marginal or not feasible.
- The ability of developers to access debt and equity capital for apartment projects is difficult in marginal market such as Ballarat. The recent increase in borrowing and construction costs reduces the incentive for developers to commit to projects with skinny profit margins.
- Increased development yields (via, say, additional height) and measures to streamline the approvals process and reduce planning risk can assist in getting marginal projects off the ground.

## Building Stock and Heritage

- The CBD's built heritage is a both a constraint and opportunity.
- While the striking Victorian-era streetscapes are a core aspect of Ballarat's identity that attract visitors to the CBD, upgrading and retro-fitting older building to meet modern tenant requirements is costly.
- A large amount of upper level floorspace in heritage buildings is not used.
- Many 'stranded asset' tenancies under legacy ownership do not meet contemporary market expectations. Many of these tenancies have issues relating to the building code and disability access.
- Some areas of the CBD have potential for significantly more intensive and taller development without prejudicing important sight lines.

### Future Role and Opportunities

- The CBD will ideally evolve to balance a broad range of roles – retail and commercial precinct, hospitality and entertainment hub, arts precinct, residential area etc.
- Opportunities include:
  - Increasing the number of residents, workers and students
  - Growing the night-time economy and entertainment offer
  - Increasing the accommodation offering for visitors
  - Generating visitation from investment, arts and culture aspects (like Bendigo)
  - Redevelopment of underutilised sites including private parking space
  - Centralising car parking to unlock areas for redevelopment
  - Ensuring development of areas not constrained by heritage maximised opportunities
  - Delivery of social, affordable and key worker housing
  - Better coordination of marketing initiatives that promote Ballarat CBD.
- Without significant public and private sector investment, the CBD is at significant risk of underperforming and detracting from Ballarat's economic performance.
- Ballarat CBD is both a central component of the city's economy and identity. Its success or failure will have ramifications for the balance of Ballarat and surrounds.

### Policies and Planning Approval Processes

- Overarching strategies guiding planning and development in the CBD are not understood.
- Previous strategic plans have contained to many actions, making it difficult to discern priorities.
- The community needs clear messaging from Council regarding the CBD's strategic role and preferred evolution, and risks (if development and investment does not occur).
- Council's strategic planning should clearly identify areas within the CBD that:
  - Are constrained, and are largely off limits for more intensive redevelopment; or
  - Offer significant redevelopment potential.
- Support and fast-track good development in appropriate locations.
- Explore the potential for:
  - Increased planning flexibility to promote the adaptive re-use of tenancies in the Heritage Overlay
  - Parking dispensations for essential redevelopment (complemented by centralised car parking).

## 4.3 Summary

Stakeholder consultations highlight that Ballarat CBD faces a fork in the road moment. Feedback makes clear that:

- A significant opportunity exists for the CBD to broaden and improve its role as a mixed-use precinct balancing commercial, retail, residential, entertainment, and arts and culture aspects.
- However, the potential for evolution is limited by constraints on redevelopment including heritage requirements and current market and feasibility considerations.
- Without significant public and private sector investment, the CBD could underperform and detract from Ballarat's economic performance and perceptions of the wider Ballarat region.
- The current reset of strategic policies is a timely opportunity for the CBD's strategic direction to be refined and more clearly articulated to the broader community.

# 5.0 Economic Trends Influencing Regional CBDs

Current trends impacting the function and economic performance of regional CBDs are discussed in this chapter. Reference is made to overarching trends impacting large strip-based activity centres, such as demographic shifts and the impacts of COVID-19, and trends specifically relevant to regional CBDs.

## 5.1 Demographics Shifts are Forcing Activity Centres to Evolve

Demographic changes remain a factor that influence the shopping behaviour of Australian consumers and the function of activity centres in both metropolitan and regional areas.

***The key demographic shifts forcing activity centres to evolve***



**An ageing population**

- Shopping preferences of older generations is driving demand for certain uses (i.e. health and medical)



**The emergence of generation Y (millenials) as a key consumer group**

- Millienials are a key target for incumbent retail brands and new innovative formats, and a driver of online and digital retailing trends



**Increased labour force participation**

- High participation rates is driving increased demand for convenience shopping, extended shopping hours, and accessible mixed-use centres



**Smaller household size**

- Reduced household sizes is resulting in centres having a dual role as a place for social interaction and for the purchase of goods and services



**Historically high levels of household debt**

- Larger household debts increase the sensitivity of households to rising interest rates and can impact discreationary spending.



**An increasingly culturally and linguistically diverse base**

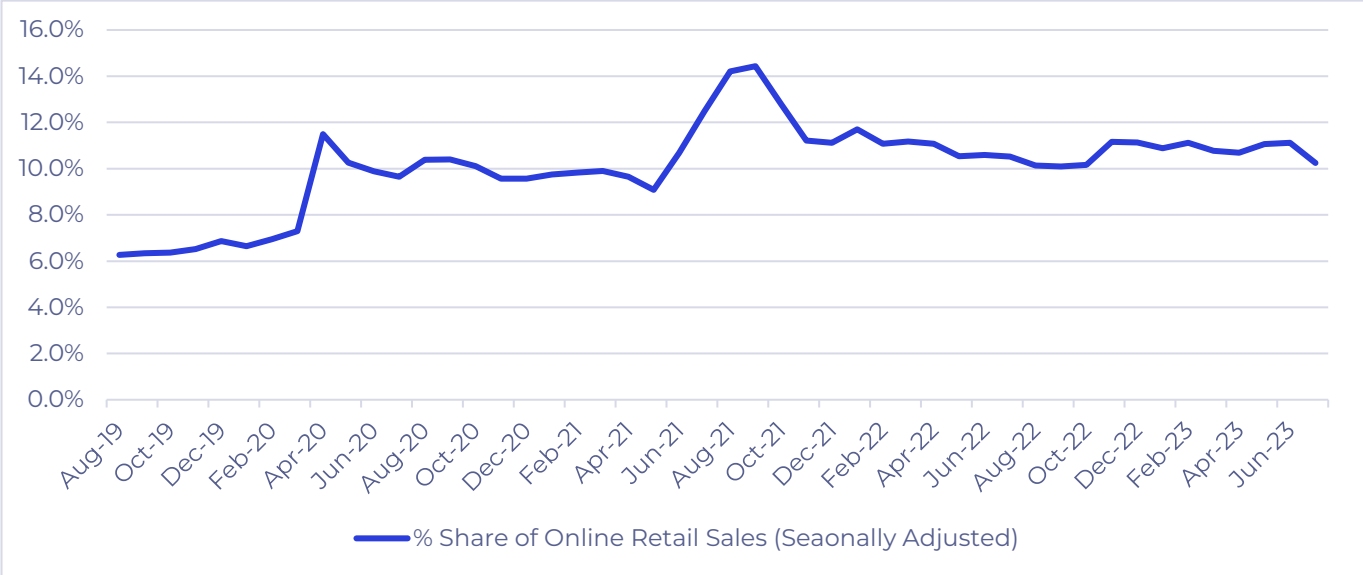
- A growing share of residents born overseas is contributing to a wider range of consumer tastes

## 5.2 COVID-19 Accelerated the Pace of Change in the Retail Sector

In the last two years, a number of prominent global and national retail brands collapsed, entered receivership/administration or significantly reduced in size, including EB Games, Jeans West, Kikki K, Seafolly, and Revlon. This has led to significant changes in the retail sector through the loss of prominent 'attractor' retail tenants and the declining share of apparel stores in most activity centres. As such, strip centres across Australia are seeing a reduction in non-food retail floorspace (i.e. apparel, homewares and/or leisure stores) and an increasing share of food catering shops such as restaurants and cafes.

Across Australia, the social distancing and lockdowns associated with the COVID-19 pandemic resulted in a large share of the population using online retailing out of necessity. The share of online retail turnover (seasonally adjusted) in Australia peaked at 14.4% in September 2021, which is substantially higher than the pre-pandemic level (7.0% in February 2020). Once COVID-19 lockdowns were lifted, online spending declined, though remained higher than pre-pandemic levels. In July 2023, the online share of total retail spending (10.2%) remains significantly above the pre-COVID-19 level, indicating that some customers who first used online platforms during COVID-19 have continued to do so (refer Figure 5.1).

*Figure 5.5.1 Proportion of Online Food and Non-Food Turnover (Original)*




Source: ABS Retail Trade

Flow on effects for large street-based activity centres from the uptake of online retailing include:

| Omnichannel retailing now expected | Reduced brand loyalty | 'Customer Experience' is crucial | Renewed focus on the importance of marketing |
|---|---|---|---|
| • Consumers now expect their favourite brands to be 'omnichannel' - meaning they interact with customers and sell goods via a range of channels (online, mobile app, click and collect, and traditional 'bricks and mortar' shopping, etc). Even smaller independent retailers are now implementing an online presence as a matter of normal business. | • Consumers, particularly Gen Z and millennials are becoming more connected, less loyal, more informed on Environmental Social Governance (ESG) initiatives, and increasingly agnostic regarding through which means they purchase goods (store, website, application etc). | • The success of bricks and mortar retailing is increasingly tied to the ability to deliver a positive and interesting customer experience.<br>• Activity centres need to present attractively and function as desirable places for community members to spend time and interact | • 'Place branding' initiatives have become particularly important in the promotion of strip-based activity centres that do not benefit from centralised management.<br>• Street events (often with an arts, culture or food focus) are commonly used to promote and drive visitation to individual centres. |
| **Higher-order activity centres need to be multi-dimensional** | **Entertainment uses are important for higher-order centres** | **The emergence of blended use development** | **Quality public open space is the icing on the cake** |
| • One dimensional activity centres are particularly vulnerable to competition from online retailing. For high-order centres to be successful they must offer a range of complementary reasons for people to visit beyond their anchor retail function (entertainment, arts and culture, government and commercial office, medical etc). | • A key reason why people visit larger activity centres are entertainment uses such as cafes, restaurants, bars, cinemas, etc.<br>• Entertainment uses play a particularly important role in driving after-hours visitation. | • An emerging trend is for development of large sites in activity centres to reflect a 'blended use' design, whereby different activities (retail, commercial office, health/medical, gyms etc) are supported in the same building.<br>• Accordingly, the flexibility and compatibility of individual tenancies becomes an important consideration in the design and planning phase. | • Quality public open space that responds appropriately to a centre's geographic setting, urban structure and land uses can significantly elevate the quality of the urban environment for both local residents and visitors.<br>• Public open space often plays an important role hosting events. |

## 5.3 Regional-Centric Trends

In addition to the above, some trends influencing larger street-based activity centres are also prevalent in regional CBDs. These include:

| Evolution to combat 'out-of-centre' development | Higher-order office development |
|---|---|
| • In past 20 years, the retail market share of CBDs in some regional cities has declined due to competition from new out-of-centre neighbourhood or sub-regional shopping centres or large format retail (LFR) precincts serving growing populations. As a result, CBDs in the likes of Warrnambool, Mildura and Shepparton have had to evolve. The emergence of a cafe culture in these CBDs is one prominent change. | • The office markets in regional CBDs have traditionally been the domain of local professional firms and government services/administration. This context has changed off the back of the relocation of major public service departments - which require much larger offices than local occupiers. Corporates are now increasingly seeking a regional presence as population growth results in deeper pools of skilled labour in the regions and technology breaks down geographic barriers. The establishment of EY in Ballarat and KPMG in Geelong reflect this trend. |
| **Arts and culture** | **Entertainment and hospitality replace non-food retailing** |
| • Over the last decade, some regional CBDs have benefitted from investment in the arts, that aims to increase arts-based spending and visitation. In particular, the nationally renowned Bendigo Art Gallery plays a significant role in attracting visitors to Bendigo CBD, while the Wangaratta Jazz and Blues Festival and North East Food and Wine Festival attract visitors (and spending) to the CBDs of Wangaratta and Wodonga, respectively.<br>• Ballarat already has a regionally significant arts cluster, as outlined in the *Ballarat Creative City Strategy* (2019) and the *Creative City Precinct Master Plan* (2019). | • In regional CBDs new entertainment and hospitality businesses are often filling the vacuum left by traditional non-food retailing (such as apparel shops). Increases in the resident and worker populations and overnight visitation night is driving demand for cafes, restaurants and entertainment - particularly at night. The hospitality offer of some CBDs central to their identity (for example Mildura's 'Feast Street'). |

## 5.4 Summary

Large street-based activity centres and the retail sector (more generally) continually change as consumer preferences and tastes evolve, and new and incumbent businesses seek to gain a competitive advantage. Currently, the pace of change is significant due to the growth in online retailing.

More than ever the success of large street-based activity centres, including regional CBDs, is attributed to the quality of the urban environment, and their ability to:

- Offer a range of complementary uses that meet the needs of customers and workers.
- Attract visitors through entertainment, arts and culture, and associated marketing and events.

In some regional CBD's:

- Competition from out-of-centre retail development has resulted in hospitality and entertainment filling a vacuum previously occupied by apparel and other retailing.
- Development of higher-order offices has also occurred due to the relocation of major public service departments and private businesses from capital cities.

# 6.0 Ballarat CBD Trading Context

This chapter considers Ballarat CBD's current trading context. Reference is made to its current role and competing centres, visitation trends, and current provision of retail and commercial floorspace.

## 6.1 Current Retail Role and Competing Centres

Ballarat CBD competes for retail trade with a range of activity centres in Ballarat and beyond. The CBD and other activity centres in Ballarat form part of the City's activity centre hierarchy which includes the following categories:

- **Principal Activity Centre (PAC)** – services a very large catchment area covering several suburbs or LGAs.
- **Major Activity Centres (MAC)** – similar characteristics to PACs but serve smaller catchments.
- **Large Neighbourhood Activity Centres (LNACs)** – generally support between 10,000-20,000m$^2$ of retail and commercial floorspace, including at least one supermarket and a wide range of small businesses.
- **Neighbourhood Activity Centres (NACs)** – generally less than 10,000m$^2$ of retail floorspace, mainly comprising small businesses and shops.
- **Bulky Goods Centres** – clusters of Large Format Retail (LFR) shops that have a greater reliance on car-based transport.
- **Local Activity Centres** – generally below 3,000m$^2$ in floorspace and support a limit range of convenience retail and local services.

Refer Section 21.07-3 in the Ballarat Planning Scheme.

Ballarat CBD is Ballarat LGA's only Principal Activity Centre and is therefore the highest order activity centre serving Ballarat and the surrounding region. It is described in the *Ballarat Activity Centre Strategy* (2012) as supporting regional and sub-regional retailing, as well as office, entertainment, and tourism functions.

Other activity centres in Ballarat (MACs, LNACs, NACs, LACs and Bulky Goods Centres) compete with Ballarat CBD to various degrees. The centres of most competitive relevance are the MACs at Delacombe and Wendouree – both internal shopping centres owned by SCA Property Group and Stockland, respectively.

Wendouree MAC (known as Stockland Wendouree) has operated in various capacities since the late 1970s and is a staple of Ballarat's retail sector. The centre currently supports approximately 25,600m$^2$ in retail floorspace, including anchor tenants Coles, Woolworths, and Kmart; and over 90 speciality shops (source: PCA). Stockland Wendouree recently underwent an upgrade in 2020 which resulted in the establishment of a Woolworths supermarket and an adjoining BWS liquor store, and speciality tenancies for apparel, food and convenience retailers. Further expansions or redevelopments of this centre are possible in view of the continual evolution of the retail sector and internal shopping centres throughout Australia.

***Figure 6.1 Delacombe Town Centre***




Source: Shopping Centre News

Delacombe MAC (or Delacombe Town Centre) is a new addition to Ballarat's retail sector. Located in Ballarat West Growth Area, this MAC is being developed in stages and is already exerting a significant competitive influence on the CBD's retail sector, based on feedback from stakeholder consultations.

Stage 1 (comprising Kmart, Woolworths, Showbiz Cinemas, and a variety of specialities) has been trading since late 2017. This

was followed by the establishment of Bunnings Warehouse and some adjacent LFR in 2019. Stage 2, which includes LFR, retail shopfronts and office floorspace components, is the pipeline. When completed, Delacombe MAC will support approximately 29,500m$^2$ in retail floorspace, 20,000m$^2$ in LFR floorspace and 21,500m$^2$ in office space, based on indicative guidance in the *Ballarat West Precinct Structure Plan* (2016).[3]

The key aspects that differentiate Ballarat CBD from other competing centres are its size, diversity of roles, and street-based layout. While the MACs at Wendouree and Delacombe also support sub-regional retailing, this is provided in an internal shopping centre format focused on established national brands. In contrast, the CBD offers a more expansive range of independent retailers, cafés and restaurants, and is the municipality's focal point for office, entertainment and civic uses. Those national brand retailers that are in the CBD, include:

- **Supermarkets and Liquor** – Coles, Woolworths, ALDI, and Dan Murphy's
- **Department Stores** – Myer
- **Discount Department Stores** – Target and Big W
- **Mini Majors** – Rebel, Officeworks, JB Hi-Fi
- **Specialty Shops** – Rodd and Gun, Just Jeans, Country Road, Rivers, Cotton On, Portmans, Witchery, Suzanne Grae, Athletes Foot, Country Kids, Sussan and Sportgirl.
- **Large Format Retail (LFR)** – Bunnings, The Good Guys, Harris Scarfe, Lincraft, Early Settler and Fortywinks.

The CBD, to a much lesser extent, also competes with various LNACs and NACs in Ballarat which provide access to daily convenience retailing at the neighbourhood level. All LNACs and NACs are in the northern, western or southern areas of Ballarat. Hence, many residents in Ballarat's eastern suburbs (Black Hill, Brown Hill and Eureka) travel into the CBD to undertake their daily shop.

As a result, residents in Ballarat's eastern suburbs tend to visit the CBD more frequently than residents in the northern, southern, or western areas, as indicated by Near Vista mobile ping data (refer Figure 6.1).

Although Ballarat CBD is not a renowned location for LFR, it does contain a range of homewares and/or bulky goods retailers that compete with LFR in the balance of the municipality and beyond for trade. The foremost LFR precinct in Ballarat is Wendouree Bulky Goods Centre which comprises:

- Homeco.Ballarat – a LFR centre comprising some 20,100m$^2$ in floorspace, including Anaconda, Spotlight, BC, and Fantastic Furniture.
- An emerging precinct in the Commercial 2 Zone area on the western side of Learmonth Road that includes an ALDI supermarket and Eureka Homemaker Centre (a reuse of a former Masters warehouse).

As previously noted, the *Ballarat West Structure Plan* anticipates approximately 20,000m$^2$ in LFR floorspace will be developed at Delacombe MAC. Already, some 20,700m$^2$ of LFR floorspace has been delivered as part of the Bunnings Centre Delacombe (development) which includes Bunnings and adjacent tenants including Autobarn, Beds R Us, and Penstock (source: LRFA Directory 2022-23). Stage 2 of Delacombe MAC will include approximately 8,600m$^2$ in LFR floorspace based on current plans.

Activity centres in Ballarat (MACs, LNACs, NACs and Bulky Goods Centres) that compete with the CBD's retail sector are listed in Tabe 6.1. The location of these centres is shown by Figure 6.1 and overlaid on mobile ping Data from Near which highlights how often residents in various areas of Ballarat visit the CBD.

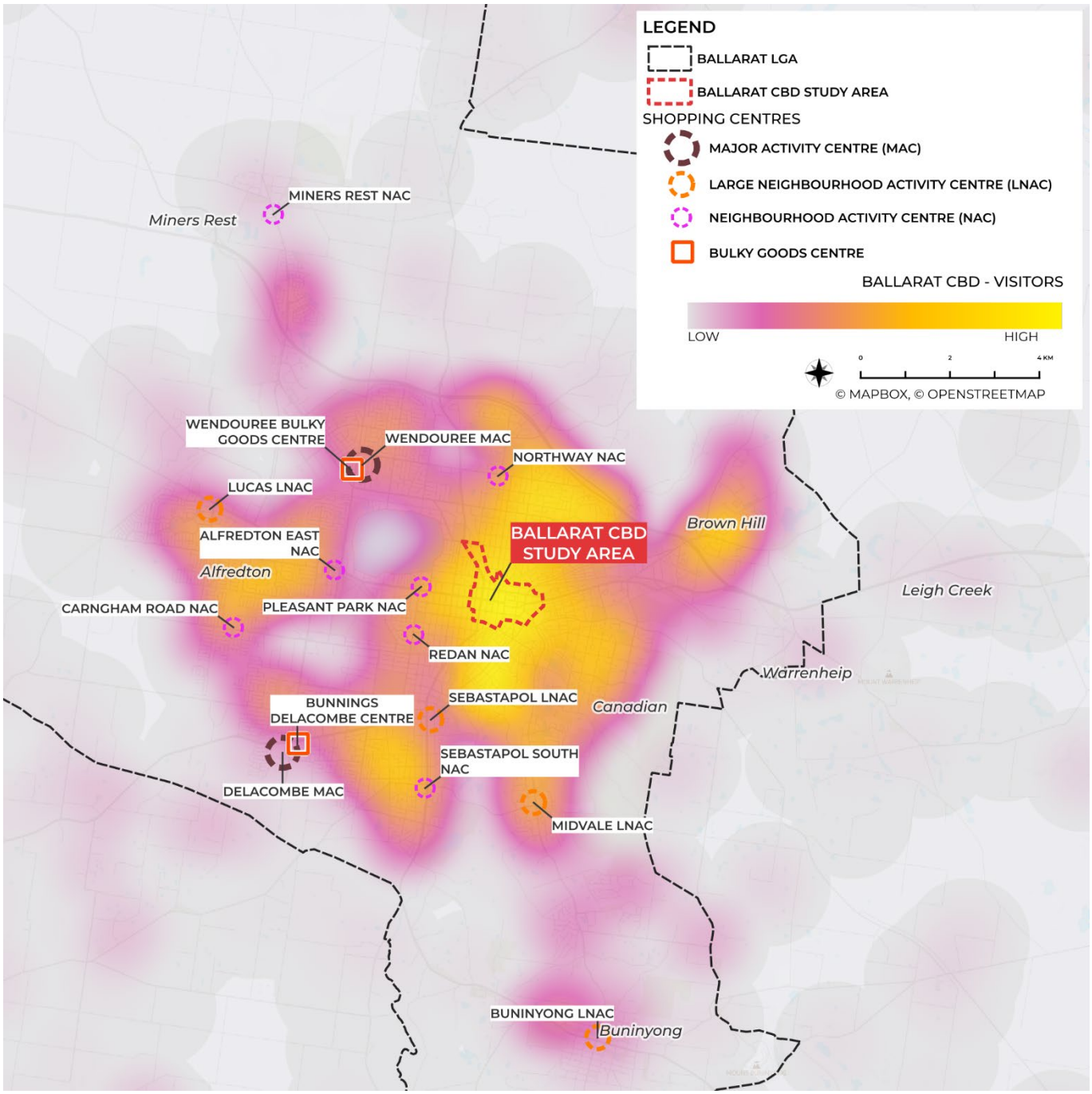
[3] Note, Delacombe MAC is referred to as Glenelg Highway MAC in the *Ballarat West Precinct Structure Plan.*

*Table 6.1 Overview of Competing Activity Centres in Ballarat*

| Activity Centre | Approx. Distance from Ballarat CBD | Anchor Retail Tenants | Comments |
|---|---|---|---|
| **Ballarat CBD PAC** | - | Myer, Big W, Target, Coles, Woolworths, Aldi, Bunnings, Harris Scarfe | Highest-order activity centre in the Ballarat and Central Highlands Region.<br>Central Square Shopping Centre and Bridge Mall area are the traditional focus for retailing in the CBD.<br>Ballarat CBD currently supports around 102,980m² in occupied retail floorspace. |
| **Wendouree MAC (Stockland Wendouree)** | 4 km | Woolworths, Kmart, Coles | An internal shopping centre owned by Stockland which performs a sub-regional retail role and supports 25,600m² in retail floorspace. |
| **Delacombe MAC (Delacombe Town Centre)** | 5 km | Kmart, Woolworths | A sub-regional centre in the Ballarat West Growth Area owned by SCA Property Group. It will support around 29,500m² in floorspace when fully developed according to the *Ballarat West Structure Plan.* LFR components are outlined separately below. |
| **Sebastopol LNAC** | 3 km | ALDI, Woolworths | |
| **Midvale LNAC** | 5 km | IGA | |
| **Lucas LNAC** | 6 km | Woolworths | |
| **Buninyong LNAC** | 10 km | FoodWorks | |
| **Pleasant Park NAC** | 1 km | IGA | |
| **Redan NAC** | 2 km | - | |
| **Northway NAC** | 3 km | IGA | |
| **Carngham Road NAC** | 3 km | - | |
| **Alfredton East NAC** | 3 km | ALDI | |
| **Sebastopol South NAC** | 4 km | Coles | |
| **Miners Rest NAC** | 10 km | IGA | |
| **Wendouree Bulky Goods Centre** | 4 km | BCF, Supercheap Auto, Spotlight, Anaconda, Amart, Freedom, Repco, Petbarn, Adairs, Eureka Homemaker Centre, Aldi. | HomeCo. Ballarat is located immediately west of Stockland Wendouree and supports approximately 20,100m² in LFR floorspace<br>A developing C2Z area west of Learmonth Road includes Eureka Homemaker Centre and Aldi |
| **Bunnings Delacombe Centre** | 5km | Bunnings and Beds R Us | This centre forms part of Delacombe MAC and is located east of the Delacombe Town Centre (Stage 1). Approximately 20,700m² of floorspace is currently attributed to LFR. |

Source: Ethos Urban; City of Ballarat

*Figure 6.1 Frequency of Visits to Ballarat CBD and Competing Centres*




Source: Ethos Urban with QGIS and Near Vista mobile ping data.

Note: LACs are not shown.

## 6.2 Visitation to the Ballarat CBD

### Visitation Data Background

Mobile ping data from Near Vista has been used to gain an understanding of where visits to Ballarat CBD originate. This data assists in understanding the geographic extent of the catchment served by the CBD as well it's as indicative market shares – i.e., the share of sales that comes from residents within a specific area, such as from within Ballarat LGA.

The data sourced from Near Vista provides individual geolocations of mobile phone pings, randomised by within an area of 50m to protect the privacy of users. Mobile phones 'ping' when they interact with a mobile network tower. Though mobile ping data is not able to give an exact estimate of visitor numbers, the number and location of mobile pings can provide an indication of the intensity of visitation across different times and areas,

and the share of visitors to an individual centre from a specific area or catchment. International visitation (which comprised less than 1% of total visitation) was excluded from the analysis.

## Where do visits to the CBD originate?

Near Vista mobile ping data for the year ending June 2023 shows 64% of visits to Ballarat CBD are from people who reside in the municipality, with the remaining 46% of visits from people who live outside the municipality. The relatively high proportion of visits from outside Ballarat LGA reflects the CBD's role as a regional hub serving residents in the Central Highlands Region and large parts of western and south-western Victoria.

The municipalities that contributed the highest share of visits after Ballarat LGA were Moorabool, Golden Plains, Hepburn, Melton and Greater Geelong.

*Table 6.2 Ballarat CBD, Origin of Visitation by Share, Year to June 2023*

| Location | % Visitation |
|---|---|
| Ballarat LGA | 63.5% |
| Balance of Victoria | 32.4% |
| **Victoria** | **95.9%** |
| Rest of Australia | 4.1% |
| **Total** | **100.0%** |

Source: NEAR Vista; Ethos Urban
Note: International visits have been excluded for the purposes of this analysis

*Table 6.3 Ballarat CBD, Origin of Visitation by Top 10 LGAs, Year to June 2023*

| Location | % Visitation |
|---|---|
| **Ballarat** | **63.5%** |
| **Top 10 LGAs by Visitation** | |
| 1. Moorabool | 4.4% |
| 2. Golden Plains | 3.5% |
| 3. Hepburn | 2.5% |
| 4. Melton | 1.7% |
| 5. Greater Geelong | 1.5% |
| 6. Wyndham | 1.2% |
| 7. Pyrenees | 1.1% |
| 8. Hume | 0.8% |
| 9. Melbourne | 0.8% |
| 10. Casey | 0.7% |
| *Balance of Victoria* | 14.3% |
| **Victoria** | **95.9%** |
| Rest of Australia | 4.1% |
| **Total** | **100.00%** |

Source: NEAR Vista; Ethos Urban
Note: International visits have been excluded for the purposes of this analysis.

## Daytime and Evening Visitor Hotspots

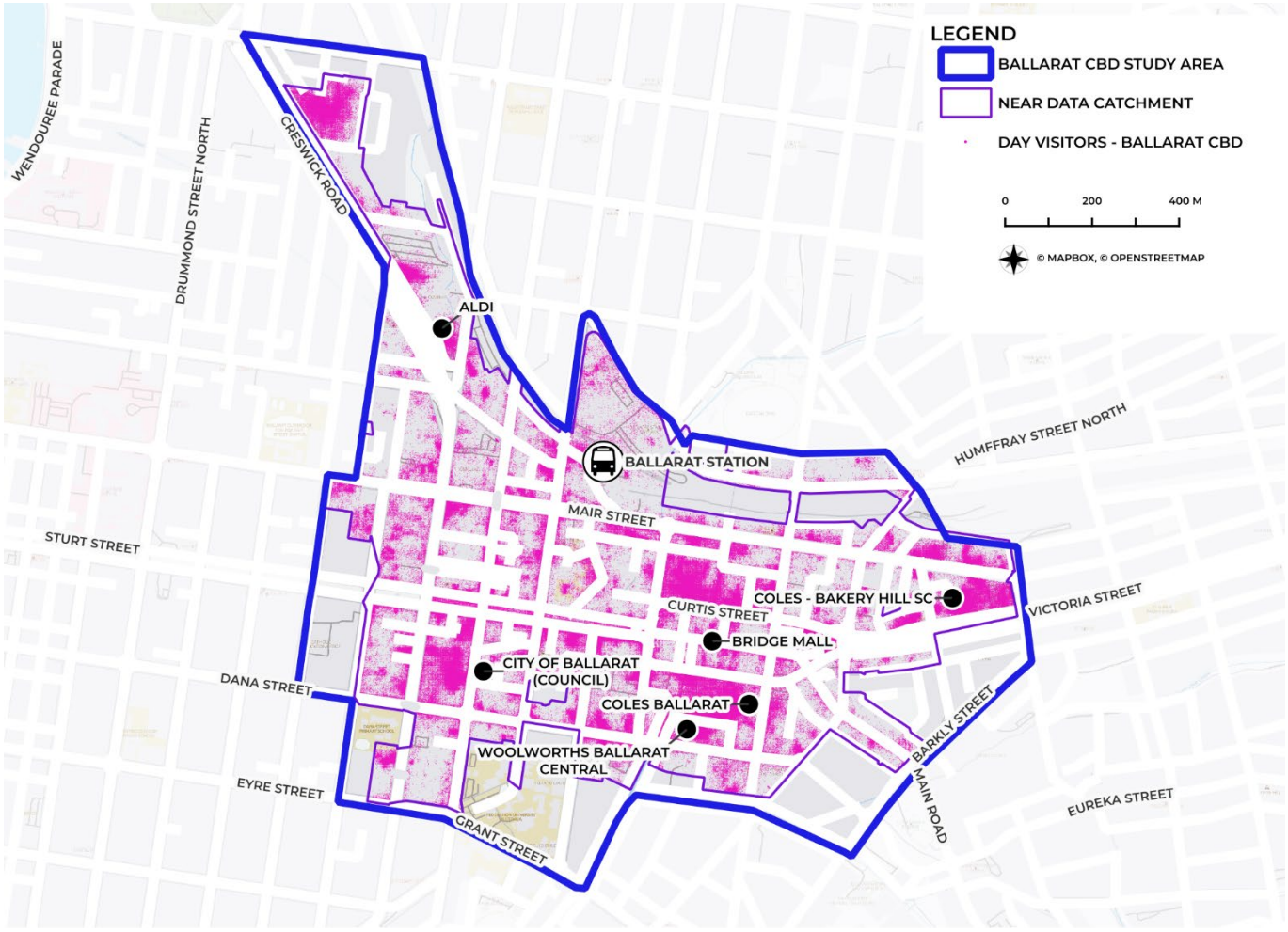
Mobile ping data has also been analysed to understand where people most frequently visit within Ballarat CBD in the daytime and evening. Unsurprisingly, during the daytime, higher numbers of mobile pings are recorded at or adjacent key attractor land uses and car parks, such as the:

- Woolworths and Coles supermarkets south of Little Bridge Street, and adjacent at-grade carpark
- Big W and adjacent at-grade carpark
- McDonalds at Bakery Hill
- Coles at Bakery Hill
- Central Square Shopping Centre
- Aldi
- Bunnings
- Ballarat Station

Refer Figure 6.2.

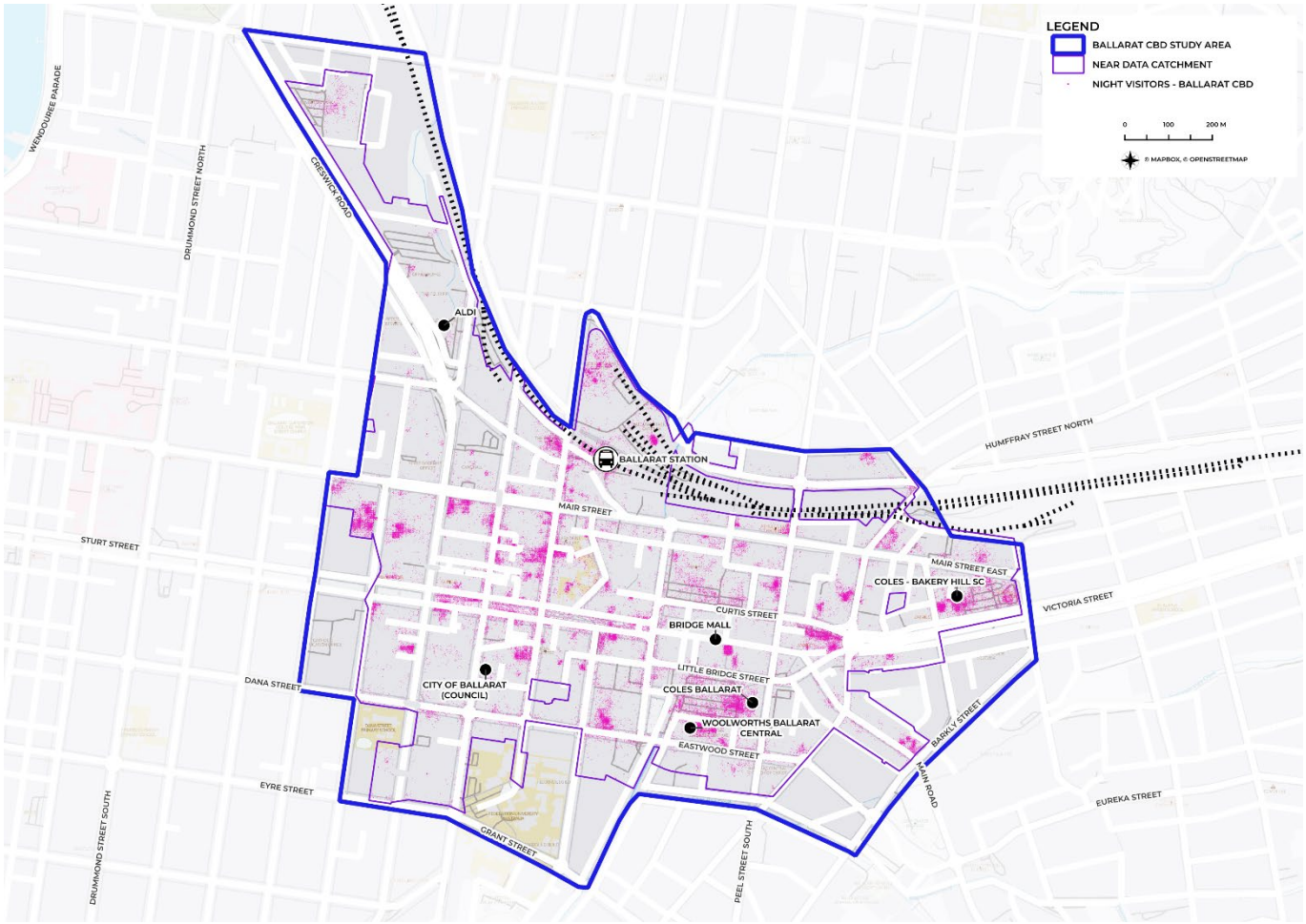
The data also indicates that Armstrong Street North has the strongest and most evenly distributed visitation of streets within the commercial core area (south of Mair Street and North of Dana Street). This is likely attributed to this area's provision of cafes and restaurants. The data also indicates Bridge Mall is a visitor hotspot within the CBD.

***Figure 6.2 Ballarat CBD – Daytime Hotspots for Visitors, June 2023***




Source: Ethos Urban with QGIS and Near Vista mobile ping data
Note: Data relates to the month of June 2023 between 6am and 7pm

*Figure 6.3 Ballarat CBD – Evening Hotspots for Visitors, June 2023*




Source: Ethos Urban with QGIS and Near Vista mobile ping data
Note: Data relates to the month of June 2023 between 7pm and midnight

Compared to the daytime, visitation in the evening is less intense and concentrated at fewer areas. Hotspots include the Woolworths and Coles south of Little Bridge Street, the McDonalds and Coles at Bakery Hill, night-time entertainment aspects on Lydiard Street North, Quest Ballarat, and Ballarat Station

## 6.3 CBD Floorspace Composition

An audit of shopfront and non-shopfront retail and commercial floorspace in Ballarat CBD was undertaken based on a floorspace survey by Ethos Urban and publicly available data sources (e.g. Property Council of Australia and Shopping Centre News).

### Total Occupied and Vacant Floorspace

Floorspace in the Ballarat CBD has been broadly categorised as follows:

- **Shopfront floorspace** – i.e. tenancies that can support a retail shop and typically are located at the ground level and have street frontage (enabling window displays etc). Shopfront floorspace typically supports retail uses, office uses (i.e. real estate agents, travel agents, accountants etc), or is vacant.
- **Dedicated office floorspace** – i.e. tenancies specifically designed as offices. These tenancies can support a range of occupiers including:
  - Professional services (accountants, solicitors, conveyancing, real estate agents, mortgage brokers etc)
  - Government departments, agencies or service providers
  - Private education and training providers
  - Medical services such as general practitioners and allied health
- **Other commercial and non-retail floorspace**, including medical uses, tavern/bars/entertainment, showrooms, gyms, and community floorspace.

Note, in undertaking the floorspace survey the consultant did not included upper floors on buildings if it was determined these areas no longer formed part of the practical floorspace supply (i.e. floorspace in use, or potentially available to the market)

In total, Ballarat CBD supports approximately 144,160m$^2$ (rounded) of shopfront floorspace, of which some 8,880m$^2$ of floorspace or 6% was vacant in 2023.

Of the shopfront floorspace that was occupied, approximately:

- 71% of shopfront floorspace (102,980m$^2$) supports retail uses.
- 21% of shopfront floorspace (30,450m$^2$) supports office uses.
- 1% of shopfront floorspace (1,850m$^2$) supports other commercial uses (i.e. dance studios or gyms).

The share of vacant shopfront floorspace is an important measure of the trading health of activity centres. For strip-based centres a vacancy rate in the order of 5% to 10% is now broadly considered acceptable in view of viability pressures faced by 'bricks and mortar' retailers including competition from online platforms. At around 6%, the shopfront vacancy rate in Ballarat CBD is considered reasonable. However, vacancies are concentrated in certain areas of the CBD including along Sturt Street, in Bridge Mall, and along Doveton Street North.

*Table 6.4 Ballarat CBD Floorspace Composition*

| Category | Floorspace (m$^2$) | Share (%) |
|---|---|---|
| Occupied Retail Shopfronts | 102,980 | 71% |
| Office Shopfronts | 30,450 | 21% |
| Other Commercial Shopfronts | 1,850 | 1% |
| **Total Occupied Shopfronts** | **135,280** | **94%** |
| Vacant Shopfront | 8,880 | 6% |
| **Total Shopfront** | **144,160** | **100%** |
| Dedicated Office | 52,440* | 93% |
| Vacant Dedicated Office | 4,120 | 7% |
| **Total Dedicated Office** | **56,560** | **100%** |
| Commercial Other | 50,330 | - |

Source: Ethos Urban
Note: Dedicated office floorspace in Table 6.4 excludes office floorspace that forms part of the SMB Technology Park

Approximately 2,600m$^2$ (or 19%) of shopfront floorspace along Sturt Street is vacant, as well some 1,130m$^2$ (or 10%) of shopfront floorspace in Bridge Mall. Vacancies in Sturt Street are largely in poor quality tenancies not meeting market expectations (in terms of fit-out); however, the poor pedestrian environment due to traffic and lack of protection from the prevailing westerly wind may also be a factor that detracts from Sturt Street's ability secure tenants. Regardless, Sturt Street does accommodate some high performing areas and tenancies attractive to premium tenants. The establishment of Country Road at 301 Sturt Street (Central Square Shopping Centre) is one example.

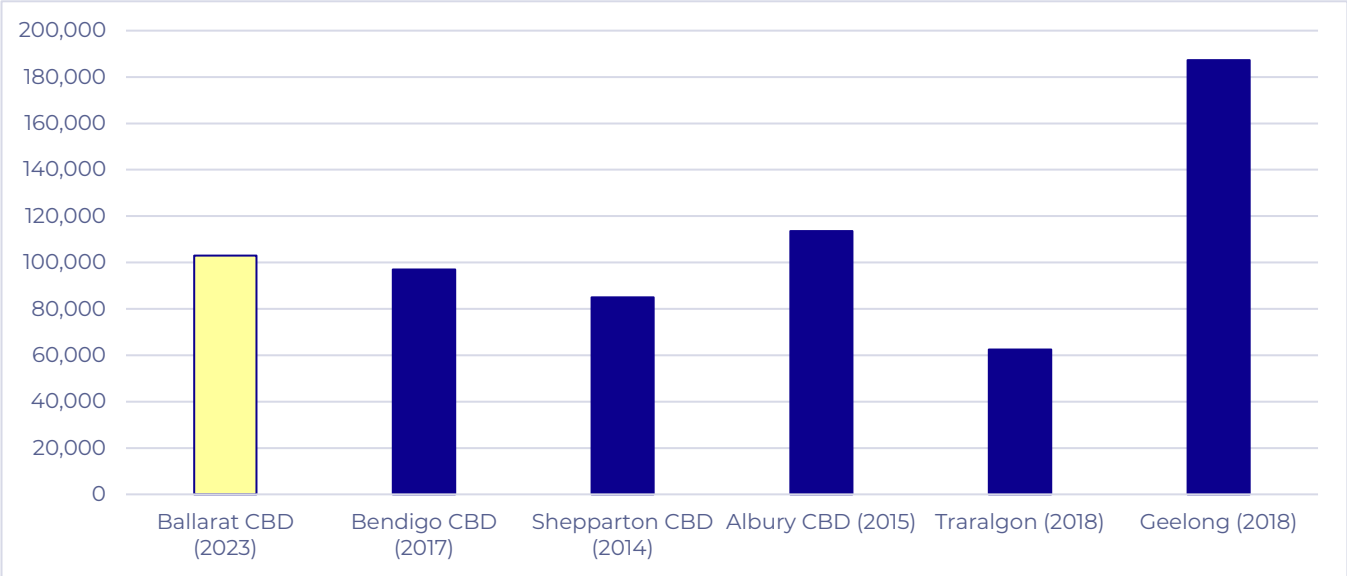
Bridge Mall is in long-term decline as a retail destination after being one of the jewels of Ballarat CBD's retail sector in the 1990s. Recent strategic planning initiatives including the *Bakey Hill Urban Renewal Plan* and associated upgrades to the streetscape and public realm (including the reintroduction of car traffic) are being implemented to improve the visitor experience in the Mall.

## Retail Floorspace by Category

In total, occupied retail shopfronts in Ballarat CBD support approximately 102,980m$^2$ (rounded) in floorspace. At this size, Ballarat's CBD's retail sector is slightly larger than Bendigo CBD (97,000m$^2$), moderately smaller than Albury CBD (113,500m$^2$) and substantially smaller than Geelong CBD (187,500m$^2$).

Note the amount of retail floorspace for Bendigo CBD does not include Bendigo Marketplace, an internal shopping centre of around 21,000m$^2$ in retail floorspace located immediately southeast of Bendigo CBD.

*Figure 6.4 Ballarat CBD Retail Floorspace Compared to Other Regional CBDs*




Source: Ethos Urban with reference to various retail and/or activity centre strategies
Note: Bendigo CBD floorspace excludes Bendigo Marketplace (shopping centre)

Retail floorspace in Ballarat CBD has been broken down by following broad retail categories:

- Food, Liquor and Groceries (FLG)
- Food Catering (i.e. eat in and takeaway food)
- Non-Food (i.e. apparel, homewares, bulky merchandise, leisure goods, other general merchandise)
- Retail Services (i.e. hairdressers, video hire, dry cleaning etc).

The vast majority (or 65%) of total occupied retail floorspace supports Non-Food retailing, with FLG (16%), Food Catering (13%) and Services (5%) comprising the balance.

The large share of Non-Food retail floorspace is attributed, in part, to the amount of LFR floorspace which comprises approximately 19% (or 19,150m$^2$) of total Non-Food offering. LFR operators in Ballarat's CBD include Bunnings, The Good Guys, Early Settler, Petstock, Clark Rubber and Fortywinks. The balance of Non-Food floorspace (47,820m$^2$) is largely specialty retailers[4] aligned to apparel, leisure general (non LFR), homewares etc, including Non-Food retailers in Central Square Ballarat and Bridge Mall.

Often a large share of retail floorspace in regional CBDs is Non-Food related, particularly if legacy LFR uses are located at the fringe of the centre. In Mildura, Shepparton and Traralgon more than 50% of total floorspace is attributed to Non-Food operators.

FLG and Food Catering floorspace in Ballarat CBD comprises approximately 16% and 13% of total floorspace retail, respectively. In larger street-based activity centres it is common for the share of both FLG and Food Catering to be above 20% (or higher), particularly if residential development at higher densities has occurred in or proximate the centre. For regional CBD's (such as Ballarat) that do not have a significant 'in centre' residential population and compete with a range of other retail centres for trade, comparatively lower shares of FLG and Food Catering space would be expected.

Services account for only 5% of retail floorspace in Ballarat CBD. It is not unusual for the share of floorspace supporting Services in regional CBDs to be lower than 10% of total retail floorspace. For example, only 5,000m$^2$ or around 4% of total retail occupied floorspace in Albury's CBD supports Services.

Importantly, the amount and share of floorspace attributed to the retail sector (as a whole) or specific retail category is not a determinate of the success (or not) of retailing in an activity centre. For example, an activity centre could support a significant amount of say, Non-Food floorspace, however the overall offering could be low quality with low average turnover levels. Equally, a relatively modest amount of floorspace might be supported

[4] A specialty retail store is a shopfront with focused on a particular retail category or sub-category (either brand or product specific).

by a specific retail category, but the quality of the tenants in that category might be very high and a key reason why people visit the centre.

For example, Food Catering comprises only 9,400m$^2$ or 15% of total of total occupied retail floorspace in Mildura's CBD (compared to 13,600m$^2$ in Ballarat CBD). However, Mildura is considered to have a very successful cafe and restaurant offering including 'Feast Street' (i.e. Langtree Avenue between Eighth and Seventh Street) and Stefano's, a nationally renowned destination restaurant.

*Table 6.5 Ballarat CBD Retail Floorspace Composition*

| Category | Floorspace (m²) | Share (%) |
|---|---|---|
| FLG | 16,750 | 16% |
| Food Catering | 13,600 | 13% |
| Non-Food | 66,970 | 65% |
| Services | 5,660 | 5% |
| **Total Occupied Retail** | **102,980** | **100%** |

Source: Ethos Urban

## Office Floorspace

Approximately 82,890m$^2$ of floorspace in CBD accommodates office activities. This includes some 30,450m$^2$ of offices in shopfronts, as well as approximately 52,440m$^2$ of occupied dedicated offices.

Shopfronts are typically finer grain ground-level tenancies with street frontage that could support a retail use, as previously discussed. Like most large activity centres, office uses located in shopfronts in Ballarat CBD are mainly smaller professional or administrative services firms such a local accountants, conveyancers, lawyers, real estate agents, insurance brokers, financiers; as well as some health and/or government services.

Dedicated offices are purpose built office buildings or tenancies. They typically have larger floorplates than shopfronts (ranging from 300m$^2$ to above 1,000m$^2$) and are usually occupied by larger professional firms, government service providers or government departments. In Ballarat CBD, dedicated offices include:

- Government department buildings such as 402 Mair Street and the new Gov Hub (completed in 2021)
- A range of other dedicated offices (strata or leasehold) of varying quality and age that are privately owned. These include offices in prominent heritage buildings, such as 9 Liddiard Street, Ballarat Central (Baird and McGregor Lawyers) and contemporary dedicated office buildings – such as 6 Dawson Street North, Ballarat Central (Heinz Law), or 12 Anderson Street, Golden Point (RSM Bird Cameron).

The vacancy rate for dedicated offices in Ballarat CBD is approximately 7%, which is an acceptable level of vacancy. Note, the vacancy rate does not account for tenancies that are occupied but underutilised, such as government departments with surplus space due to higher work-from-home rates. Overall, Ballarat CBD's dedicated office offering is characterised by a prevalence of older secondary-grade stock, some of which is unlikely to meet the needs of higher-order tenants such a larger government departments or private businesses seeking space in Ballarat. This is discussed further in Section 7.4.

*Figure 6.5 402 Mair Street*




*Figure 6.6 Ballarat Gov Hub*




*Figure 6.7 9 Liddiard Street*




*Figure 6.8 6 Dawson Street*




*Figure 6.9 12 Anderson Street*



## 6.4 Summary

The following findings are highlighted:

- Ballarat CBD serves a large regional catchment and is Ballarat LGA's only PAC. Other activity centres in Ballarat (MACs, LNACs, NACs, LACs and Bulky Goods Centres) compete with Ballarat CBD to various degrees, with the MACs at Wendouree and Delacombe being of most competitive relevance.
- The lack of NACs in Ballarat's eastern suburbs means that residents in Black Hill, Brown Hill and Eureka travel into the CBD to access daily and weekly retail needs.
- Mobile ping data from Near Vista for the year ending June 2032 indicates that:
  - Around 64% of visits to Ballarat CBD originate from within Ballarat LGA. Those visits from outside Ballarat LGA primarily originate from Moorabool, Golden Plains and Hepburn, Melton and Greater Geelong LGAs.
  - Within the CBD, the areas of highest daytime pedestrian activity (based on mobile phone pings) include the main supermarkets (Woolworths and Coles x2) and adjacent carparks, Big W and the adjacent car park, and the Bakery Hill McDonalds. Visitation in the evening is significantly lower and concentrated in fewer areas, relative to daytime hours.
- The CBD supports approximately 144,160m$^2$ of shopfront floorspace, of which 6% is vacant. This level of vacancy is within an acceptable threshold for a large street-based activity centre (5%-10%). Some 71% of shopfront floorspace is occupied by retail tenants, with the balance comprising office shopfronts (21%) and other commercial shopfronts (1%). The amount of occupied retail floorspace in Ballarat CBD (102,980m$^2$) is similar to Bendigo CBD, although lower than the CBDs of Albury and Geelong. The provision of dedicated office floorspace totals an estimated 56,560m$^2$, of which 7% is vacant.

# 7.0 Retail and Commercial Outlook

This chapter provides an overview of the market outlook and indicative development potential for retail and commercial uses.

## 7.1 Ballarat Retail Spending

Estimates of retail spending by Ballarat LGA residents have been prepared with reference to the MarketInfo retail spending model. MarketInfo is a micro-simulation model which uses data from the ABS Household Expenditure Survey (HES), the ABS Census of Population and Housing, ABS Australian National Accounts, and other relevant sources.

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

- **Food, Liquor and Groceries (FLG)**, which includes fresh food, groceries and take-home liquor, and is the spending category of most relevance to supermarkets.
- **Food Catering**, which includes cafes, restaurants and takeaway food.
- **Non-Food**, which includes apparel, homewares and general merchandise.
- **Retail Services**, including hairdressers, beauty salons etc.

Average per capita retail spending has been estimated for Ballarat LGA residents and is compared with the average for Regional Victoria (refer Table 6.1). On average, residents in Ballarat LGA spend an estimated $17,650 on retail goods and services per year (in FY2023 dollars) which is +1.1% above the Regional Victorian average.

*Table 7.1 Average Per Capita Retail Spending, 2023*

| Region | Food, Liquor & Groceries | Food Catering | Non-Food | Retail Services | Total Retail |
|---|---|---|---|---|---|
| Ballarat LGA | $7,810 | $2,070 | $7,150 | $620 | $17,650 |
| *Regional Vic* | *$7,880* | *$1,980* | *$7,000* | *$600* | *$17,460* |
| Variation from Regional Vic average | -0.9% | +4.5% | +2.1% | +3.3% | +1.1% |

Source: MarketInfo; Ethos Urban

The total retail spending capacity of Ballarat LGA residents is calculated by multiplying the current and future population forecasts, with the per capita retail spending estimates outlined above.

The spending forecasts:

- Are presented in constant FY2023 dollars and therefore exclude the effects of price inflation
- Make an allowance for real growth in per capita spending.

By 2041, total retail spending by Ballarat LGA residents is projected to be $3.23 billion, representing an increase of +$1.15 billion on the 2023 level ($2.08 billion).

*Table 7.2 Ballarat Retail Spending Capacity, 2023 - 2041 ($FY2023)*

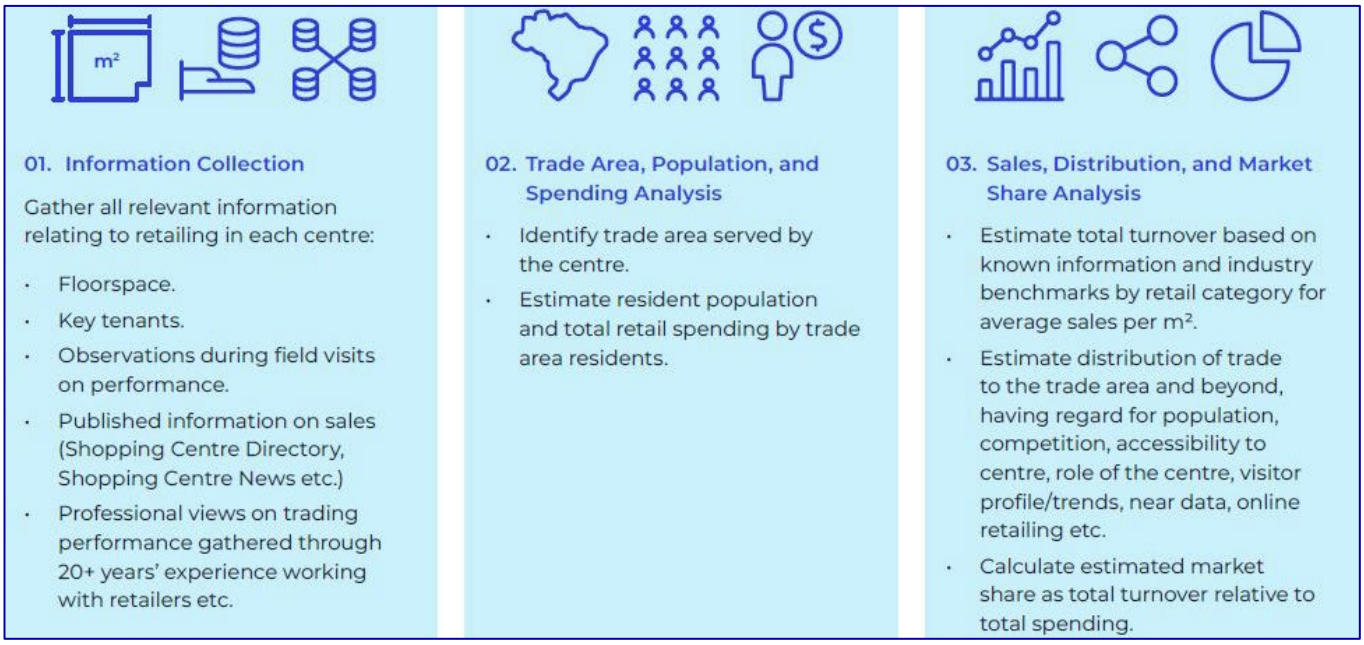
| Retail Category | 2023 | 2026 | 2031 | 2036 | 2041 |
|---|---|---|---|---|---|
| **Ballarat LGA** | | | | | |
| FLG | $920.1m | $998.3m | $1,135.7m | $1,282.3m | $1,439.2m |
| Food Catering | $243.7m | $261.3m | $291.5m | $322.6m | $355.0m |
| Non-Food | $842.7m | $914.3m | $1,040.2m | $1,174.4m | $1,318.1m |
| Retail Services | $72.9m | $79.1m | $90.0m | $101.6m | $114.0m |
| **Total Retail** | **$2,079.4m** | **$2,253.1m** | **$2,557.3m** | **$2,880.9m** | **$3,226.3m** |

Source: MarketInfo; Ethos Urban

## 7.2 Retail Sales and Market Share Assessment

The retail sales and market share of Ballarat CBD have been estimated with reference to available retail spending, the current retail floorspace provision, average turnover levels, published sales data (where available), observations made during field visits, and the consultant's experience, among other aspects. A high-level overview of steps undertaken to produce estimates of retail sales and market shares for street-based activity centres is outlined below.

***Figure 7.1 Retail Sales and Market Share Methodology***




Source: Ethos Urban

It is estimated that retailers in Ballarat CBD generate approximately $498.8 million in sales on an annual basis (refer Table 7.3). The highest share of sales (41%) is attributed to FLG, followed by Non Food (39%), Food Catering (15%) and Services (4%). In large street-based activity centres it is common that FLG makes the largest contribution to total sales out of the broad retail categories.

FLG typically has higher average turnover levels relative to other categories due to the presence supermarkets and liquor stores. Indeed, the comparatively large volume of sales and higher average turnover for FLG in Ballarat CBD is attributed to the presence of Coles x2, Woolworths and ALDI supermarkets, and liquor retailers including Dan Muphy's and Liqourland (x2). The large share of sales to Non Food retailers reflects the significant provision of Non Food floorspace in the CBD, which includes many retailers in Central Square Ballarat Shopping Centre and the Bridge Mall. Approximately 65% of occupied retail floorspace in Ballarat CBD supports Non-Food tenants, as discussed in the previous chapter.

Approximately 24% of total sales are estimated to be from persons who reside outside of Ballarat LGA. This has been estimated with reference to mobile ping data.

Overall, it is estimated that Ballarat CBD retailers have a retail market share of 18% of available spending by Ballarat LGA residents. This includes a market share of 17% of FLG spending, 20% of Food Catering spending, 18% of Non-Food spending, and 23% of Services spending. FLG and Non-Food have slightly lower market shares due mainly to the presence of Wendouree and Delacombe MACs – both sub-regional shopping centres that compete for retail sales with the CBD and support full-line supermarkets and major brands.

The $498.8 million in sales by Ballarat CBD retailers equates to an average trading level of $4,840/m² of gross floorspace. The average trading level for Non Food components is considered be below average for a regional CBD and is attributed to significant the provision of LFR within the Non Food mix, as well as modest trading levels of some Non Food speciality shops.

*Table 7.3 Ballarat CBD Market Shares by Category*

| Category | FLG | Food Catering | Non-Food | Services | Total |
|---|---|---|---|---|---|
| Occupied Floorspace | 16,750 | 13,600 | 66,970 | 5,660 | **102,980** |
| Estimated Turnover | $206.1 m | $76.4 m | $196.3 m | $20.0 m | **$498.8 m** |
| Average Turnover per m² | $12,300 | $5,620 | $2,930 | $3,540 | **$4,840** |
| Share of Turnover from Outside Ballarat LGA | 23% | 35% | 23% | 15% | **24%** |
| Turnover Attributed to Trade Area Residents | $159.7 m | $49.7 m | $152.1 m | $17.0 m | **$378.5 m** |
| Ballarat LGA Spending 2023 ($m) | $920.1 m | $243.7 m | $842.7 m | $72.9 m | **$2,079.4 m** |
| **Market Share** | **17%** | **20%** | **18%** | **23%** | **18%** |

Source: MarketInfo; Ethos Urban

## 7.3 Retail Development Potential

The opportunity for future retail development and additional retail floorspace across the period 2023 to 2041 has been assessed.

This analysis considers the current trading situation for retail in the Ballarat CBD and covers two scenarios (Low and Base) that describe the opportunity for additional retail floorspace:

- **Low Scenario.** Under this 'business as usual' scenario, the trading performance of the CBD's retail sector does not significantly evolve. Accordingly, the market share erodes to approximately 14% as an increased share of retail spending from Ballarat LGA residents is diverted to activity centres elsewhere in Ballarat, such as Delacombe and Wendouree MAC and new neighbourhood centres in developing greenfield areas. The Low Scenario represents the lower ceiling for retail development in the Centre and would result in demand for only **+6,400m²** of additional retail floorspace by 2041.
- **Base Scenario.** Under this scenario, ongoing revitalisation of the centre continues and initiatives flowing from the current structure planning process result in the retention of most of the current market share and a strong increase in average trading levels. As a result, the CBD's market share would reduce slightly to approximately 17% by 2041, resulting in demand for additional CBD retail floorspace in the order of **+21,100m²** (Refer Table 7.4).

Overall, potential exists for between +6,400m² and +21,100m² in additional retail floorspace to be supported in Ballarat CBD by 2041. Within this range, the base scenario **(+21,100m²)** is considered an aspirational yet achievable outcome that should inform the current structure planning process.

In essence, it is anticipated that Ballarat CBD's market share will decline marginally in the face of new competition from recently developed and future activity centres in the Ballarat West Growth Area, and other areas of Ballarat. However, the extent the decline in market share can be reduced if the CBD can, among other aspects:

- Attract both private and public investment
- Increase the provision of workers, residents and students in the CBD area
- Improve the quality of the urban environment, retail offer and visitor experience.

Should this occur and the CBD's retail sector retains most of its current market share, the retail offer itself will need to evolve and improve.

The additional +21,100m² in retail floorspace under the Base Case scenario by 2041 comprises, on an indicative basis only, an estimated:

- +5,200m² in FLG floorspace
- +3,700m² in Food Catering floorspace
- +10,900m² in Non-Food floorspace
- +1,300m² in Services floorspace.

*Table 7.4 Ballarat CBD Retail Shopfront Development Potential, 2041*

| Category | Base Scenario | Low Scenario |
|---|---|---|
| Ballarat LGA Spending 2041 | $3,226.3 m | $3,226.3 m |
| Market Share (%) | 17% | 14% |
| Spending Retained ($m) | $538.4 m | $440.0 m |
| Share of Sales from Beyond Trade Area | 24% | 24% |
| Retail Sales Available for Trade Area Retailers | $709.9 m | $579.0 m |
| Average Supportable Trading Level | $5,720/m$^2$ | $5,290m$^2$ |
| Retail Floorspace Demand | 124,100 | 109,430 |
| Current Occupied Retail Floorspace | 102,980 | 102,980 |
| **Retail Floorspace Shortfall/Surplus** | **+21,100** | **+6,450** |

Source: MarketInfo; Ethos Urban

The additional FLG floorspace could support a range of different outcomes, including:

- Additional FLG specialities (such as bakeries and fruit and vegetable shops)
- Another full-line supermarket (which are typically sized from 3,000m$^2$ to 4,500m$^2$)
- An expansion of existing supermarkets
- A smaller convenience supermarket.

Although there would be theoretical potential for another full-line supermarket if demand for +5,200m$^2$ of FLG were to materialise, it is uncertain who the operator would be given that Woolworths and Coles already have a presence in the centre.

The Coles supermarket at Victoria Street (Bakery Hill) and the Coles and Woolworths supermarkets fronting the Little Bridge Street carpark are all considered undersized relative to a contemporary Coles/Woolworths full-line format. Accordingly, they are possible candidates for expansion as part of a more intensive redevelopment of these sites.

The additional food catering floorspace would accommodate a mix of takeaways shops, cafes and restaurants. For Ballarat CBD to revitalise in line with the Base Scenario, the quality of Ballarat CBD's food catering offer will conceivably need to improve and become a significant component of the CBD's overall role and competitive difference. In other words, having lunch or dinner with friends in a nice café or restaurant becomes a key reason why people choose to visit the CBD over other competing centres at Ballarat.

An improved Food Catering sector will also assist the CBD's other functions including its comparison shopping, arts and culture, and commercial accommodation sector, by making the CBD more attractive to daytime and overnight visitors. As demonstrated by Mildura's CBD, Food Catering does not need to comprise a large share of overall shopfront floorspace to be successful.

The demand for additional Non Food floorspace would be spread across a range of sub categories including apparel, homewares, bulky merchandise and leisure/general merchandise. The majority of this demand would likely be provided in specialty shop formats (i.e. non-LFR tenancies).

Additional LFR development is a possibility. However, in the longer-term as underlying land values increase, the attractiveness of using land in the CBD for LFR will reduce relative to more intensive development forms such as multi-storey residential, commercial office, or mixed-use developments. In this regard, some existing LFR sites in the CBD represent future redevelopment opportunities.

The Scenarios all account for a modest increase in average trading levels. However, the anticipated increase in demand under each Scenario could be reflected in higher average trading levels for existing retailers (than those outlined) which would theoretically reduce the quantum of additional floorspace.

Potential also exists for some floorspace demand under each Scenario to backfill existing vacant shopfronts rather than result in the development of additional retail floorspace. Although Ballarat CBD's overall shopfront vacancy rate is at an acceptable level (6%), some areas of the CBD are vacancy hotspots – in particular, Sturt Street and Bridge Mall. If the current shopfront vacancy rate in the CBD was to reduce from 6% to 4%, this would reflect the occupancy of approximately 3,000m$^2$ of shopfront floorspace.

Importantly, the dynamic competitive environment for retail in the Ballarat region and resulting variances in the potential scenarios necessitate the strategic directions and planning framework outlined in the forthcoming new structure plan are flexible and can respond to changing market conditions in the retail sector.

## 7.4 Office Development Potential

### Ballarat CBD Office Market Context

Ballarat CBD currently supports approximately 82,900m$^2$ in occupied office floorspace. This figure comprises some 30,500m$^2$ of offices accommodated in shopfronts, as well as approximately 52,400m$^2$ of occupied dedicated offices. The vacancy rate for dedicated office tenancies is 7%.

Feedback from stakeholders and the consultant's observations onsite (when undertaking the commercial floorspace survey) confirmed that Ballarat's CBD's dedicated office offering is characterised by a prevalence of older secondary-grade stock.

It is understood from conversations with agents that some tenants who would otherwise locate in the CBD are instead seeking space elsewhere such as Wendouree and Delacombe MACs. The relocation of Centrelink (Services Australia) to a much larger commercial tenancy fronting Learmonth Road at Wendouree is one such example.

Agents also noted that some inquiries for office space in the CBD from higher-order government or private business were not being fulfilled due to a lack of larger prime-grade tenancies. Larger businesses or government entities may bypass secondary-grade tenancies for a range of reasons including small floorplates (say under 500m), low energy efficiency, or lack of amenities (such as end of trip facilities) or disabled access.

The development pipeline for the CBD indicates the provision of office space is on the radar of developers. Projects that are in the planning phase with a notable commercial office components, include:

- **102-108 Humffray Street – Mixed use development** (Estimated value: $40 million). The commercial component of this development (Building A) will support approximately 7,190m$^2$ of floorspace of which the vast majority will be offices. The balance of the development (Building B) is an 8-level residential building with ground floor retail.
- **222 Mair Street – Commercial** (Estimated value: $10 million). Two (combined) 6-storey office buildings with end of trip facilities (i.e., showers) and lobby/front of house amenities.
- **4-6 Eastwood Street Office Building** (Estimate value: $3 million). A 3-level building comprising three offices across 1,300m$^2$ of floorspace.
- **8-10 Mair Street – Mixed-use development** (Estimated value: $60 million). This mixed-use development in the planning phase is for a 7-storey hotel with a wellness centre, as well as a 5-storey mixed-use building with office, childcare and retail components.
- **VicRoads Headquarters Ballarat** (Estimated value: $8 million). A new headquarters for Vic Roads which will support around 400 jobs when completed.

This pipeline indicates that Ballarat CBD's office market will be improved by a range of office projects. Potential exists, however, that some projects could be postponed, discontinued or rescoped due to the recent significant increase in construction costs.

In addition, the rapid increase in borrowing costs in 2020 and 2023 put pressure on developer's feasibilities and resulted in commercial developers being increasingly risk adverse, including only delivering leasehold projects once adequate pre-commitments have been secured. Rising interest rates has also dampened demand for strata office space from both investors, and occupiers (who would typically place these assets in self-managed superfunds).

Net facing rents for prime grade offices at Ballarat currently range between $280/m$^2$ (low) and $330/m$^2$ (high), based on market data from Colliers for 2023 (refer Table 7.1). This places Ballarat's office market at a significant discount to Geelong (with net facing rents from $500/m$^2$ to $600/m$^2$ prime grade offices) and slightly lower that Bendigo ($300/m$^2$ to $350/m$^2$. While prime grade stock in Geelong has much higher incentives that Ballarat and Bendigo, the net effective rent (inclusive of incentives) is still more than $400/m$^2$.

*Table 7.1 Office Market Indicators – Ballarat verses Geelong and Bendigo (2023)*

| Ballarat | Prime | | Secondary | |
|---|---|---|---|---|
| | Low | High | Low | High |
| Net Face Rents ($/m² p.a.) | $280 | $330 | $200 | $250 |
| Incentives (Net) | 5% | 10% | 5% | 10% |
| Average Outgoings ($/m² p.a.) | $80 | | $65 | |
| Yields | 5.0% | 5.5% | 6.6% | 8.0% |
| Sale ($/m²) | $4,500 | $6,000 | $2,000 | $3,500 |
| Lease ($/m²) | $300 | $325 | $200 | $250 |
| **Geelong** | **Prime** | | **Secondary** | |
| | **Low** | **High** | **Low** | **High** |
| Net Face Rents ($/m² p.a.) | $500 | $600 | $300 | $400 |
| Incentives (Net) | 20% | 25% | 15% | 25% |
| Average Outgoings ($/m² p.a.) | $110 | $125 | $70 | $100 |
| Yields | 4.5% | 5.0% | 5.0% | 6.0% |
| Sale ($/m²) | N/A | N/A | $4,500 | $5,500 |
| Lease ($/m²) | $500 | $520 | $300 | $350 |
| **Bendigo** | **Prime** | | **Secondary** | |
| | **Low** | **High** | **Low** | **High** |
| Net Face Rents ($/m² p.a.) | $300 | $350 | $230 | $300 |
| Incentives (Net) | 5% | 15% | 10% | 15% |
| Average Outgoings ($/m² p.a.) | $70 | | $65 | |
| Yields | 4.8% | 5.5% | 6.5% | 7.5% |
| Sale ($/m²) | $4,500 | $6,000 | $1,500 | $4,000 |
| Lease ($/m²) | $300 | $400 | $175 | $300 |

Source: Colliers

The significantly higher rents in Geelong indicate the relative strength of that office market which has expanded considerably in recent years off the back of the city's growth and revitalisation.

Geelong is now the fastest growing regional city in Australia and supports a population of approximately 280,000 persons (rounded), according to the latest ABS Regional Population release. Geelong's office market lifted after the relocation of government departments, including Worksafe (around 8-years ago) and more recently the national headquarters of NDIS. It now has an increasing presence of corporate occupiers who have established an office in Geelong for their employees or clients in the region (such as KPMG). It is conceivable that similar factors could underpin the development of new offices in Ballarat CBD in coming years.

However, because of the recent increase in construction costs, new prime grade offices in regional markets and outer suburban markets would need to be rented for around $400/m² or more (inclusive of incentives) to be viable, based on feedback from agents and recent market analysis undertaken by Ethos Urban for the private sector. For Ballarat, this means that new prime-grade offices would need rented for as much as 1/3 above the current high rent level (accounting for incentives).

The significant increase in construction costs because of COVID-19 associated supply chain disruptions and higher demand for construction labour from major infrastructure projects, means that new stock across a range of property sectors needs to be priced significantly higher to be viably developed. Inevitably, the market will need to adjust to higher prices; however, this won't happen overnight.

For Ballarat CBD's office market, this means in coming years developers are not likely to deliver new prime-grade offices speculatively, and instead only advance projects when most of the space has been pre-committed.

The step change in prices (due to underlying construction costs increases) will be broadly universal across metro and regional areas. This means that prices (sale or lease) of new offices in Ballarat, Bendigo, Geelong or Melbourne are all anticipated to increase relative to underlying land values. Accordingly, new prime-grade offices in Ballarat CBD are expected to remain more affordable than comparable space in Melbourne and Geelong. This is anticipated to be a factor that motivates government departments or corporates (in say Melbourne) to establish an office in Ballarat CBD when this meets their operational requirements.

Other factors that will encourage large occupiers to seeking high-quality office space in Ballarat, include:

- **Ongoing strong population growth in Ballarat**, underpinned by the city's relative affordability to Melbourne and lifestyle attributes. Population growth in Ballarat will both:
  - Generate demand for increased services and flow-on opportunities for new businesses to establish in Ballarat CBD that will require office space; and
  - Incentivise the establishment of satellite offices in Ballarat for workers who live in the Ballarat region and would otherwise commute daily to headquarters in Melbourne or work remotely.
- **Potential for synergies and/or partnerships** with businesses, government departments or institutions currently operating in Ballarat. This is understood to be key reason underpinning the operation of Federation University's Technology Parks at the SMB and Mt Helen's Campus.

**Federation University Technology Parks**

Federation University operates Technology Parks in Ballarat at both the SMB campus (in the CBD) and Mt Helens Campus. These Technology Parks have long been a part of Ballarat's economy and function as innovation precincts that provide infrastructure to support emerging and existing technology focused enterprises. They accommodate tenants that partner with the University across three core areas:

i. Ongoing workforce development of staff through access to our dual sector university

ii. Vocational placement programs enabling the creation of a skilled labour pool for future employment requirements

iii. Long term research partnerships.

Current Technology Park tenants include:

- **Ballarat CBD** – Elmstone Group, Dimensional Metrology Services, WestVic Staffing Solutions, VECCI Apprenticeship Services, Signature Software, Committee for Ballarat, Porter Architects, Fiona Elsey Cancer Research Institute (FECRI), Runway HQ, Lateral Plains, and Serco.
- **Mt Helens** – Emergency Services Telecommunication Authority, Grampians Health Ballarat, Berry Street, Concentrix, IBM Ballarat, FedCare Psychology Services, PM Design Group, Blackhill Software, Precision Agriculture, Centre for eResearch and Digital Innovation, Federation University Finance, WIN Network, and Ernst & Young (EY).

The possibility exists that some of the above tenants may have sought to locate in conventional office space in Ballarat CBD if Technology Park tenancies were not available. Hence, to a limited degree, the Technology Parks exert a competitive influence on the CBD's office market. Previously, incentives (such as not charging outgoings) were used by Federation University to assist in attracting tenants. However, this is now understood to have ceased, based on conversations with the University.

Importantly, the Technology Parks make a significant economics contribution to the Ballarat region and generate an estimated $476 million in annual value added (to Ballarat LGA), according to Federation University. The presence of some high-profile occupiers, including IBM (the first tenant), assist in elevating Ballarat's economic credentials and may not have established in the region if the Technology Parks were not operating.

## Outlook for Dedicated and Shopfront Offices

The extent of additional office space that could be supported in Ballarat CBD is uncertain. This is due to the nature of the office sector, where demand can materialise periodically based on the attraction of occupiers. In undertaking the office floorspace projections, the consultant has applied two scenarios:

- A **Low Scenario** (or 'business as usual' scenario) – whereby by additional office floorspace is estimated on a pro-rata basis to the projected population increase for Ballarat LGA. Under this scenario, it is estimated that demand exists for an additional **+26,000m²** of dedicated office in Ballarat's CBD by 2041.
- A **Base Scenario** – reflecting a circumstance in which Ballarat CBD's office market undergoes a step change, resulting in increased occupancy from government departments and corporates seeking to locate in Ballarat. Under this scenario, a +25% 'economic development premium' has been applied to the Low Scenario projections, resulting in estimated demand for some **+33,000m²** floorspace by 2041. This 'economic development premium' reflects an indicative uplift on the Base Scenario that could result from the CBD becoming a significantly more desirable location for offices.

In essence, Ballarat CBD's provision of dedicated office floorspace could expand by in the order +26,500m$^2$ and +23,000m$^2$, across the 18 years to 2041. It is assumed that dedicated offices would absorb approximately 70% of total office demand, with the balance (30%) accommodated by shopfronts.

On this basis, across the 18 years to 2041:

- Demand for dedicated offices is estimated to be in the order of **+18,500m²** to **+23,100m²** in floorspace.
- Demand for shopfront offices is estimated to be approximately **+7,900m²** to **+9,900m²** in floorspace.

Dedicated offices currently support approximately 63% of total occupied office floorspace, with shopfronts accommodating the balance (or 37%). The share of total office demand reflected in dedicated offices is therefor expected to be higher than the current split between shopfront offices and dedicated offices. This is due to the likelihood that dedicated offices will be the preference for the majority of occupiers as the CBD and Ballarat's economy evolves overtime and larger business seek to locate in the CBD.

Clearly, the above projections are indicative and the actual amount of office space could vary based on a range of factors including:

- Uncertainty regarding extent to which growth of Ballarat LGA's population and economy translates to development office space in the CBD
- Competition from other centres in Ballarat such as Wendouree and Delacombe MACs
- The potential for government departments or corporates to choose other regional locations such as Geelong or Bendigo over Ballarat CBD.

Not all of this estimated demand may materialise in the delivery of new buildings or tenancies. Potential exists that a small share is absorbed by existing shopfront and dedicated office vacancies. Currently, shopfront vacancies total approximately 8,880m² (or 6% of total shopfront floorspace), while dedicated office vacancies total 4,120m² (or 8%). Both vacancy rates are at an acceptable level. However, if for example, the projected office demand resulted in the shopfront and dedicated office vacancies reducing by around one-third and 50%, respectively, this would result in approximately 2,950m² of shopfront office demand and 2,050m² of dedicated office demand being absorbed by vacancies.

Again, because of uncertainty regarding the extent of office development that could occur in the CBD, the strategic directions and planning framework in the new structure plan will need to reflect an appropriate level of flexibility.

## How Office Demand Might Translate On-The-Ground

### Dedicated Offices

The additional dedicated office space could include:

- **Standalone office buildings**, including both leasehold and strata offices:
  - **Leasehold**. The majority of new office buildings would likely be leasehold. Given the prevalence of secondary-grade office stock in Ballarat CBD, most new buildings are anticipated to be prime-grade facilities with floorplates ranging from 600m² to above 2,000m² (depending on site constraints) and accommodating between from 4,000m² to 10,000m² in total leasable space. In current market conditions, developers would likely seek to pre-commit the majority of space before developing. Tenants in new prime-grade offices may include:
    - Government entities/departments
    - Government service providers (such as NDIS aligned businesses)
    - Private businesses – including larger local business, or corporates establishing a presence in Ballarat.
  - **Strata**. Potential exists for small share of standalone office buildings to be strata titled – that is, the offices comprising tenancies that have been individually sold. Prime-grade strata buildings typically have smaller floorplates in the order of 1,000m² or smaller, that can be partitioned in smaller tenancies ranging from 80-250m² around a central core. Demand for strata space would primarily be from smaller private businesses such as law firms, accountants, and medical specialists (including those with links to the Ballarat Base Hospital or St John of God Hospital) seeking to purchase the property as an asset for their self-managed super fund – or investors seeking exposure to commercial assets.
- **Dedicated offices suites within mixed-use developments.** Potential exists for dedicated offices to be delivered as part of multi-storey mixed-use developments, has highlighted by a number of projects in Ballarat CBD's development pipeline. Mixed-use developments including office would likely comprise shopfronts at ground levels, with offices on upper levels. In some instances, residential apartments or, say, visitor accommodation might be provided above the offices if sufficient height can be achieved.

### Shopfront Offices

Shopfront offices are essentially offices located in a shopfront that also would be suitable for a retail tenant. Shopfronts are typically at ground level and have street frontage with display windows. Forecast demand for retail floorspace combined with residual demand for shopfronts from office tenants is anticipated to drive the development of additional shopfronts, as either:

- Standalone shopfront tenancies
- Or part of a larger mixed-use development (with shopfronts located on the ground floor).

Office occupiers of new shopfronts will most likely be smaller local businesses who do not have size or turnover to warrant establishing in more expensive and larger dedicated offices. These may include real estate agents, travel agents, conveyancers and solicitors, or local accountants. Real estate agents often prefer shopfronts because they provide the ability to advertise properties for sale or lease in display windows.

## 7.5 Other Commercial Opportunities

Currently, Ballarat CBD supports approximately:

- 1,850m$^2$ of shopfront floorspace attributed to non-office commercial activities (such as gyms and medical centres etc)
- 52,440m$^2$ of 'other commercial' space (not categorised as a shopfront or dedicated office). Prominent uses of other commercial space include:
  - Commercial accommodation (54%)
  - Showrooms/automotive sales (16%)
  - Taverns/bars (12%)
  - Gyms (9%)

Note that some of the non-shopfront or dedicated 'other commercial' space accommodated uses that could be supported in a shopfront or dedicated office. These include gyms (in shopfronts) and medical suites (in shopfront or dedicated offices).

Most of the 'other commercial' space not categorised as shopfront or dedicated office will likely represent an under-development in the future (if it doesn't already) and therefore present as an opportunity for redevelopment. Conceivably, as land values in Ballarat CBD increase, a large share of existing showrooms and automotive uses as well as some lower order commercial accommodation would make way for more intensive commercial and/or residential development.

On this basis and having regard for the mix of 'other commercial' uses, it is assumed that up to 20,000m$^2$ of other commercial (non-shopfront or dedicated office) could transition to other uses such as shopfronts, offices or apartments. With the reduced quantum of 'other commercial' space, the opportunity would present for new higher order 'other commercial' uses such as new hotels, medical centres, or entertainment uses to replace lower intensity 'other commercial' uses.

A range of commercial accommodation providers currently operate in the CBD including:

- The following major brand hotel/serviced apartments:
  - Two apartment hotels operated by Quest (Quest Ballarat and Quest Ballarat Station)
  - Quality Inn The George Hotel
  - Comfort Inn & Suites City Views
- Upmarket independent hotels including The Provincial Hotel and Oscars Hotel & Café Bar.
- Some affordable motels or hotels including Ballarat Central City Motor Inn, Bakery Hill Motel, Mid City Ballarat Hotel.

Independent upmarket operators Ballarat Premier Apartments and Hotel Vera Ballarat are situated in the western portion of the CBD.

Demand for visitor accommodation in Ballarat will increase. It is likely over-time other major brands with a presence in regional centres may also seek to locate in the CBD (such as Mantra and IBIS) as well as independent operators.

Key demand drivers for visitor accommodation in Ballarat CBD are:

- Strong forecast population growth in Ballarat LGA – which will increase demand from the 'visiting friends and family' segment.
- Continued employment growth (both white collar and blue collar) in Ballarat including increased employment associated with government departments and professional services firms in the CBD.
- Ballarat CBD's proximity to regional hospitals such as Ballarat Base Hospital and St John of God Hospital, as well as the Queen Elizabeth Centre (medical centre).
- Emergence of Ballarat CBD as a tourist destination (focused arts/culture and entertainment) and base to explore the central highlands region.

Visitor accommodation could play an important role in Ballarat CBD's ongoing revitalisation as these uses contribute to increased retail spending (on food catering) and activity in the evening.

Medical centres that support general practitioners (GPs) in addition to allied health services are becoming increasingly prevalent in street-based activity centres. Demand for health care services is increasing across Australia as the aging population requires increased services to treat non-acute and acute health matters. The consolidation of smaller independent GPs and specialists into larger one-stop-shop medical centres is a prominent industry trend. Central Ballarat already functions as a regional medical cluster and this role is expected to strengthen as strong population necessitates delivery of additional health services.

Population and employment growth within and proximate Ballarat CBD will also likely result in the establishment of additional fitness and wellbeing uses in the CBD such as gyms, fitness centres, and yoga studios – which are now common in street-based centres. These facilities add to diversity of the land uses in the Centre and have the potential to drive activity outside of typical retail hours.

Ballarat CBD's role as an entertainment precinct is a key aspect that differentiates it from other larger activity centres in the region including Wendouree MAC and Delacombe MAC. It is anticipated that over-time this role will continue to strengthen and result in the establishment of additional bars and nightclubs. Population growth in Ballarat including potential for stronger growth in the CBD will drive demand for entertainment uses.

Overall, it is conceivable the net provision of other non-office commercial floorspace could, by 2041, comprise in the order of:

- 2,250m$^2$ non-office commercial floorspace uses in shopfronts, assuming the share of non-office commercial uses in shopfronts remains broadly similar.
- 30,000m$^2$ non-office commercial floorspace uses in other (non-shopfront or dedicated office) tenancies.

## 7.6 Development Outlook Summary

Ballarat CBD's development outlook for retail and commercial floorspace is informed by:

- Increased demand for activity centre uses (such as retail, offices, and other commercial uses) due to the strong projected population growth in the Ballarat region.
- An increasingly dynamic competitive context due to:
  - Ongoing development of Delacombe MAC
  - Ongoing development of C2Z land proximate Wendouree MAC (fronting Learmonth Road)
  - Future delivery of neighbourhood and local activity centres in developing greenfield areas (such as Ballarat West Growth Area).
  - The possibility that Stockland Wendouree Shopping Centre could increase its provision of retail and commercial floorspace in the future.

Though this competition will likely result in Ballarat CBD's market share for retail reducing over time, the opportunity is still considered to exist for the CBD to capture a large share of demand in a growing regional market and observe a substantial level of retail development across the 18-years to 2041. There is also potential for Ballarat CBD's:

- Office market to undergo a step-change focused on the development of prime-grade space geared to government departments and larger private businesses.
- Commercial accommodation and entertainment sector to increase in prominence.

By 2041, it is estimated that Ballarat CBD could support:

- An additional +31,400m$^2$ of shopfront floorspace (rounded), comprising in the order of:
  - +21,100m$^2$ of retail floorspace, including:

    - +5,200m$^2$ in FLG floorspace
    - +3,400m$^2$ in food catering floorspace
    - +10,900m$^2$ in non-food floorspace
    - +1,300m$^2$ in services floorspace
  - +9,900m$^2$ in office shopfronts
  - +400m$^2$ in other (non-office) commercial shopfronts
- A net increase of approximately +3,000m$^2$ of (non-shopfront) commercial floorspace which equates to:
  - +23,000m$^2$ of dedicated office floorspace; less
  - 20,000m$^2$ of other (non-office) commercial uses – due to this floorspace being developed for more intensive higher-order uses.

In total, it is anticipated that approximately +34,400 of net additional retail and commercial floorspace could be developed in Ballarat CBD by 2041. This outlook is considered to represent an aspirational, yet achievable, approximation of what Ballarat CBD's development trajectory for retail and commercial floorspace could look like.

Note that the retail and dedicated office figures outlined represent the Base Scenario for each. In reality, potential exists for the actual quantum of retail and dedicated office floorspace delivered to fall within a broad range, based on a range of factors including:

- The evolving competitive context
- Changes in market share and average trading levels (for retail)
- The degree in which Ballarat's CBD's can become a go-to location for government and corporates seeking a regional presence (for dedicated offices).
- The extent that lower value commercial floorspace is redeveloped for more intensive uses.

Potential exists that a minor portion of the anticipated demand for additional shopfront and dedicated office space could materialise in the form decreased vacancies.

# 8.0 Residential Development Opportunities

This chapter assesses the outlook for residential development in Ballarat CBD, focusing on the potential for higher density apartment developments. It highlights:

- The characteristics of Ballarat's residential market, with reference to the apartment sector in the CBD
- Case studies into apartment developments in similar regional CBDs
- The findings of a high-level conceptual feasibility analysis which tests the viability of apartment developments in Ballarat CBD.

Finally, an aspirational growth scenario for residential development in Ballarat CBD is outlined, which builds on previous analysis.

## 8.1 Ballarat Residential Market Characteristics

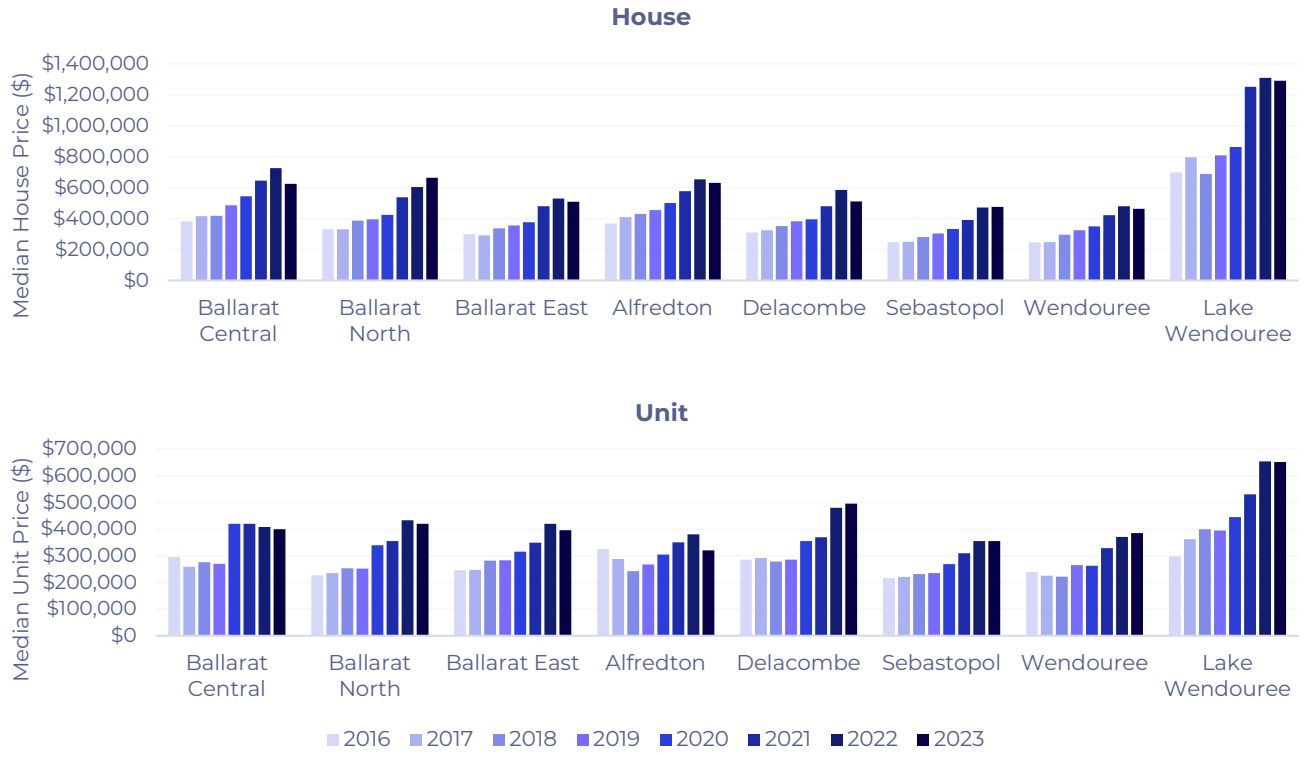
### Recent Sales Price Trends

Ballarat's residential market is primarily focused on conventional detached dwellings, with townhouses and apartments comprising a minor share of the existing dwelling stock and new residential development.

In 2023 (year ending September), the median house price in Ballarat Central (the postal suburb that includes Ballarat CBD) was $625,000. For reference, this price level is slightly lower than Ballarat North ($665,000) and Alfredton ($632,000), but higher than Delacombe ($512,000), Ballarat East ($510,000), Sebastopol ($475,000) and Wendouree ($475,000). Note, the suburbs of Alfredton and Delacombe include the developing Ballarat West Growth Area. The median house price in Lake Wendouree ($1,292,500) is significantly higher than the balance of Ballarat due to this area's status as Ballarat's most expensive and desirable suburb.

Median prices in most suburbs increased significantly across the 2020-2022 period off the back of lower interest rates settings to stimulate demand when the national economy was significantly impacted by COVID-19. The price increase in Lake Wendouree was particularly strong, reflecting strong price growth in premium residential markets nationally.

*Figure 8.1 Median House and Unit Sales Price (year ending September)*




Source: Pricefinder
Note: Pricefinder classifies semi-detached and detached residential typologies as 'units'.

In most Ballarat suburbs median house prices moderated in the 2023 (year ending September). This can be attributed to the effects of the Reserve Bank tightening monetary policy which has reduced the borrowing capacity of buyers.

Median prices for units (i.e. semi-detached or detached housing based on Pricefinder's classification) in Ballarat range from $320,000 in Alfredton to $652,000 in Lake Wendouree. Ballarat Central's median unit price is approximately $400,000, which is broadly similar to Ballarat East ($396,000) and Ballarat North ($420,000), but lower than Delacombe $495,000[5].

In particular, the median price for houses in Central Ballarat is approximately +$225,000 (or +56%) more than the median price for units. Although this price difference is significant, it is based off a median price for units that is primarily attributed to the sale of existing, rather than new, stock. New units (townhouses and apartments) delivered in the CBD will reflect a significantly higher price level than the current median price due to recent increase in commercial construction rates. Accordingly, the price trade-off between houses and units is unlikely to be large enough for a significant share of the market to prioritise small but more affordable unit typologies over conventional detached houses (with a land component) and stronger prospects for capital growth. This is discussed further in Section 8.3.

Although Ballarat Central contains Ballarat CBD – the Central Highland Region's largest activity centre – the ability of residents to conveniently access higher-order retail, commercial, entertainment and cultural/arts uses has not translated to a residential price premium relative to other suburbs in Ballarat, including Ballarat North and Alfredton. Over time, as the CBD revitalises and the level of amenity improves, this should translate to the CBD becoming a more desirable residential area, resulting in higher increases compared to other suburbs.

## Higher Density Development in Ballarat CBD

### Recent and Current Developments

Ballarat CBD's market for multi-storey apartment buildings is still in its infancy. To date:

- **Nightingale Ballarat** (at 11 Davey Street, Ballarat Central) is the only significant multi-storey apartment project to be delivered; and
- **Lyons Place** (at 6 Lyons Street, Ballarat Central) is currently in the presales phase with on-site work having commenced.

Hygge Property (Hygge) was/is the developer of both projects. For the Nightingale Ballarat project, Hygge partnered with Breath Architects and Nightingale Housing – a non-for-profit organisation that aims to deliver affordable and environmentally sustainable housing.

Nightingale Ballarat was completed in 2022, and has 27 apartments in total, comprising the following product mix:

- Six x one-bedroom
- 19 x two-bedroom
- Two x three-bedroom

Six apartments were allocated to Housing Choices Australia (HCA), a non-for-profit provider of affordable and specialist disability housing, with the balance (19 apartments) sold to owner-occupiers. The development also includes two commercial tenancies.

The average sale price across all apartments was approximately $7,000/m$^2$, based on a review of sales information from RP Data. This includes average prices in the order of:

- $7,400/m$^2$ for one-bedroom apartments
- $6,800/m$^2$ for two-bedroom apartments
- $7,500/m$^2$ for three-bedroom apartments.

For context, an 80m$^2$ two-bedroom apartment sold at $7,000/m$^2$ equates to a sale price of $560,000. Note, Nightingale Housing apartments are sold at near cost (i.e. the cost to procure, design, finance, manage and construct). Hence, a conventional developer margin of say 15-20% is not included in the overall price. It is

[5] Note the median price for units in Delacombe in 2023 (year ending September) is based on only 5 sales.

understood Nightingale do charge a percentage fee of the total cost to maintain their operations. The Nightingale model also reduces costs through the provision of none or very limited car parking and the use of communal facilities (such as laundries).

***Figure 8.2 Nightingale Ballarat: 11 Davey Street, Ballarat Central***



Source: Housing Choices

In contrast, Lyons Place is a conventional development project with a planning permit for:

- 58 apartments, comprising a mix of one, two and three-bedroom apartments,
- Seven luxury penthouses
- Ground level café.

A review of listings on Realestate.com indicates the average price of Lyons Place apartments is in the order of $9,100/m$^2$, with the price of individual apartments ranging between $8,800/m$^2$ to $10,300/m$^2$. An average sales price of $9,100/m$^2$ is equivalent to $728,000 for a two-bedroom 80m$^2$ apartment. It is understood that the final average sales level could be in the order of $9,500/m$^2$, based on conversations with Hygge.

The significantly higher price average sales price per m$^2$ of Lyons Place compared to Nightingale Ballarat is attributed to a combination of:

- Inclusion of a conventional developer's margin in the Lyon's Place project
- Increases in construction costs subsequent the development of Nightingale Ballarat
- Inclusion of basement parking.

Hygge is also the proponent for a proposed 7-8 storey mixed-use at 102-108 Humffray Street, Bakery Hill which will include approximately 74 dwellings, along with retail, and office components over two buildings. Another major residential project in the CBD is the proposed development of 29 St Pauls Way, Bakery Hill for 85 dwellings (over four stages) including townhouses and apartments. Both projects are currently in the planning phase.

***Figure 8.3 Lyons Place: 6 Lyons Street, Ballarat Central (Currently Under Construction)***



Source: realestate.com.au

## Demand Drivers for Apartment Living

The following demand drivers underpin the opportunity for apartments in Ballarat CBD:

- **Strong population growth in the seniors cohort.** Across the 18-years to 2041, the 55+ age group is anticipated to increase by some +15,470 persons, which is equivalent to +43% on the current level of 35,990 persons (refer previous Section 3.2). As the population of seniors grows there will be increased demand for smaller residential dwellings which are appropriate for downsizers. The preference for older persons to downsize is typically attributed to their desire to:
  - Move into a dwelling that requires less maintenance and caters better for the needs of persons with declining mobility.
  - Unlock equity in their home by downsizing to a cheaper alternative. In areas with high residential land prices the incentive to downsize to unlock equity is higher due to the larger trade-off in price between detached dwellings and apartments. Hence, as the underlying price of residential land (and detached dwellings) in Ballarat increases, so should demand for apartments in the CBD.
- **Significant increase in the university student population.** Federation University plans to consolidate 70% of its activities at the SMB campus by 2035. As a result, the number of EFTSL students at the SMB campus will ultimately total around 4,350, reflecting an increase of +3,827 EFTSL students on the current level. Approximately 1,180 staff will work at the campus once redeveloped. This substantial increase in students and staff will generate demand for affordable residential accommodation in and proximate the CBD, including apartments. Though it is understood Federation University are currently investigating opportunities to deliver student accommodation proximate the SMB campus, a share of demand will likely need to be serviced by the conventional residential market, including through the provision of apartments in the CBD.

- **Expansion of the medical sector.** Ballarat Base Hospital and St John of God Hospital are around 400m west of the CBD. Ballarat Base Hospital is planned to undergo a $595 million upgrade involving delivery of a new emergency department, a women and children's hub, state-of-the-art theatre suite and an extra 100 inpatient and short stay beds. Once complete the upgrading Base Hospital will have capacity to treat around 18,000 more emergency patients and 14,500 inpatients per year, according to the Victorian Government (source: www.vhba.vic.gov.au). St John of God Hospital is currently undergoing an $80 million expansion for a new medical service building as well as new intensive care, operating theatres, recovery wards and additional patient wards. 'Heathcare and social assistance' is already the largest sub-sector in the Local Study Area in terms of Workforce numbers at the 2021 Census (refer previous Section 3.4) and is expected to expand further as these (previously mentioned) redevelopments facilities increase the medical workforce in and proximate the CBD. A segment of this growing workforce – particularly younger staff or those not part of family household structures – would form part of the future market for affordable apartments in the CBD.
- **Professionals and other workers employed in Ballarat CBD and surrounding areas.** In total, some 10,220 persons worked in the Local Study Area at the 2021 Census. As the CBD revitalises overtime, it is conceivable that an increasing share of this workforce would seek to live within the CBD itself and therefore consider purchasing or renting CBD apartments. Again, it is anticipated that workers more likely to preference apartment living in the CBD over dwellings elsewhere in Ballarat (such as conventional houses or townhouses) would be:
  - Younger persons – who may not have the financial circumstances to afford a house or townhouse elsewhere in Ballarat; or
  - Persons not in a family household structure (in particular, a family with children).
- **Increasing residential prices in Ballarat.** Theoretically, as underlying residential land prices rise the price difference between apartments and conventional dwellings or townhouses will increase, and apartments will be viewed more favourably by the market. However, the recent substantial increase in construction prices is necessitating that new apartments be sold for substantially higher prices (often 30% or more) than comparable apartments delivered only two or three years prior. Unfortunately, this means the trade-off between dwellings with land and new apartments will reduce in the near-term, reducing the attractiveness of buying a new apartment. In addition, the increase in the construction costs and flow-on higher apartment prices is limiting the ability of the private market to deliver dwellings that are affordable for persons on a modest income (such as a single first home buyer). This is discussed further in Section 8.3.

## 8.2 Regional CBD Case Studies

### Background

Generally speaking, the uptake of apartment living in regional Victoria has significantly lagged metropolitan Melbourne. This is primarily due to the lower underlying residential land values in regional Victoria and strong market preference for dwellings with a land component. Notwithstanding, apartment developments are beginning to emerge in other regional centres. Select case studies of other relevant regional centres are provided as follows.

### Albury-Wodonga

Located on the New South Wales and Victorian border some 264 kms north-east of Melbourne, Albury-Wodonga supports a combined urban population of approximately 98,740 persons (source: ABS Regional Population Growth for Albury-Wodonga Significant Urban Area (SUA)). For the year ending September 2023, the median house price for the suburbs of Albury (which includes Albury CBD) and Wodonga (which includes the Wodonga CBD) was $867,500 and $525,000 respectively.

Albury's first substantive apartment development was The Gardens Apartments (at 647-655 Dean Street, Albury), constructed in 2012. At this time, Albury's median house price was around $395,000.

This was followed by around eight years later by The Hamilton Apartments (646 Hume Street, Albury), which was delivered in 2020, and comprised 30 units across seven levels. At this time the median house price in Albury was $525,000. The average sales price was approximately $6,500/$m^2$ based available sales in RP data, which equates to around $520,000 for an 80$m^2$ apartment.

Albury (suburb) has three new apartment developments in the pipeline. These range from seven to nine storeys and comprise between 23 and 32 units. The earliest indicative timeframe for one of these developments to be completed is 2025.

An approved mixed-use development in nearby Wodonga's CBD branded as 'The Quarter' will include a residential apartments, in addition to commercial, retail and dining aspects. Construction commenced in October 2023 and is anticipated to be completed in 2025.

*Figure 8.4 Apartment Developments at Albury*

**The Hamilton Apartments: 646 Hume Street, Albury**



**The Gardens Apartments: 647-655 Dean Street, Albury**



Source: realestate.com.au

## Bendigo

Situated approximately 140km northwest of Melbourne, Bendigo supports approximately 103,820 residents (source: ABS Residential Population Growth for Bendigo SUA) making it a similar size to Ballarat. The median house price in 2023 (year ending September) for Bendigo suburb (which includes Bendigo CBD) was $545,500.

The first significant apartment development in Bendigo (suburb) was a three-storey development at 141 Mollison Street completed in 2016. It comprised seven two-and three-bedroom apartments that sold for a median price (per apartment) or around $815,000, reflecting an average price per $m^2$ of between $6,000/$m^2$ and $7,000/$m^2$, based on available sales information. The median house price for Bendigo (suburb) in 2016 was $400,000.

An approved mixed-use development at 119 Queen Street branded as Luna Bendigo will include 17 apartments across three floors, as well as ground floor office, retail and hospitality spaces. This development is geared to the premium end of the market, with starting prices in the order of $850,000 for a two-bedroom apartment. The average price of current online listings is approximately $11,100/$m^2$. Construction is anticipated to begin in early 2024, according to Cordell Connect.

**Luna Bendigo: 119 Queen Street**



**141 Mollison Street, Bendigo**



Source: lunabendigo.com.au; and google maps (street view)

## Geelong

Geelong, with a population of 295,430 residents (source: ABS Regional Population Growth for Geelong SUA), is Victoria's second largest city after Melbourne. Geelong has a more mature apartment market than other Victorian regional centres due to its higher residential prices and the opportunities for views across Port Phillip

Bay. The median house price in Geelong suburb (which includes Geelong CBD) was $950,000 for the year ending September 2023.

Since 2018, approximately 450 dwelling approvals (individual units) have been recorded for apartment projects that are three levels of higher in Geelong SA2 (which includes Geelong CBD) (source: ABS). This highlights the size of Geelong's apartment market. The median price of new apartments sold in 2023 (but constructed after 2019) is approximately $730,000, reflecting an average price per $m^2$ of around $9,130/m^2$, based on available information from RP Data. However, some new projects with apartments currently listed for sale have average price levels per $m^2$ which are significantly higher. Approximately 11 projects supporting over 900 apartments are in the Geelong's development pipeline according to Cordell Connect.

### Case Study Considerations

At Albury-Wodonga, Bendigo and Geelong, the CBDs and adjacent areas has been the primary location for apartment projects.

Case studies highlight the apartment markets of both Albury-Wodonga and Bendigo are in their relative infancy, which only a handful of projects having been delivered. In contrast, Geelong's apartment market is significantly more mature due to factors such as Geelong (suburb's) higher residential prices and sea views supporting much larger volume of projects.

In both Bendigo and Geelong, average price level for new apartments (currently listed) is more than $9,000/m^2$.

## 8.3 Conceptual Feasibility Analysis

### Development Scenarios

A high-level conceptual feasibility analysis has been undertaken to understand the current viability of apartment development in Ballarat CBD.

Two scenarios have been tested:

- **Scenario 1 –** 4-level apartment development
- **Scenario 2 –** 8-level apartment development.

For each Scenario:

- A site coverage of 70% has been applied.
- Levels one to three are assumed to comprise 100% of the built footprint, equating to floorplate sizes of $1,400m^2$.
- A podium is assumed for levels four and above with floorplates of $1,120m^2$, reflecting a 20% reduction in the floorspace size at levels one-to three.
- A utilisation rate has been applied in the translation from GFA to Net Saleable Area (NSA), accounting for lifts, hallways, communal facilities, and other unsaleable areas.
- The average apartment size is assumed at $80m^2$.
- An indicative price $1,500/m^2$ is assumed for the purchase of the land, equating to approximately $3 million for a $2,000m^2$ site.

Floorspace assumptions and yields are highlighted in Table 8.1.

*Table 8.1 Floorspace Assumption*

| Category | Unit | Scenario 1 | Scenario 2 |
|---|---|---|---|
| No. of Storeys | | 4 | 8 |
| Site Area | sqm | 2,000 | 2,000 |
| Site Coverage | Proportion of Site Area | 70% | 70% |
| Gross Floorspace Area | | | |
| Levels 1 to 3 | Proportion of Site Coverage | 100% | 100% |
| Level 4+ | Proportion of Site Coverage | 80% | 80% |
| Saleable Floorspace | | | |
| Level 1 | Proportion of GFA | 60% | 60% |
| Levels 2+ | Proportion of GFA | 85% | 85% |
| **Total GFA** | **-** | **5,320** | **9,800** |
| **Total NSA** | **-** | **4,172** | **7,980** |
| **No. of Apartments** | Total NSA divided by Average Unit Size (80m$^2$) | **52** | **100** |

Source: Ethos Urban

## Approach to Concept Modelling

This feasibility analysis uses a **residual land value method** which reflects the net calculation of revenue from dwelling sales minus development costs (construction costs, fees and chargers, financing, sales and marketing, etc). A developer's margin is also included to account for an appropriate risk/return threshold for apartment projects.

The residual land value can then be compared to the actual acquisition price of the land. If the residual land value is sufficiently higher than the acquisition price, the development scenario may prove attractive to a developer or landowner. If the residual land value is lower than the acquisition price, the landowner is unlikely to have sufficient incentive to proceed with a development at this point of time.

The residual land value method is relatively simple and can be easily applied to assess the viability of an apartment projects at a high level to test potential scenarios relating to different yields, costs, and sales prices.

For each Scenario, the conceptual feasibility analysis provides the **minimum average sales price level per/m$^2$ required for the project to be considered viable** based on assumed development costs, the land purchase price and factoring in a developer margin of 18%.

In technical terms this is the average sales price level per/m$^2$ that would generate a net residual land value of $3 million (the purchase price for a 2,000m$^2$ site) for both Scenarios, after development costs and a 18% development margin had been included.

The minimum average sales price level per/m$^2$ required for the project to be considered viable under both Scenarios is as follows:

- $10,140/m$^2$ under Scenario 1 (i.e. $811,400 for 80m$^2$ 2-bedroom apartment)
- $9,440/m$^2$ under Scenario 2 (i.e. $755,100 for 80m$^2$ 2-bedroom apartment)

For each Scenario, the conceptual feasibility has also been tested at a **lower sales price** of $8,500/m$^2$, to demonstrate the viability implications at a lower price level. A price $8,500/m$^2$ is equivalent to $680,000 for an 80m$^2$ 2-bedroom apartment.

### Cost Assumptions

Development costs are derived from the following assumptions summarised in Table 8.2.

- Construction rates on a per m$^2$ basis (applied to residential and carparking construction) are derived from Rider Levett Bucknall (RLB) construction cost indicator in November 2023. Carparking is provided at a rate of one space per apartment and is included to ensure the build appeals to the widest potential market possible (i.e. "the middle of the market").
- An additional 4% contingency is applied to total construction costs.

- Costs of design and consultant fees, project management fees, legal and financing, statutory and authority fees, land holding costs, public open space contributions and sales and marketing fees, is based on generic rates (expressed as a percentage).
- A development margin of 18% is applied across each development scenario.
- Total construction and development costs are assumed to be funded by 70% debt at an interest expense of 7.0%. The balance is assumed to be funded by equity.

### Qualifications

- The outputs represent modelling based on 'doing the development now'.
- As with most conceptual modelling, the outputs are sensitive to the inputs. If key variables such as the sales price/$m^2$ or the construction cost/$m^2$ are altered, results can change significantly.
- The high-level approach to the modelling has limitations. For example, the specific construction challenges associated with a potential site are not known and therefore are not considered.
- Construction costs are assumed to be constant in both scenarios. In reality, average construction costs per apartment can vary based on the size and characteristics of the development, including the extent of building services, circulation space, depth of carparks and foundations, and other design and construction factors.
- Potential demolition or remediation costs associated with any existing buildings have not been included in the concept modelling.

*Table 8.2 Development Assumptions*

| Category | Unit | Value |
|---|---|---|
| **Revenue** | | |
| Minimum Average Price for Viability | | |
| Scenario 1 | $/$m^2$ (NSA) | $10,140 |
| Scenario 2 | $/$m^2$ (NSA) | $9,440 |
| Lower Sales Price | | |
| Scenario 1 | $/$m^2$ (NSA) | $8,500 |
| Scenario 2 | $/$m^2$ (NSA) | $8,500 |
| **Construction Costs** | | |
| Residential Costs | $/$m^2$ (GFA) | $3,650 |
| Carpark | Per carpark | $63,125 |
| Contingency | Proportion of Construction Costs | 5.0% |
| **Other Costs** | | |
| Sales and Marketing Commission | Proportion of Gross Revenue | 2.5% |
| Design and Consultant Fees | Proportion of Construction Costs | 8.0% |
| Project Management Fees | Proportion of Construction Costs | 2.0% |
| Legal Fees | Proportion of Construction Costs | 1.0% |
| Statutory and Authority Fees | Proportion of Construction Costs | 1.0% |
| Land Holding Costs | Proportion of Construction Costs | 4.0% |
| Public Open Space Contribution | Proportion of Land Value Purchase Price | 5.0% |
| **Finance** | | |
| Debt Funded | Proportion of Total Development Costs (Construction + Other) | 70.0% |
| Interest Expense | Proportion of Debt Funded Total Development Costs | 7.0% |

Source: Ethos Urban

## Concept Feasibility Findings

The following findings flow from the concept feasibility analysis outlined in Table 8.3 below:

- **At a lower average sales price of $8,500/m², Scenario 1 or Scenario 2 are <u>not</u> likely to be advanced by developers** due to negative residual land values, based on the assumed acquisition and development costs. Holding costs constant, for a both Scenarios to be viable under Lower Price Model ($8,500/m²) the developer margin would be significantly reduced or non-existent. This would result in an unfavourable risk/return differential that would likely:
  - Result in the proponent discarding the project to pursue investment opportunities elsewhere.
  - Inhibit the proponent's ability to secure debt and/or equity capital to fund the project.
- **Increasing density does not improve viability at a price level of $8,500/m².** At this price level, total average development costs per apartment would be higher than the revenue generated per apartment, resulting in a larger loss for every additional storey of development. Critically, if average prices are not greater than total development costs on a price per m² basis, planning changes to height controls are ineffective.
- **Density does unlock viability at higher sales prices.** Once sales revenue reaches a level whereby it is higher than the developer cost on an average per m² basis, the viability of the development increases with every additional apartment or level. Accordingly, the minimum average price per m² to ensure viability is higher under the Scenario 1 (4-levels) than Scenario 2 (8-levels).
- **Feasible apartment developments would need to reflect a premium offering.** As previously noted, an average price level of $10,140/m² and $9,440/m² is required for Scenarios 1 and 2, respectively, to be viable. At these price levels, both Scenarios would represent a premium offering in the Ballarat context aimed at the relatively small segment of the market. In both instances the price of a 2-bedroom apartment would be more than the median price currently paid detached houses in Ballarat's with the exception of those in Lake Wendouree. This means that developers are unlikely to deliver apartments in the CBD that are an attractive and affordable proposition for first home buyers or single persons on lower or moderate incomes. In addition, the incentive for older persons to downsize into a new CBD apartment would be reduced. Accordingly, the market for apartments in Ballarat's CBD will, in the foreseeable future, remain relatively small and niche, and focused on wealthy purchasers who value a CBD apartment for its locational and lifestyle attributes. A significantly share of buyers would likely to be older downsizers who have built up significant wealth in property. It is conceivable that some of these buyers would be purchasing a CBD apartment to complement a lifestyle property such as a beach house.

*Table 8.3 Feasibility Results*

| Calculation | Category | Lower Average Price Level | | Minimum Average Price for Viability | |
|---|---|---|---|---|---|
| | **Category** | **Scenario 1** | **Scenario 2** | **Scenario 1** | **Scenario 2** |
| | Price | $8,500/m² | $8,500/m² | $10,140/m² | $9,440/m² |
| A | Revenue | $31,351,600 | $59,967,900 | $37,407,800 | $66,591,300 |
| | **Development Costs** | | | | |
| B | Construction Costs | $23,845,500 | $44,170,100 | $23,845,500 | $44,170,100 |
| C | Other Costs | $5,313,700 | $9,720,900 | $5,313,700 | $9,720,900 |
| D = (B+C) | **Total Costs** | $29,159,200 | $53,890,900 | $29,159,200 | $53,890,900 |
| E | Developers Margin (18%) | $5,248,600 | $9,700,400 | $5,248,600 | $9,700,400 |
| F = D+E | **Total Development Costs** | $34,407,800 | $63,591,300 | $34,407,800 | $63,591,300 |
| G = A-F | **<u>Residual Land Value</u>** | -$3,056,200 | -$3,623,400 | $3,000,000 | $3,000,000 |
| H | Acquisition/Land Price | $3,000,000 | $3,000,000 | $3,000,000 | $3,000,000 |
| **I = G-H** | **Gap** | **-$6,056,200** | **-$6,623,400** | **$0** | **$0** |

Source: Ethos Urban
Note: Figures rounded to the nearest 100

## Market Implications

The following market implications arise from the feasibility findings previously outlined.

- **Delivering a middle of the market apartment product will be difficult.** At current construction rates, it is unlikely conventional buid-to-sell private developers can deliver apartments that are priced to the middle of the market and affordable to first home buyers on modest incomes, particularly those seeking accommodation that is suitable to start a family such as 2-bedroom or 3-bedroom products. Moreover, single persons seeking affordable 1-bedroom apartments would likely be paying approximately $520,000 or higher (say for a 55m$^2$ apartment). This reduces the size of the market that can afford this product and the trade-off between apartments and houses (with a land component), noting the median price for houses in Ballarat suburbs such as Wendouree, Sebastopol, and Ballarat East, is under this price level ($520,000). Although increasing residential land values may push median house prices up and increase the discount to a 1-bedroom apartment, an uplift in underlying land values would also push viable apartment prices higher than the current level.
- **Opportunity for alternative or affordable housing typologies.** Conventional built-to-sell apartment development in the CBD is unlikely to be priced to meet the needs of students, lower wage workers, and smaller households on low or moderate incomes seeking accommodation in or near the CBD. The opportunity may exist over time for alternative typologies to fill this gap including:
  - **Purpose built student accommodation** (PBSA). Accommodation that is designed and managed to cater specifically for the needs of students. PBSA can be delivered:
    - Independently by the private sector (by companies such as Scape)
    - Or by universities (in isolation or partnerships with developers/funders).
  - **Built-to-rent (BTR)**. To date, BTR development has mainly occurred in capital cities and been positioned at the higher end of the market. However, over time, the BTR sector could evolve and also form part of the residential mix in large regional centres such as Ballarat and include models that are priced specifically to low and middle of the market renters. BTR developments are typically backed by institutional capital (i.e. money from superannuation or pension finds). The ability of the BTR sector to evolve and include more affordable products will be influenced by the cost base including the cost of capital and construction rates.
  - **Co-living**. Co-living is a new residential typology that provides affordable residential accommodation geared to mainly to millennials. Like PBSA, these complexes generally comprise rented studio apartments and common facilities owned by a single company. Residents generally rent their own units and share common amenities such as kitchens, laundry facilities, and outdoor spaces. As this sector matures, it is conceivable that some operators will seek to establish in regional cities such as Ballarat with large student populations.
  - **Key worker housing**. Key worker housing is developed to accommodate specific segments of the workforce that may struggle to access suitable and affordable housing near their workplace. Target groups typically work in occupations that are essential to the function of the community such as health, agriculture or education. Key worker housing can be delivered privately, by government, or through a partnership, and is often priced at a discount to the market.
  - **Affordable housing.** Affordable housing is purpose built to be attainable to households on moderate and/or low incomes. In Victoria, affordable housing is typically developed:
    - By government agencies (such as Homes Victoria).
    - Through partnerships with not-for-profit social and affordable housing providers (i.e. public and community housing)
    - Via Negotiations with private developers (via Section 173 agreements)
    - Via the State Government's Development Facilitation Program (DFP).

The Planning and Environment Act 1987 defines 'affordable' housing as, "*housing, including social housing, that is appropriate for the housing needs of very low, low and moderate income households*". Very low, low and moderate income households are defined in the Act by income ranges.

For those areas outside of Melbourne, including Ballarat, the income brackets are as follows (refer Table 8.3).

*Table 8.3 Very Low, Low, and Moderate Income Brackets*

| Household | Very Low Income Range (annual) | Low Income Range (annual) | Moderate Income Range (annual) |
|---|---|---|---|
| Single adult | Up to $18,380 | $18,381 - $29,400 | $29,401 - $44,100 |
| Couple, no dependents | Up to $27,560 | $27,561 - $44,100 | $44,101 - $66,160 |
| Family (one or two parents and dependent children) | Up to $38,590 | $38,591 - $61,750 | $61,751 - $92,610 |

Source: Planning and Environment Act 1987

In Victoria, no overarching policies exist mandating that developers deliver 'affordable' housing such as inclusionary zoning. Instead, the provision of affordable housing is left to Council's to negotiate directly with developers (typically via Section 173 Agreement). This is means Council can negotiate, if it so desires, with private developers for residential development in the CBD to include an agreed share of dwellings that are 'affordable'.

Inclusion of 'affordable' housing will have feasibility implications for private developers and may necessitate that:

- The balance of dwellings (in a development) be priced higher to offset the losses incurred on the affordable component; or
- The proposed scheme benefits from incentives such as modified development control or planning process efficiencies.

The State Government's DFP now provides an expedited approval pathway for residential development that includes an 'affordable' housing component. In Regional Victoria proposed residential projects must have a development cost of at least $15 million and comprise at least 10% affordable housing to be eligible.

## 8.4 Outlook for Residential Growth

The outlook for residential growth in the CBD is uncertain and will depend on the emergence of a viable apartment market in Ballarat. Apartment developments in the CBD need to be geared to the upper end of the market to be viable due to recent increases in construction costs. This will limit the potential for the number of prospective apartment buyers/renters to increase in Ballarat as a share of overall residential demand.

The opportunity exists, to varying degrees, for alternative residential models to service housing needs not met by conventional built-to-sell apartment developers including BTR, PBSA, Co-Living, and key worker and affordable housing.

The extent to which these models come-online is dependent on a wide range of factors including:

- Changes in Victoria's investment, governance and policy landscape in coming years. Future fluctuations in construction and debt costs and the appetite of government and institutional capital (such as superannuation and pension funds) to invest in non-market housing are factors with potential to shift the dial.
- The intentions of key landowners who may deliver housing for their specific needs such as Federation University and the hospitals (Ballarat Base Hospital and St John of God Ballarat).

Although an expedited DFP pathway is available for residential development that includes an affordable component, it is unlikely this in isolation would unlock a significant supply of affordable apartment dwellings in Ballarat CBD, given the city's apartment market is in its infancy.

Having regard for the above considerations, an alternative scenario for residential growth (Growth Scenario) in the Local Study Area is provided to the id. Consulting projections outlined in Chapter 3 (refer Table 3.2.). The Growth Scenario is an aspirational yet sensible approximation of the extent of residential growth that should be considered in the development of strategic planning policies for the CBD.

In practical terms, it reflects a circumstance in which:

- An average of some 50 new dwellings are developed annually in the Local Study Area from 2023 to 2031 (i.e. 0.5-1 large apartment projects per year, in addition to other less-intensive forms of residential intensification).
- An average of 105 new dwellings are developed annually from 2031 to 2041 (i.e. 2-4 large apartment projects per year, in addition to other less-intensive forms of residential intensification).

Under the Growth Scenario, the Local Study Area's residential population could reach 7,820 persons by 2041, an increase of +2,990 persons on the 2023 level. This equates to increase of approximately 1,500 dwellings (rounded) over the period, assuming average household size of around two persons per dwelling.

*Table 8.4 Forecast Population Growth, Local Study Area*

| Category | 2023 | 2026 | 2031 | 2036 | 2041 | 2023 to 2041 |
|---|---|---|---|---|---|---|
| **Population** | | | | | | |
| Base Case - .id | 4,870 | 4,970 | 5,050 | 5,140 | 5,220 | +350 |
| Growth Scenario | 4,830 | 5,040 | 5,690 | 6,600 | 7,820 | +2,990 |
| **Annual Average Growth (no.)** | | | | | | |
| Base Case - .id | | +30 | +20 | +20 | +20 | +20 |
| Growth Scenario | | +70 | +130 | +180 | +240 | +170 |
| **Annual Average Growth (%)** | | | | | | |
| Base Case - .id | | +0.7% | +0.3% | +0.4% | +0.3% | +0.4% |
| Growth Scenario | | +1.4% | +2.5% | +3.0% | +3.4% | +2.7% |

Source: Ethos Urban; .id Consulting
Note: Figures rounded

# 9.0 Floorspace Capacity Assessment

This chapter summarises the findings of a floorspace capacity analysis for Ballarat CBD undertaken as part of this Project.

## 9.1 Capacity Assessment Background and Methodology

### Assessment Background

The capacity analysis undertaken was based on a preliminary built form framework in Council's Draft *Urban Design Framework* (Draft UDF) issued to the consultant in March 2024. The area to which the built form framework plan in the Draft UDF applies (the UDF Study Area) differs slightly from the Ballarat CBD Study Area (refer Figure 9.1.) in that Federation University SMB Campus is excluded, in addition to land:

- West of Dawson Street South
- West of Doveton Street South and south of Dana Street
- South-east of Humffray Street South and south-east of Porter Street
- South-east of E Street South and Victoria Street
- Mainly bounded by St Pauls Way, E Street South, Barkly Street and Bella Terrace
- Mainly bounded by Dana Street, Anderson Street West, Grant Street and Albert Street.

Some smaller areas in the northern part of the CBD Area which primarily accommodate residential dwellings have also been excluded.

The built form framework had been informed by the following Built Form Vision:

> *The Ballarat CBD will continue to evolve with its highly intact heritage core as the centrepiece with new, contemporary buildings that integrate with and complement, the historic character in terms of design, scale and materials.*
>
> *New buildings adopt a mid-rise character that contributes to the existing streetscapes, maintaining a human-scale streetscape, with upper levels visually recessive and concealed within the streetscape.*
>
> *The prominent, historic landmark buildings, remain the dominant feature of the Ballarat skyline, preserving its identity and character for generations to come.*

In developing the built form framework, a range of elements were assessed by Council officers, including:

- Heritage streetscapes
- Areas of change
- Key view lines
- Streetscape amenity and public realm.

As shown by Figure 9.1, the built form framework plan outlines recommended maximum heights for applicable areas in the CBD. These heights reflect the intent of the CBD Change Areas which comprises Minimal, Moderate and Substantial Change Areas (refer Figure 9.2). The built form framework also outlines maximum street-wall heights (refer Figure 9.3) and minimum upper-level setbacks (refer Figure 9.4). The different sub-precincts within the UDF Study Area that relate to the built form framework are shown by Figure 9.5.

The methodology employed by the consultant to estimate capacity was high-level and involved the following steps:

1. Estimate UDF Study Area's developable area by:
   - Selecting cadastral lots within the UDF Study Area and calculating the land area that relates to each maximum building height area and sub precinct.
   - Removing lots not considered developable due to being:
     - Too small for multi-storey development (i.e. below < 800m$^2$)
     - Strata titled
     - Having a high capital improved value (above $7 million)

- On the Victorian Heritage Register
- A use that is unlikely to be redeveloped such as Ballarat Library or Civic Hall etc.

In some specific instances sites that would be excluded based on the above criteria have been included because they are still considered to represent a significant opportunity for redevelopment, based on conversations with Council.

Just because at site has been excluded doesn't mean it won't be redeveloped for a more intensive use in the future. Rather, it indicates that redevelopment of the site would be more difficult or less likely to occur due to existing constraints (strata ownership, small lot size, or high prevailing capital improved value etc).

For example, the vast majority of Bridge Mall properties have been excluded due to their small area. This does not mean theses lots will never be redeveloped, but instead acknowledges that lot amalgamation would need to occur to unlock redevelopment activity. Sites categorised as developable for the purposes of the capacity assessment are shown by Figure 9.5.

2. Calculate the residential and commercial floorspace by employing the following assumptions:

- Site coverage = 75%
- Gross to Net Floor Area = 80%
- Average floor to ceiling height = 3.5m
- Average dwelling size = 85m$^2$
- Estimate number of levels setback and not setback, based on street wall heights and maximum recommended heights outlined in the Draft UDF.
- Estimated upper-level setbacks (as a % share of overall building footprint) based on preferred minimum upper-level setbacks outlined in the Draft UDF. Typically, the assumed upper-level setback was in the order of 80-90%.
- An assumed split of residential floorspace to other floorspace (commercial/government/community) as follows:
  - Non setback levels: 70% other and 30% residential
  - Setback levels: 20% other and 80% residential.

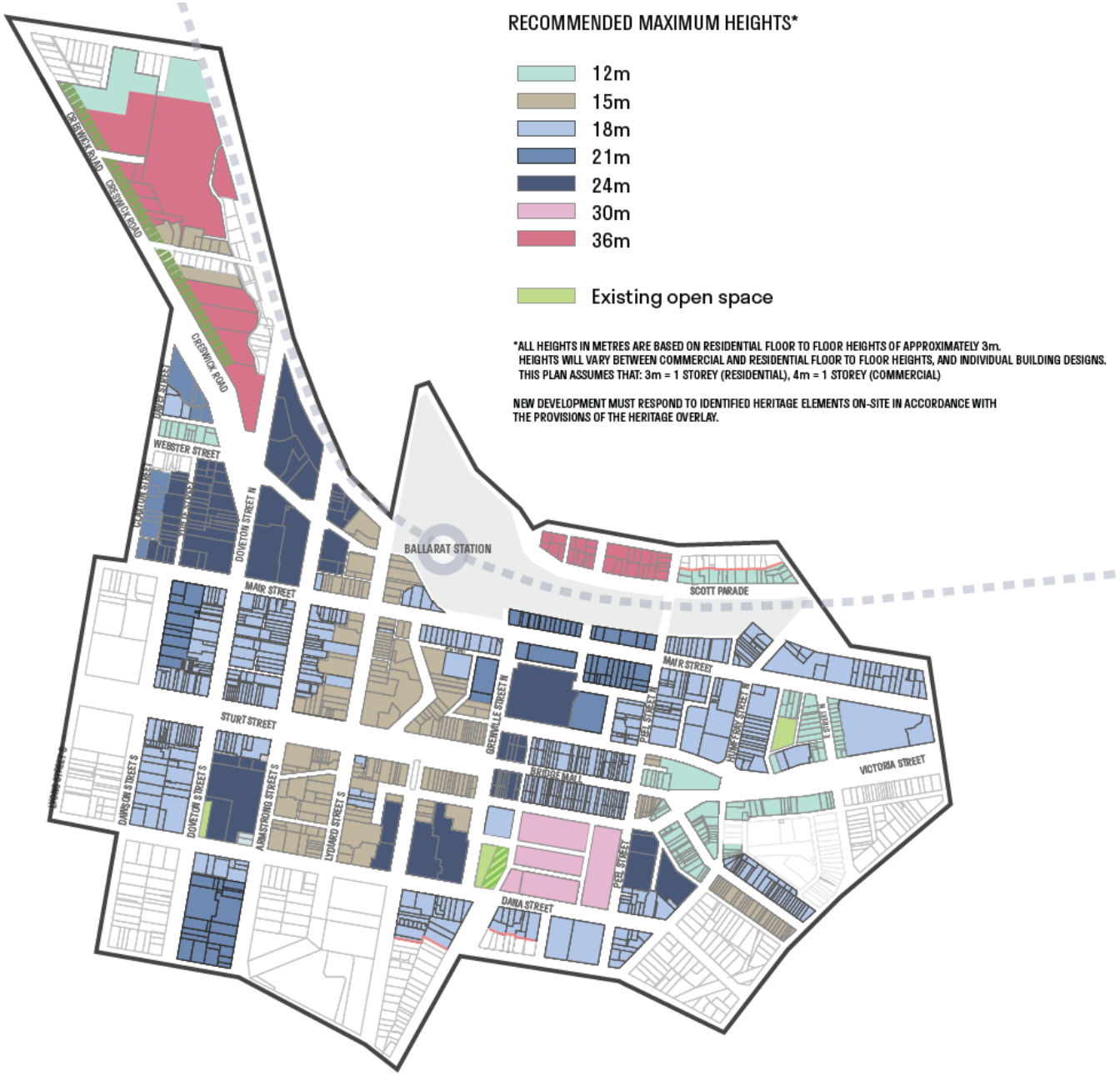
## Qualifications

The analysis represents a high-level estimate of the theoretical capacity at the precinct level and does not account for aspects including:

- Environmental constraints
- The potential amalgamation of small lots (under 800m$^2$)
- Land ownership patterns
- Building separation at upper levels and building depths
- Provision of through site links
- Provision of car parking (below or above ground).

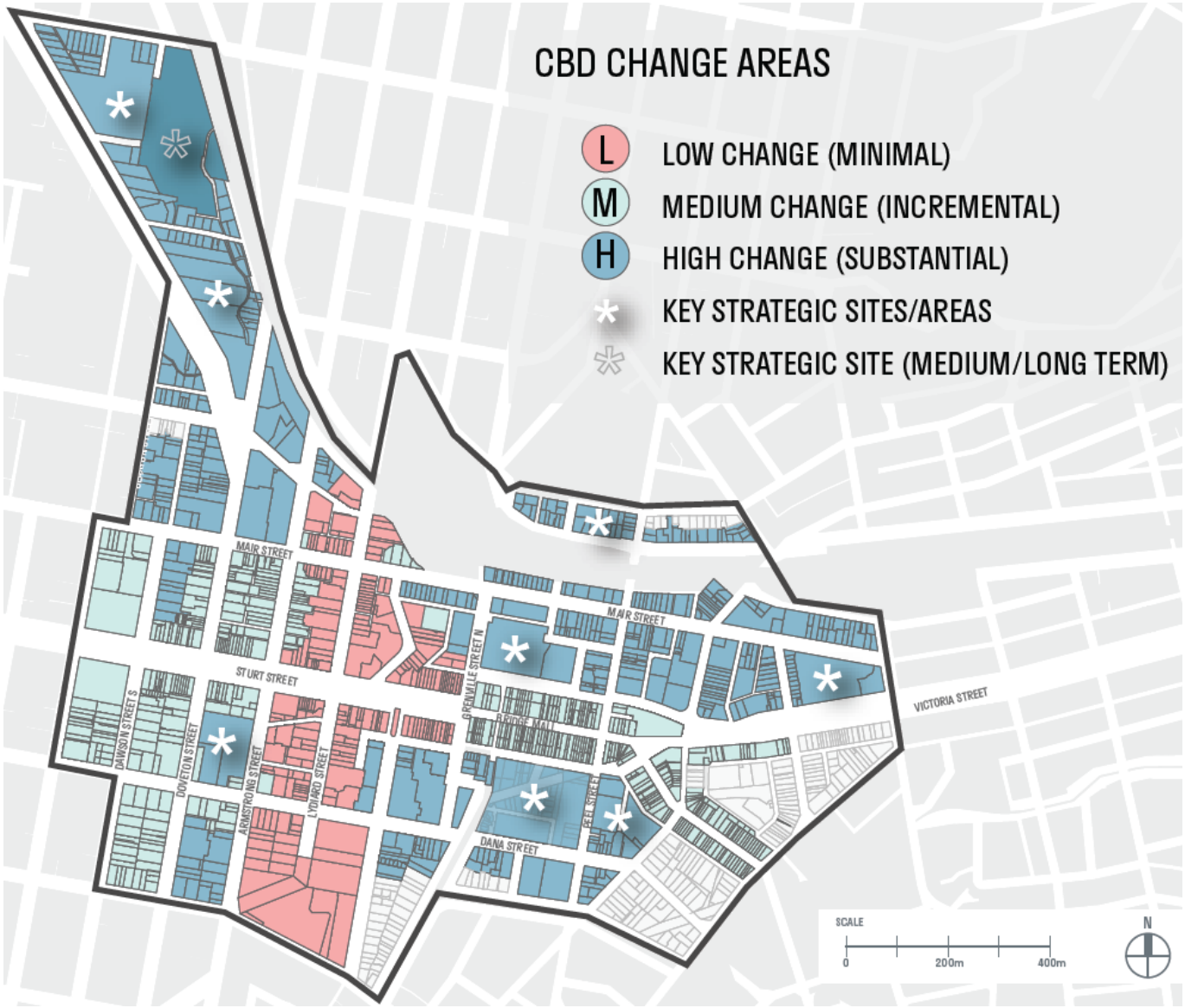
The analysis did not involve detailed modelling in CAD, Rhinoceros, Grasshopper 3D or other similar software.

*Figure 9.1 Built Form Framework Plan – Draft UDF (March 2024)*



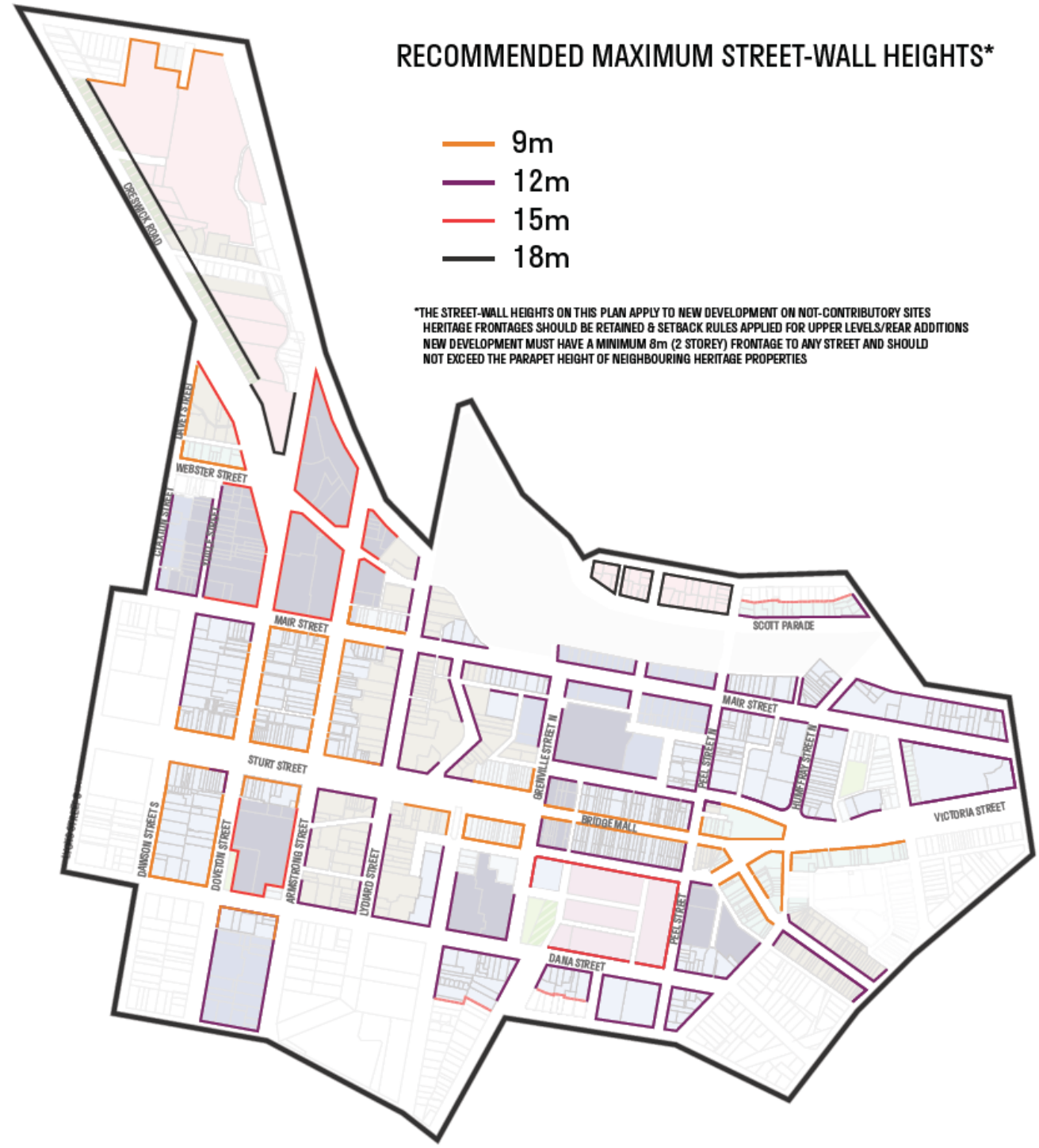

Source: Draft UDF (March 2024)

*Figure 9.2 CBD Change Areas – Draft UDF (March 2024)*




Source: Draft UDF (March 2024)

*Figure 9.3 Maximum Street-Wall Height – Draft UDF (March 2024)*




Source: Draft UDF (March 2024)

*Figure 9.4 Minimum Upper Limit Setback – Draft UDF (March 2024)*



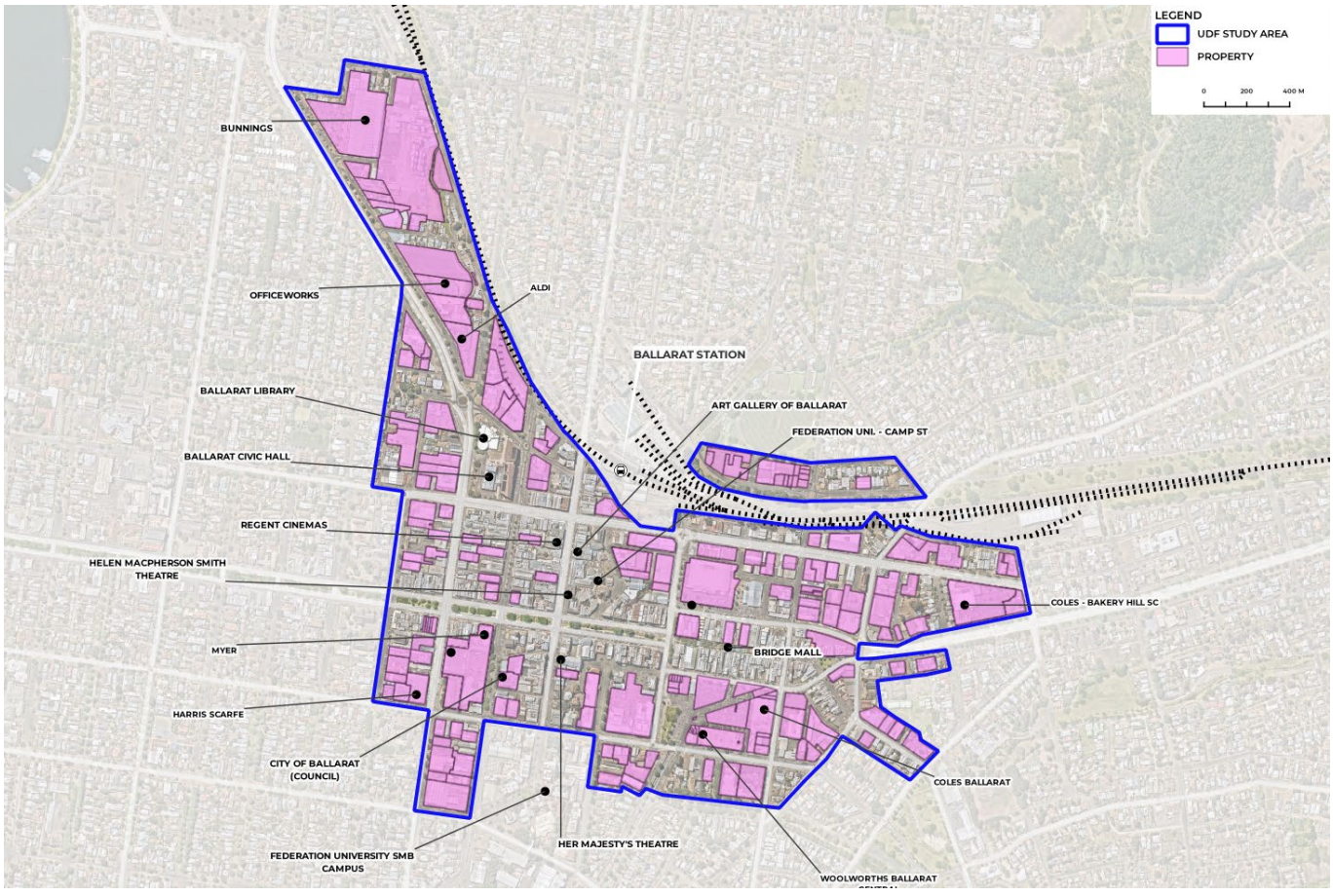

Source: Draft UDF (March 2024)

*Figure 9.5 Minimum Upper Limit Setback – Draft UDF (March 2024)*




Source: Draft UDF (March 2024)

*Figure 9.5 Parcels Categorised as Developable*



## 9.2 Summary of Findings

Approximately 45ha of land is theoretically available for development in the UDF Study Area, accounting for exclusions previously discussed.

Based on the built form parameters outlined in the Draft UDF, the UDF Study Area could theoretically support in the order of 1.1 million $m^2$ of total built floorspace, including:

- Approximately 538,000 $m^2$ of other floorspace (commercial/government/community)
- Approximately 613,500 $m^2$ of residential floorspace (net saleable) supporting some 7,200 dwellings (rounded), based on an average dwelling size of 85$m^2$.

Refer Table 9.1.

Sub Precinct 1 is estimated to have the highest theoretical floorspace capacity (supporting 46% of total theoretical floorspace), followed by Sub Precinct 7 (16%), Sub Precincts 3 (16%) and Sub Precinct 4 (13%).

Sub Precinct 1 covers the northwestern extent of the CBD and includes C1Z land and legacy IN1Z land fronting Creswick Road which accommodates large sites occupied by Bunnings and Allied Mills (an existing industrial use). Sub Precinct 7 includes the Little Bridge Street carpark and the Coles and Woolworths supermarkets and adjoining tenancies. Refer Figure 9.5.

The high-level capacity estimates prepared can be considered optimistic and likely represent an upper threshold of the extent of floorspace that could be accommodated in the CBD. In reality, the floorspace actually delivered will almost certainly be significantly lower. This is due to factors including the likelihood that in some instances envisaged yields won't be achieved due to environmental constraints, and the fact that development is dependent on the intentions of the landowners and investors who respond to market demand and community needs.

***Table 9.1 Estimated Theoretical Floorspace Capacity***

| Category | Residential Floorspace | | Other Floorspace | | Total Floorspace | | Dwellings | |
|---|---|---|---|---|---|---|---|---|
| **Precinct** | **No.** | **%** | **No.** | **%** | **No.** | **%** | **No.** | **%** |
| 1 | 313,100 | 51% | 211,300 | 39% | 524,400 | 46% | 3,700 | 51% |
| 2 | 30,200 | 5% | 20,000 | 4% | 50,200 | 4% | 400 | 6% |
| 3 | 84,900 | 14% | 103,700 | 19% | 188,600 | 16% | 1,000 | 14% |
| 4 | 68,200 | 11% | 77,700 | 14% | 145,900 | 13% | 800 | 11% |
| 5 | 7,400 | 1% | 10,900 | 2% | 18,200 | 2% | 100 | 1% |
| 6 | 15,100 | 2% | 23,200 | 4% | 38,300 | 3% | 200 | 3% |
| 7 | 94,600 | 15% | 91,200 | 17% | 185,800 | 16% | 1,100 | 15% |
| **Total** | **613,500** | **100%** | **538,000** | **100%** | **1,151,400** | **100%** | **7,200** | **100%** |

Source: Ethos Urban

Note: Figures rounded to nearest 100

## 9.3 Capacity Implications

Clearly, Ballarat CBD has the theoretical capacity to accommodate a substantial amount of built floorspace. This is largely a function of:

- The CBD's large land area which reflects historic patterns of commercial development in central Ballarat; and
- Where it has been decided that the CBD starts and ends from a planning perspective.

The CBD's theoretical capacity of 7,200 dwellings and 538,000 $m^2$ in other floorspace (commercial/government/community) significantly overshadows the estimated market opportunity for +34,400$m^2$ of net additional retail and commercial floorspace and +1,500 dwellings by 2041, discussed previously in the report.

Yes, the CBD has plenty of capacity on paper to accommodate anticipated demand and, unlike many other large activity centres, is not constrained by a shortage of potential sites for redevelopment. For Ballarat CBD the key challenges will be:

- **Attracting investment** – noting challenges including the competitive trading environment for retail and commercial uses in Ballarat, and the impact of recent escalation in construction costs on the feasibility of apartment projects.
- **Setting a clear strategic planning direction** – having regard to the size of the CBD and variety of sub precincts, and its evolving role as a mixed-use precinct that balances commercial, retail, residential, entertainment, and arts and culture aspects.

Obviously, appropriate strategic guidance will assist the CBD in attracting investment by clarifying the long-term vision and where different scales of development can occur. In view of the CBD's large area, it is particularly important the new structure plan identifies key redevelopment sites and sensibly articulates, at a high-level, the type of redevelopment that should occur in these areas.

# 10.0 Considerations for the Forthcoming Structure Plan

This chapter summarises important economic considerations that should inform the forthcoming structure plan. Drawing from the analysis and discussion in subsequent chapters it provides a SWOT (strengths, weaknesses, opportunities and threats) analysis, and outlines key economic themes for consideration when refreshing the strategic policy framework.

## 10.1 Ballarat CBD Economic SWOT Analysis

| **Strengths** | **Weaknesses** |
|---|---|
| • Historic role as the highest order activity centre in Victoria's Central Highlands Region.<br>• Diversity of functions including high-order retailing and white-collar employment precinct, entertainment hub, tertiary education and arts precinct, civic and administrative seat, and residential area.<br>• Large land area and prevalence of sites to accommodate anticipated demand for new retail, commercial and residential uses.<br>• Build heritage characterised by prominent Victorian era facades.<br>• Role as regionally significant arts and cultural precinct.<br>• Emergence of Armstrong Street North (between Mair Street and Sturt Street) as café/restaurant hub.<br>• Federation University provides a large institutional anchor.<br>• Direct rail link to central Melbourne. | • The CBD is characterised by hot and cold areas of activity and investment is dispersed across a large area.<br>• Ballarat's poor weather limits potential for al-fresco dining and outside events in exposed areas.<br>• Pedestrian activity and wayfinding between some key attractor land uses is poor due to the disjointed urban structure and large distances between some anchor uses.<br>• Historic retail anchors such as Central Square Ballarat Shopping Centre and Bridge Mall are tired and lack the destinational appeal that they once had.<br>• High instances of shop-front vacancy in particular areas such as Sturt Street and Bridge Mall.<br>• Lack of high quality public open space.<br>• The apartment market in Ballarat is currently small and focused on wealthy downsizers.<br>• Commercial rents in Ballarat are not yet at a level the unlocks the opportunity for regional 'A-grade' standard commercial offices.<br>• Existing strategic policies guiding planning and development in the CBD are not well understood and contain too many actions which make it difficult to discern priorities. |
| **Opportunities** | **Threats** |
| • Strong population growth in Ballarat will drive demand for additional retail and commercial services, and housing, including in the CBD.<br>• The CBD's development pipeline comprises a number of multi-storey mixed-use projects.<br>• Development of the Gov Hub has elevated Ballarat CBD as location for public service jobs.<br>• Continued evolution of the CBD's role and function in response to competition from other centres in the region.<br>• Potential to increase the number of residents, workers and students in the CBD.<br>• Opportunity to grow the night-time economy and entertainment offer.<br>• Prevalence of well-located sites with significant redevelopment potential.<br>• Delivery of higher density housing, including social, affordable, key worker and student housing.<br>• Opportunity for the strategic priorities to be more clearly defined and articulated.<br>• Expansion of Federation University's SMB campus and associate increases in onsite students and staff. | • Ongoing competition from other activity centres in the Ballarat region including MACs at Wendouree and Delacombe.<br>• Recent trend of professional businesses and government entities moving out of the CBD due to a lack of appropriate space (such as Centrelink) is diminishing the CBD's office role.<br>• Risk that the CBD underperforms and detracts from Ballarat's economic performance and perceptions of the wider Ballarat region. |

## 10.2 Considerations for the Structure Plan

The following considerations flow from this report and should inform the preparation of forthcoming structure plan.

- **Ballarat CBD has significant theoretical capacity to accommodate additional floorspace.** The CBD could accommodate in the order of 6,200 dwellings and 583,600m$^2$ in non-residential floorspace based on high-level capacity analysis of the built-form parameters in the Draft UDF. Clearly, this provides sufficient space to support the +34,400m$^2$ in additional retail and commercial floorspace and +1,500 dwellings that are considered realisable by 2041, based on market analysis. Rather than being constrained by a lack of redevelopment sites, the key challenge for the CBD will be implementing a contemporary strategic framework that provides a basis to attract investment and unlock redevelopment of important sites and sub precincts.
- **The extent of additional retail, commercial and residential floorspace likely to be delivered in the CBD is uncertain.** Ballarat CBD's trading context is dynamic because of competing centres in the local region and broader trends impacting street-based activity centres. Although the CBD's retail market share will likely decline over time, the opportunity still exists for it to capture a large share of demand in a growing regional market and observe a substantial level of retail development across the period to 2041. Potential also exists for the CBD's office market to undergo a step change focused on delivery of prime-grade space for government departments and larger private businesses, and for the commercial accommodation and entertainment sectors to increase. Increasing the number of residents in the CBD through the development of apartments is an important opportunity that will generate flow-on benefits to other sectors (i.e. retail and entertainment). However, feasibility challenges in the development sector, such as high construction costs, will impact on the ability of Ballarat CBD to attract investment in the near-term.
- **The CBD must continue to evolve to remain relevant and competitive.** Evolution of large regional CBDs in the face of competition is normal as demonstrated by Mildura and Shepparton. For Ballarat CBD, a strong opportunity exists to strengthen its role as an entertainment, hospitality and white-collar employment precinct, as opposed to a centre narrowly geared to comparison shopping. The CBD's continued emergence as an arts and visitor economy-based precinct (including associated visitation) and growth in the resident, worker and student populations are all factors that will assist in driving an evolution in the land use mix. The diversity of functions performed by the CBD is an existing strength that clearly differentiates it from competing centres such as MACs at Wendouree and Delacombe.
- **A clear strategic direction is needed.** The preparation of a new structure plan for Ballarat CBD is timely. Currently, the large number of strategic policies and actions that relate to the CBD makes it difficult to discern what the priorities are. The new structure plan provides an opportunity to review and consolidate current existing policies and set a refined strategic direction that is more clearly articulated. A less is more approach when identifying strategic priorities and actions would be sensible.
- **Identify redevelopment precincts that will be a priority for investment.** The CBD encompasses a large area with a range of sub-precincts – each with their own land use mix, character and identity. Future investment will be dispersed rather than concentrated in one or a handful of locations. Notwithstanding this, the CBD has a number of large strategically located sites that, if redeveloped at a high standard to their future market potential, would likely be a catalyst for further investment in the immediate area and the broader CBD. These strategic development sites include Little Bridge Street car park, Peel Street redevelopment site, Big W/Dan Murphy's site, Humffray Street South redevelopment site, sites fronting Mair Street accommodating the Good Guys and JB Hi Fi, the Rebel (sporting goods) site, and the Allied Mills site. These sites are characterised by their large size, consolidated ownership, and/or location within walking distance to the CBD's central core. Although they offer potential to be developed for an intensive mix of uses in the longer term, it may take some time for market conditions to materialise for this to occur, particularly in view of the high-construction costs impacting the development sector. In the meantime, bulky goods retailing, showrooms, or similar uses are a sensible interim solution because they are relatively cheap to construct (and knockdown) and do not prejudice the higher-order redevelopment opportunity in the long-term by scrambling the ownership pattern. The preparation of the forthcoming structure plan should identify key development sites and the indicative long-term development opportunity.
- **Appropriate flexibility is warranted.** While Ballarat CBD will continue to evolve and revitalise, the scale of investment that will occur in the lifetime of the forthcoming structure plan is uncertain due to the dynamic market and investment conditions. Accordingly, the forthcoming structure plan will need to reflect a sensible level of flexibility to ensure future economic development opportunities are not precluded by rigid land use guidance.

- **The expansion of the Federation University's SMB Campus is a major opportunity to stimulate economic development.** Federation University's plans to rationalise its operations in Ballarat and redevelop the SMB campus will significantly increase the number of students and (university) worker in the CBD. This will deliver flow-on benefits to the retail, entertainment and hospitality sectors, assist in stimulating the night-time economy, and increase the number of residents in the CBD.