

## Report to the Future Melbourne Committee

Agenda item 6.4

### Shopfronts Activation Update

3 August 2021

**Presenter:** Andrew Wear, Director Economic Development and International

#### Purpose and background

1. The purpose of this report is to provide an update on the Vacant Shopfront Activation program (the Program) that will be delivered as part of the planned approach to activate retail precincts and vacant shopfronts across the City of Melbourne.
2. Precincts are a large and vital component of the retail, commercial and visitor landscape in Melbourne. When strong and vibrant they stimulate foot traffic, spending and consumer confidence. These areas are hubs for generating new employment and business growth.
3. In May 2021, approximately one in five shops across the City of Melbourne were vacant or temporarily closed due to COVID-19. It is likely that the vacancy rate will rise as a result of subsequent lockdowns that commenced on 28 May and 15 July.
4. By reinvigorating vacant shopfronts, the social, economic and cultural benefits of our precincts can be protected and enhanced. Similar programs in other cities have generated these benefits and have provided an opportunity to catalyse creative industries in an environment that promotes continual renewal and innovation.
5. The Program is a key initiative to support areas to recover and prosper following the crippling impacts on small business, customer numbers and trade throughout the COVID-19 pandemic. It is a core component of a broader Precinct Support and Activation program that includes additional financial assistance to Precinct Associations and the delivery of a Creative Shopfront program that has involved artworks and decals featuring local artists.
6. The Program is being delivered in partnership with the Victorian Government as part of the \$100 million Melbourne City Recovery Fund.
7. The Program delivers on Major Initiative 1 ('Continue to strengthen Melbourne's economic recovery') from the Council Plan 2021-25 and Key Priority 1 ('A business-friendly city') from the Economic Development Strategy 2031.

#### Key issues

8. A survey of approximately 410 businesses was undertaken in May and June 2021 to gather business sentiment about the impacts of COVID-19. 72 per cent of respondents stated that their business was under immense stress or only just surviving and 72 per cent stated that it would take more than a year for their business to recover. This survey was conducted during the fourth lockdown announced on 28 May and prior to the fifth lockdown announced on 15 July.
9. Following a City of Melbourne tender process, the following providers were invited to sit on a panel of suppliers to activate vacant shopfronts in parts of the city that are facing serious long-term economic challenges:
  - 9.1. *The Place Agency* - A place activation consultancy that specialises in transitioning places through short-term tactical interventions into spaces to deliver a measurable impact for the local community.
  - 9.2. *The City Renewal Collective* – A consortium involving Renew Australia, Village Well, Design Jam, Pop Creative and SGS Economics & Planning.
  - 9.3. *Ginnane & Associates* – A retail, place and activation firm that works with State and Local Governments, Industry Associations and Communities that are undergoing rapid change and deterioration.
  - 9.4. *VEE Agency* – An experiential marketing and events agency whose core work is around activation of the private and public realm.

10. A budget of \$2.6 million has been assigned to the Program. Providers will initially focus on activating 75 shopfronts across Docklands (including Victoria Harbour and New Quay), retail relevant segments of the CBD and Lygon Street, Carlton over a 12 month period. These areas have been deemed 'most at need' via data collected through the monthly vacant shopfront audits and anecdotal evidence gathered through other engagement platforms such as the Business Concierge service and Precinct Association consultation. A contingency amount is being held so that the program can shift focus to additional areas as the need emerges.
11. The primary key performance indicator will be the number of activated shopfronts over the life of the Program. However other metrics will also be used to assess the success of the Program, including City of Melbourne Pedestrian Sensor traffic, spend data and sentiment data collected from Precinct Associations, new tenants, neighbouring businesses and consumers.
12. The expectations of the Program will be continually monitored to ensure investment and funding has time to mature, in each of the 'most at need' areas.
13. Engagement with key stakeholders, including Precinct Associations, managing agents, property owners, creative practitioners, the retail and service sectors and other Program specific organisations (eg. Tertiary institutions) commenced on 2 August.
14. Each service provider will implement a suite of short term activations to longer term occupancy options. These will be delivered in a way that contributes to the precinct's vision (eg creation of a fashion precinct). Examples of activation and occupancy strategies include:
  - 14.1. *Shopfront Activation* – E.g. Lighting display or static façade activity, QR codes incorporated into artwork, window displays of products from local businesses.
  - 14.2. *Pop up/ Prototype location/ community hub/ maker space* – E.g. 3D installations in windows, short term leases/license agreements that provide a test environment for university students or a multipurpose community space.
  - 14.3. *Tenanted vacant shop* (up to 12 months) for small or micro businesses to get into the market on favourable rental terms – E.g. artist in residence conducting classes in a makers space or start-up business looking to set up a shopfront.

#### **Recommendation from management**

15. That the Future Melbourne Committee:
  - 15.1. Notes the progress to date of the Vacant Shopfront Activation Program.
  - 15.2. Requests that management provide an interim report for the Future Melbourne Committee in February 2022, outlining program achievements to date.

#### **Attachments:**

1. Supporting Attachment (Page 3 of 3)

## Supporting Attachment

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### Legal

1. There are no direct legal issues arising from the recommendation from management

### Finance

2. The Program is being delivered in partnership with the Victorian Government as part of the initial \$100 million Melbourne City Recovery Fund established 2020-21.
3. A competitive public market tender was issued, submissions were evaluated, once suppliers met all contractual conditions they were appointed to the panel.
4. There are no other direct financial implications resulting from this report.

### Conflict of interest

5. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a material or general conflict of interest in relation to the matter of the report.

### Health and Safety

6. Each third party engaged will be required to submit risk documentation for activity conducted in their allocated areas.

### Stakeholder consultation

7. Stakeholder consultation will be undertaken by consultants in their allocated areas. Engagement will include consultation with Precinct Associations, property owners, real estate industry, local businesses, tertiary institutions and creative sector organisations.

### Relation to Council policy

8. Recommendations are consistent with the Council Plan 2021-25 and Economic Development Strategy 2031 major initiatives.

### Environmental sustainability

9. In supporting the Program, all efforts will be made to consider, address or otherwise realise environmental sustainability issues and opportunities.