City of Port Phillip

St Kilda Triangle

Potential Live Music / Performance Venue

Market Sounding Report

FINAL for Public Issue

REPORT PREPARED BY M21 ADVISORY PTY LTD
IN CONJUNCTION WITH PATRICK DONOVAN CREATIVE CONSULTING

March 2023.

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1. Executive Summary

Introduction and Background

The St Kilda Triangle, located next to the Palais Theatre in St Kilda, is a unique opportunity as one of Melbourne's last bayside renewal sites. It is currently a car park.

The St Kilda Triangle Project has essentially been on hold since Council's adoption of a Masterplan in 2016 which reflected the Council and the community's agreed future aspiration for the development of the Triangle site.

In late 2021, Council resolved to undertake some planning and sought a report from council staff on next steps. In September 2022, Council resolved to assess the viability of a live music led and/or flexible performance venue development on the St Kilda Triangle site.

Patrick Donovan Creative Consulting (**PDCC**) and M21 Advisory (**M21A**) have been appointed by Council to engage the creative industries sector as the first step in progressing the Project Objectives and informing future steps as part of Stage 1 of the Project - the feasibility study that assesses the viability of a live music led and/or flexible performance venue development on the St Kilda Triangle site.

Purpose and Objectives of the Market Sounding

In support of the resolution by Council officers developed a range of project objectives that were presented to and accepted by Council. Key objectives included the undertaking of a Market Sounding exercise:

Investigate how a new live music and/or flexible performance venue could be delivered within the spirit and intent of the masterplan, considering the specific requirements of such a venue, probable costs and delivery models by:

- *Undertaking a robust creative industries (live music, performance and events) market testing exercise using commercial and specialist creative industry expertise to assess demand, complementary uses and operational requirements*
- *Using the research from the market sounding to inform a design process that produces options for a performance venue and complementary uses that are iteratively assessed for commercial viability in terms of attractiveness to and capacity of the market, development costs, government funding opportunities and various financial models*

The purpose of the market sounding is threefold.

Firstly, to engage a range of participants in the live performance industry (primarily promoters) to obtain their views regarding the level of demand for various types of live performance venues that is not currently met by the range of venues currently available in Melbourne.

Secondly to develop an understanding of the expected requirements of a venue on the St Kilda Triangle site in terms of size (site area), capacity (patron numbers), format (i.e., seated and/or standing or flexible), any critical infrastructure or design features, and the need for related and complementary uses or facilities.

And thirdly, to obtain feedback from the industry on issues that are critical to assuring a high level of industry acceptance or support, or, conversely, would undermine the success of the venue.

At this stage, it is not intended to carry out a detailed examination of industry views regarding the commercial or financial structure of the possible live performance venue. This would be carried out separately as part of the transaction design phase (designing the development and contracting strategy) if Council decided to progress to further stages in the project including an approach to market with the opportunity.

Methodology

The approach to the market sounding was as follows:

There were two processes carried out in parallel to engage industry and obtain focussed feedback that is relevant and useful in the context of the project objectives to inform Council's decision-making processes.

Firstly, a series of face-to-face meetings were carried out by M21A supported by PDCC. These were with major live music and entertainment promoters representing a range of live performance genres. The interviewees were selected because through their array of experiences in the performance industry providing a balanced industry viewpoint, they have a sound understanding of current and future needs including where they are not being met, and are particularly interested in providing advice to best support live music and performance generally.

Four participants were selected for the face-to-face interviews. Their companies and the reason for their inclusion are listed in the Table 1 below.

	Organisation	Individual(s)
1	Live Nation/Ticketmaster	Mark Vaughan, head promoter
2	TEG/Dainty (Ticketek)	TEG Live MD Tim McGregor
3	Destroy All Lines	MD Chris O'Brien
4	Hardware Group	CEO Ritchie McNeil

Table 1 – Market Sounding Interview Participants.

The second process was to work in conjunction with live performance industry representative bodies to broaden the reach of the market sounding. Live Performance Australia (**LPA**), the Live Music Business Council of Australia (**LMBCA**) and Music Victoria (**MV**) were each invited via PDCC to work with Council to survey their considerable membership to obtain a wider range of views about a possible venue on the site.

The approach used was as follows:

- PDCC introduced the idea to Live Performance Australia (LPA), Live Music Business Council of Australia (LMBCA) and Music Victoria (MV)
- PDCC and Council agreed separately with LPA,LMBCA and MV the process and timing of the survey
- LPA, LMBCA and MV worked with PDCC to identify the parties to participate – over 30 parties that have a clear interest, have the capacity to respond and can provide a comprehensive view across the organisations. This approach was also intended to avoid superficial responses or views that are unrepresentative of expected users of the venue to skew the results of the survey.
- PDCC and Council agreed the questions to be asked in the survey (refer Attachment 3 below). Council finalised the questions and developed a questionnaire using a web-based survey program to support the process.
- PDCC forwarded a link to the survey to LPA LMBCA and MV for distribution to their agreed survey participants, supported by information written by the Project team.
- 15 parties responded.
- When completed, the survey results were collated by the City of Port Phillip (**CoPP**) team members and shared with PDCC and M21 for inclusion in this report.

In addition to this, PDCC consulted with 14 key St Kilda live music stakeholders to report on the current state of the live music landscape, and their expectations of what the proposed new development would have on the market. These findings were delivered in a separate report to Council.

Limitations to the Process

In the context of the timeline set for this exercise, the market sounding process has been highly effective in obtaining a range of views from industry participants by both surveys and face-to-face interviews.

While the market sounding has been carried out in a careful and diligent manner, it has taken place in a relatively short timeframe to meet program requirements. Accordingly, there are some limitations on the findings set out in the report which are important to acknowledge. .

Notwithstanding, none of these matters should undermine the advice provided by the organisations and individuals that participated and whose views contributed to the findings of this report. However, it is strongly advised that as the project is developed and further decisions are contemplated, CoPP should revisit aspects of the market sounding to ensure the environment has not changed and that any specifications pertaining to the Project is broadly reflective of the industry's needs.

As an example of how dynamic the industry is, we note that in the final stages of preparing this report, it was announced that a major venue operator, Live Nation, appears to have agreed a lease arrangement with the owners of Festival Hall in West Melbourne to run the venue for an undisclosed period of time. The details pertaining to the lease do not appear to be public knowledge. While we don't think this development has a significant impact on any of our findings, it underlines the view that the market, both on the venue availability and venue demand side, can change quickly.

Key Observations and Findings

We have summarized below the key findings from the market sounding under the following headings:

- State of the live performance industry
- Availability of venues and current gaps in the market
- Location – appeal of St Kilda
- Venue size and configuration, features and attributes
- Management Structure and Operation

State of the Live Performance Industry

Early in the engagement with industry when preparing the market sounding process it became clear that the live performance market falls into several segments so far as demand for venues is concerned. These include:

- live music,
- comedy,
- theatre and musical theatre,
- opera,

- e-sport and
- combat sports.

It also became clear that some of these segments occupy venues for relatively long seasons, have quite specific requirements and have their needs currently met by purpose designed and built venues (e.g. theatre and musical theatre, opera). Other market segments and performance types are based around tours which use adaptable venues and have relatively low levels of demand either in terms of audience size or numbers of dates required. Comedy, e-sports and combat sports would be included in this category.

Live music was the specific market segment where there was a consistent relatively high level of demand for venues. It follows therefore that the feedback obtained in the market sounding focussed heavily on the live music segment.

The key observations with respect to the state of the industry from the market sounding can be summarised as follows:

- Live performance market is extremely strong
- This is partly to do with Covid backlog but primarily due to patron demand for live shows increasing post Covid
- Most promoters believe that the increase in demand is sustainable
- However, costs have increased significantly post Covid (insurance premiums, increased labour, airline and freight costs and event staff shortages)
- Exacerbated by many experienced workers leaving the industry in recent years

Availability of venues and current gaps in the market

The key observations with respect to the availability of venues and current gaps in the market from the market sounding can be summarised as follows:

- Greater Melbourne has one of the largest number of live music venues in the world.
- Melbourne is well served with a range of smaller venues, pubs and clubs. It also has larger format stadium venues to suit the small number of acts that demand that type of venue. However, there is nothing viable between the Forum (2,000 patrons) and Margaret Court Arena (5,500) in terms of scale.
- Promoters consistently indicated that the key gap in Melbourne is an indoor venue of 2,000 - 6,000 capacity standing capacity. Based on the further observations below (particularly the ability to scale down for certain events), the consensus was that a venue of 3,000 – 5,000 would be optimum. Council should also test a 6,000 capacity venue on the site. There will need to be some seating capacity, however, the extent to which the venue is flexible in its provision of seating is to be explored.
- Margaret Court Arena, whilst having a capacity of 5,500, has a high proportion of fixed seating (due to sporting requirements) and smaller floor areas thus not being able to accommodate the 3,000-5,000 on floor shows. It is also not available in the summer season due to tennis.
- Festival Hall at 5,400 total capacity, sits between Margaret Court Arena and a number of smaller venues but despite its tradition of hosting live music, its current condition, poor

location, limited GA capacity at 2,600 and limitations on its use imposed by the current owners (who regularly use the venue) mean that it is not seen as an attractive venue by promoters. We note that while completing this report, it was announced that Live Nation have taken on the role of venue manager under a lease. It is not clear what the term of the lease is or what changes, if any, can be expected at Festival Hall other than we understand that it will continue to be used by the current owners for Sunday services.

- New outdoor venues in the City of Port Phillip such as the Port Melbourne Industrial Centre for the Arts (PICA, 3700), Timber Yard (2,000) and Riva (3,000) in the St Kilda Marina are being used for large rock, dance and country music shows, but they lack infrastructure and are therefore costly to use, require large numbers of between 3,000 and 4,000 to break even and are generally limited by the EPA to six events per year. They are also predominantly outdoor limiting the times of the year the venue can be used.
- Promoters indicated that due to the lack of venues in Melbourne, artists are forced to stage multiple shows resulting in at less efficiency and higher costs.
- The Hordern Pavilion (with a capacity of 5,500 GA, flexible stage, ability to easily change venue size without loss of atmosphere, in-situ removable bleachers and high quality sound and lighting) and the Fortitude Valley Music Hall (purpose built for live entertainment with a capacity of 3,000 GA) were both consistently highly rated as ideal comparable venues.
- The overwhelming majority of respondents preferred an indoor venue and said they would look to stage (in priority order) contemporary live music, comedy and classical music or theatre.
- From responses, it is broadly predicted that the venue would be used by music promoters between 100 and 150 nights a year, however, the demand and usage advice from the market sounding provides only anecdotal evidence which may not be reliable.

<u>Location – Appeal of St Kilda</u>

The key observations with respect to the appeal of St Kilda as a location from the market sounding can be summarised as follows:

- St Kilda is overwhelmingly supported by promoters as a live music location.
- Acknowledgement that in recent years the northern suburbs and near-CBD locations have grown in popularity as live music options.

<u>Venue size and configuration, features and attributes</u>

In the face-to-face interviews, the promoters when asked to list their top venues, concurred that Fortitude Music Hall and Hordern Pavilion were at the top, with the addition of Hammersmith Apollo in London. The survey results were consistent in listing Hordern Pavilion and Fortitude Music Hall.

A summary of the main requirements for venue features configuration and attributes that emerged from the market sounding are set out in Table 6 in the body of the report. This has been prepared to assist design studies that may occur as part of Stage 1 of this process and reflect the feedback from the market sounding in a way that can be interpreted and reflected in a concept layout for the site. It should be noted that the matters identified in the table reflect the views of the interview participants and survey responses and these are derived from promoters (not venue managers, urban planners or any other input from Council).

When asked what other facilities promoters would like to see on the St Kilda Triangle site, 86 per cent of survey respondents said cafes, bars and restaurants, 67% said public/green space, 60 per cent said other entertainment venues and 13% indicated a desire for other retail and accommodation. In terms of other facilities in the venue itself, 86 per cent said cafes, bars and restaurants, 65 per cent said a merchandise shop, 35 per cent said offices, and 28 per cent said rehearsal and recording studios.

In terms of features and facilities as part of the venue there was strong support among survey respondents and interview participants for bars, cafes and restaurants.

However, it was also noted that St Kilda had the benefit of vibrant café and restaurant precincts in Fitzroy and Acland Streets which was seen as an appealing aspect that would support the popularity of the venue. In relation to on-site parking, there was a range of views detailed further in the report. On balance, the feedback from the market sounding was that onsite parking was not an absolute requirement. However, all agreed on the importance of space and parking for production vehicles and crew.

The market sounding process explored the possibility of a temporary venue on the site (for say 2 to 5 years). The overwhelming response to the option of a temporary venue for the site was that it would not be attractive for promoters. The reasons given included:

- The atmosphere and quality of any venue (including a temporary venue) are of high importance in attracting patrons to shows. This is difficult to do in a temporary venue;
- The long-term reputation of the Triangle site as a live music location may be negatively impacted if the temporary venue is inferior to other established venues; and
- Acknowledgement that even if a temporary venue was successful, there would be another long hiatus period when the permanent venue is being constructed.

<u>Management Structure and Operation</u>

The key observations with respect to the management structure and venue services derived from the market sounding can be summarised as follows:

- Further detailed engagement with promoters and particularly venue operators will be necessary for CoPP to develop a comprehensive appreciation of what should be included or not in the venues operating framework.
- Market sounding participants (other than the vertically integrated businesses) are strongly supporting of independent venue operations. This appears to be key point of contention between the different parts of the industry.
- The venue service needs and equipment requirements vary widely from show to show and therefore flexibility in the design as well as specification of the venue's fit out and equipment is important. It is very difficult and potentially wasteful to create an inflexible set of management and service arrangements.
- There are a number of options for Council to consider if it pursues a development of live performance venue at the St Kilda Triangle site regarding type of venue operator

(independent vs integrated), ticketing and other operational aspects. This needs to be thoroughly examined in the next phase.

- The option of a temporary venue on the site for a number of years was not supported by respondents.
- Further detailed engagement with promoters and particularly venue operators will be necessary for CoPP to develop a comprehensive appreciation of what should be included or not in the venues operating framework.

2. Introduction & Background

In 2016 Council adopted a Masterplan for The St Kilda Triangle which reflected the Council and the community's agreed future aspiration for the development of the Triangle site. The St Kilda Triangle Project (**Project**) has essentially been on hold since this time.

In late 2021, Council resolved to assess the viability of a live music led and/or flexible performance venue development on the site.

In September 2022, Council officers developed a range of project objectives that were presented to Council. Key objectives included the undertaking of a Market Sounding exercise:

1) **Investigate how a new live music and/or flexible performance venue could be delivered within the spirit and intent of the masterplan, considering the specific requirements of a such a venue, probable costs and delivery models by:**
    - Undertaking a robust creative industries (live music, performance and events) market testing exercise using commercial and specialist creative industry expertise to assess demand, complementary uses and operational requirements;
    - Using the research from the market sounding to inform a design process that produces options for a performance venue and complementary uses that are iteratively assessed for commercial viability in terms of attractiveness to and capacity of the market, development costs, government funding opportunities and various financial models;
    - Defining the area and scale of development including building footprint, heights, open space and public realm elements, and area and extent of carparking; and
    - Testing temporary music led or alternative opportunities/venues in addition to permanent options.
2) **Present deliverable and feasible options for the site by:**
    - Engaging design & planning, commercial advisory and music/creative industry specialists to support the investigations and the iterative determination of options and associated detailed analyses;
    - Determining the most suitable planning pathway to enable the desired outcome and give Council and the market certainty; and
    - Undertaking early detailed planning to understand the path/s for realistic outcomes by producing a development and contracting strategy that outlines how the outcomes of the design process may be realised and continue to be sustainable, supported by a preliminary procurement plan.
3) **Implement a process for the initial stage of the project (Stage 1) with an effective level of governance and foresight that considers the success of possible future stages and instils confidence in decision-makers and the community by:**
    - Partnering with government agencies and aligning with Victorian Government objectives for the creative industries to obtain support to progress a development that offers local and state-wide benefits;

- Developing a tailored approach to project governance and probity that supports Council's needs to communicate while maintaining ethical practice and values of fairness and transparency;
- Informing the community as the key project steps progress and outcomes are achieved;
- Considering engagement approaches that offers genuine opportunities for community feedback as part of possible future stages; and
- Presenting options for the development of the site supported with detailed rationale, evidence from the research and recommendations for endorsement by Council in their consideration of subsequent project stages.

PDCC and M21A have been appointed by Council to engage the creative industries sector as the first step in progressing the Project Objectives and informing future steps as part of Stage 1 of the Project - the feasibility study that assesses the viability of a live music led and/or flexible performance venue development on the St Kilda Triangle site.

3. Purpose and Methodology

The purpose of the market sounding is threefold.

Firstly, to engage a range of participants in the live performance industry (primarily promoters) to obtain their views regarding the level of demand for various types of live performance venues that is not currently met by the range of venues currently available in Melbourne.

Secondly, to develop an understanding of the expected requirements of a venue on the St Kilda Triangle site in terms of size (site area), capacity (patron numbers), format (i.e. seated and/or standing or flexible), any critical infrastructure or design features, and the need for related and complementary uses or facilities.

And thirdly, to obtain feedback from the industry on issues that are critical to assuring a high level of industry acceptance or support or, conversely, would undermine the success of the venue.

At this stage, it is not intended to carry out a detailed examination of industry views regarding the commercial or financial structure of the possible live performance venue. This would be carried out separately as part of the transaction design phase (designing the development and contracting strategy) if Council decided to progress to further stages in the project including any formal approach to market with the opportunity.

The approach to the market sounding was as follows:

There were two processes carried out in parallel to engage industry and obtain focussed feedback that is relevant and useful in the context of the project objectives to inform Council's decision-making processes.

Firstly, a series of face-to-face meetings were carried out by M21 Advisory supported by PDCC. These were with major live music and entertainment promoters representing a range of live performance genres. The interviewees were selected because through their array of experiences in the performance industry providing a balanced industry viewpoint, they have a sound understanding of current and future needs including where they are not being met, and are particularly interested in providing advice to best support live music and performance generally.

A package of background information, an indication of the main topics and questions to be covered in the meeting and protocols for engagement was sent to each participant a day or two before the scheduled meeting. Incorporated in the information package was a set of protocols developed in conjunction with a probity advisor to support the meetings and ensure that any subsequent competitive processes are as fair as possible (should they proceed).

Five suggested participants were initially selected. Their companies and the reason for their inclusion are listed in the Table 4 below. One of the five withdrew from the interview process due to current business pressure associated with a large tour being managed between Australia and New Zealand at the time of the market sounding. However, they advised that they would complete a survey in lieu.

The meetings each took place over an hour. Notes of the meetings were kept to support the compilation of this report but to ensure a free-flowing exchange and not constrain the views expressed, the sessions were not recorded.

The second process was to work in conjunction with live performance industry representative bodies to broaden the reach of the market sounding. Live Performance Australia (**LPA**), the Live Music Business Council of Australia (**LMBCA**) and Music Victoria (**MV**) were each invited via PDCC to work with Council to survey their membership to obtain a wider range of views about a possible venue on the site.

The approach used was as follows:

- PDCC introduced the idea to Live Performance Australia (LPA), Live Music Business Council of Australia (LMBCA) and Music Victoria (MV)
- PDCC and Council agreed separately with LPA,, LMBCA and MV the process and timing of the survey
- LPA, LMBCA and MV worked with PDCC identified the parties to participate – over 30 parties that have a clear interest, have the capacity to respond and can provide a comprehensive view across the organisations. This approach was also intended to avoid superficial responses or views that are unrepresentative of expected users of the venue to skew the results of the survey.
- The parties to be surveyed should not appear on more than one of the LPA, LMBCA and MV lists or have participated in the face-to-face interviews.
- PDCC and Council agreed the questions to be asked in the survey (refer Attachment 3 below). Council finalised the questions and developed a questionnaire using a web-based survey program to support the process.
- PDCC forwarded a link to the survey to LPA LMBCA and MV for distribution to their agreed survey participants, supported by information written by the Project team.
- 15 parties responded to the survey.
- When completed, the survey results were collated by the CoPP team members and shared with PDCC and M21 for inclusion in this report.

The methodology and timetable adopted for the market sounding is summarised in Table 3 below

Activity		Description	Timing
1	Planning	Preparation of this Strategic Outline of the market sounding process and obtain probity endorsement and agreement of CoPP. Includes list of industry participants to be asked to attend face to face meetings. Includes development of market sounding background information and key questions to be canvassed.	By 3 Feb Approval by 8 Feb
2	Prepare Industry Survey Approach and Questions	Prepare and agree questionnaire / survey type information and questions to support Peak Bodies (LPA LMBCA and Music Vic) to make a targeted industry representative submission as part of the process	By Feb 8
3	Issue Survey	Through LPA, LMBCA and MV, issue survey to obtain wider industry views	Issue Feb 10 Close 22 Feb Extended to 24 Feb
4	Issue Pre-meeting information.	Issue background and information to market sounding participants	10 to 15 Feb (2 days before meetings)
5	Carry out Market Sounding Meetings	Carry out face to face meetings	13 to 17 Feb Extended to 27 Feb to accommodate availability
6	Survey Results Collated	CoPP team to provide a summary of the results of the Peak Bodies survey to PDCC and M21	28 Feb
7	Compile feedback	Consolidate the market sounding feedback and assess industry peak body submissions	24 Feb to 3 March
8	Outline Brief	Preparation of an outline Brief, informed by industry feedback to assist the design team to develop a concept scheme	3 March
9	Prepare draft Report	Compile industry feedback and consolidate key findings in a draft document for CoPP feedback	28 Feb to 8 March
10	Finalise Report	Issue final report	**17 March**

Table 3 – methodology and timetable adopted for the market sounding.

The face to face meetings were carried out with the following organisations :

	Organisation	Individual(s)
1	Live Nation/Ticketmaster	Mark Vaughan, head promoter
2	TEG/Dainty (Ticketek)	TEG Live MD Tim McGregor
3	Destroy All Lines	MD Chris O'Brien
4	Hardware Group	CEO Ritchie McNeil

Table 4 – Market Sounding Interview Participants.

4. Limitations of the Process.

In the context of the timeline set for this exercise, the market sounding process has been highly effective in obtaining a range of views from industry participants by both surveys and face-to-face interviews.

While the market sounding has been carried out in a careful and diligent manner it has taken place in a relatively short timeframe to meet program requirements. Accordingly, there are some limitations on the advice which are important to note.

Firstly, we have not carried out an open public sounding or industry engagement process. The market sounding has been focussed on identifying and testing the extent of demand for a venue and the type of venue. We have engaged with a large number of promoters who understand and channel demand from artists and audiences for venues, but this was not an exhaustive process – i.e. not all promoters were engaged. We have been guided by the response we received from industry, and, while other performance types (e.g. comedy, theatre etc) were mentioned, most of the discussion in the market sounding process has been about live music. Also, we have not engaged with venue operators as part of the process noting that this would be part of further industry engagement should Council proceed with the process.

Secondly, participants in the market sounding are not disinterested in the decisions that Council may make regarding the development and operation of a venue at the St Kilda Triangle site. Each of the parties we interviewed or that responded to the survey is an active participant in the industry. This equips them to speak directly to the needs and preferences of industry and informs our sounding but it must be noted each has preferences and biases which reflect their individual knowledge, experience and business interests. As such, we need to be cognisant that each of their responses may to some extent reflect this bias.

Thirdly, the sounding reflects the situation in the industry at a point in time. No market sounding can make a prediction about the future and forecast changes to the levels of demand for venues in the industry. This is underlined by the announcement that Live Nation is to lease Festival Hall for an undisclosed period of time, something that was unknown at the time the interviews and survey were conducted.

None of these matters should undermine the advice provided in this report, but it is strongly advised that as the project is developed and further decisions are contemplated, CoPP should revisit aspects of the market sounding to ensure the environment has not changed and that any specifications pertaining to the Project is broadly reflective of the industry's needs.

5. Finding and Observations.

This section sets out the feedback and advice received through the market sounding in both the face to face interviews and the survey. For clarity we have arranged the feedback under 5 headings.

- State of the live performance industry
- Availability of venues and current gaps in the market
- Location – appeal of St Kilda
- Venue configuration, features and attributes
- Management Structure and Operation

5.1 State of the Live Performance Industry

The live music industry was one of the worst hit during the Covid pandemic from 2020-2022, but it rebounded strongly in 2022 as a backlog of Covid-cancelled shows and tours started rolling out towards the end of the year.

The key take-out from promoters as we come out of 2022/23 summer, is that the live performance market is saturated from northern hemisphere band tours, and government funded festivals are flooding the market, putting strain on the ability to stage local shows.

This is making business difficult for venues and festivals, which have been hit by skyrocketing insurance premiums, increased labour, airline and freight costs and event staff shortages. Typically, these extra costs are passed onto the consumers, who are also battling with increased inflation and cost of living pressures.

A major promoter said that their business had never been busier, thanks to the backlog of international tours postponed because of Covid.

“Everyone wants to come to Australia. But Australia is an expensive destination for acts, and with rising costs there could be a softening of demand.’’

He said his company was conscious of not flooding the market with shows and to keep a cap on ticket prices. As such they will hold back on more international tours until global airfares come down.

‘’There is plenty of demand from fans for international arena shows like Harry Styles and Ed Sheeran,’’ said a major promoter. “The market is very robust, and it’s not just a Covid bounce back. People are rediscovering their love of live entertainment. But all of the costs have gone up, which exacerbates the tyranny of distance with overseas tours.’’

He also said the industry lost so many workers since 2019, that venues have lost efficiencies through labour shortages and loss of industry knowledge.

''A lot of very experienced workers have departed the industry, and they're not returning. The Plenary venue at the Melbourne Convention Centre shut up in November and December because they had insufficient staff to run shows.''

''My business is bigger than before the pandemic. Before Covid I did 40 tours and now I'm doing over 60 a year,'' said an independent promoter, who added that he is benefitting from an increasing number of acts who prefer to deal with independent promoters. The growing comedy circuit is another growth market, as comedians who traditionally promoted themselves now seek the services of experienced promoters".

''After Covid there was a huge rush of shows and crowds – November was our best month ever. But then the bubble burst,'' said one local venue booker.

''There's a heap of shows on, but it's hard to cut through all of the event marketing,'' concurred a dance promoter.

Through the various accounts of the state of the market given in the interviews, it seems there is an expectation that the strong return of the live music scene following the pandemic is expected to remain and be sustainable at or near current levels.

We also note that City of Port Phillip has in place a Live Action Plan and is working towards supporting the live music precinct approach.

The key observations with respect to the state of the Live Music Industry from the market sounding can be summarised as follows:

- Live performance market is extremely strong
- This is partly to do with Covid backlog but primarily due to patron demand for live shows increasing post Covid
- Most promoters believe that the increase in demand is sustainable
- However, costs have increased significantly post Covid (insurance premiums, increased labour, airline and freight costs and event staff shortages)
- Exacerbated by many experienced workers leaving the industry in recent years

5.2 Availability of venues and current gaps in the market

Background

According to the 2014 and 2017 Music Victoria's Live Music Census, Greater Melbourne has the largest number of live music venues in the world.

While Melbourne can lay claim to a smorgasbord of small venues and large seated theatres (the largest theatre in Australia, the Palais, capacity 2,800, is located adjacent to the Triangle site), there is a shortage of standing or flexible venues that can accommodate large numbers on a dance floor.

The flexible live music industry and its audiences traditionally adapt to the lack of supply of venues (often by running multiple shows by the same band on consecutive nights) but promoters have indicated that the lack of a 3000-5000 capacity standing venue limits their capacity to tour acts and maximise ticket sales.

Since the 1950s, this market was primarily serviced by venues including Festival Hall, the former boxing ring in West Melbourne, with its 4,300 capacity including 2600 standing and 1700 seating, as well as the Palace Theatre, which replaced the Metro in the City after moving from the triangle site next to the Palais.

The Palace Theatre was demolished in 2020, and the St Kilda Palace was destroyed by fire in 2007.

Festival Hall was bought by Hillsong Church in 2020 and despite one of the former venue bookers continuing to be involved in some band bookings, it has become compromised as a music venue because it prioritises church services, including two on Sundays. The recent announcement that Live Nation will lease the space and operate the venue may improve the venue's position in the live music market but the venue capacity at 2,600 standing, its design as a boxing stadium, its relatively poor condition, the requirement for the owner to continue to hold Sunday church services and its poor location attributes mean that it will still face challenges as a live music venue able to meet contemporary standards.

To cater for an expanding Australian Tennis Open, new areas have been developed in the Melbourne Parks precinct. Along with Rod Laver Area and John Cain Arena, the smaller Margaret Court Arena (5,500), built in 1987 and redeveloped in 2015, is now the favoured mid-sized arena for promoters. However, it is unavailable through December and January because of the Australian Open. It is also controversial for some artists, who have been critical of the venue for homophobic remarks made by Margaret Court, after whom the arena is named. Furthermore, these venues have a high proportion of fixed seating (due to sporting requirements) and smaller floor areas thus not being able to accommodate the 3,000-5,000 on floor shows.

The Forum Theatre has operated as a live music venue since 1995 and has been renovated to a capacity of 2,000 (mostly standing) venue in recent years. Considered by many to be the best venue in Melbourne (it has won multiple Music Victoria Awards for best large venue) in lieu of a larger venue, many artists are forced to perform two consecutive shows here, which isn't as cost effective as playing one larger show. Due to its popularity, it is often unavailable, and its availability to music promoters is also reduced during the Melbourne Comedy Festival each April.

A new venue, the Northcote Theatre (1,400 standing), opened in 2022, to cater for a gap in the market in the northern suburbs.

Indoor venues 1400 capacity and above

Venue	Capacity	Comment
Theatre / Hall Style Venues		
Northcote Theatre	1,400	General Admission (GA) venue. Inner north of Melbourne
Melbourne Pavilion	1,500	Flemington venue hired for weddings, boxing bouts and some dance music events. Available as full GA.
Forum Theatre	2,000	CBD location. Redeveloped as a purpose build live music venue with full GA capacity.
Palais Theatre	2,800	Fully seated venue. Located on the St Kilda Triangle site.
Festival Hall	5,400	Maximum GA 2,600. Dated and run down. Poor acoustic and air conditioning. Isolated location. Some limitations on use imposed by new owners. Live Nation now managing.
Cross Over / Small Format Arena Style Venues		
Margaret Court Area	5,500	Mix of flat floor (GA) with seating bowl.
John Cain Arena	10,000	Mix of flat floor (GA) with seating bowl.
Rod Laver Arena	12,000	Mix of flat floor (GA) with seating bowl.
Large Format Arenas		
AAMI Stadium	25,000	Inner Melbourne venue. Availability limited to short windows outside seasonal sporting commitments.
GMHBA Stadium Geelong	35,000	Geelong venue. Availability limited to short windows outside seasonal sporting commitments.
Marvel Stadium	60,000	Inner Melbourne venue. Availability limited to short windows outside seasonal sporting commitments.
MCG	Up to 100,000	Inner Melbourne venue. Availability limited to short windows outside seasonal sporting commitments.

Table 5 – Indoor venues 1400 capacity and above.

Feedback

While the exact number varied, the promoters that we spoke to largely concurred that the current gap in the live venue market is somewhere in the range of a 2,000-6,000 capacity, general admission (GA), standing, indoor venue.

47 per cent of all 15 respondents from the survey preferred a 2,000 to 5,000 mixed standing/seating venue, while 40 per cent of all respondents preferred a 2,000 to 5,000 standing venue as demonstrated in Figure 1 below.

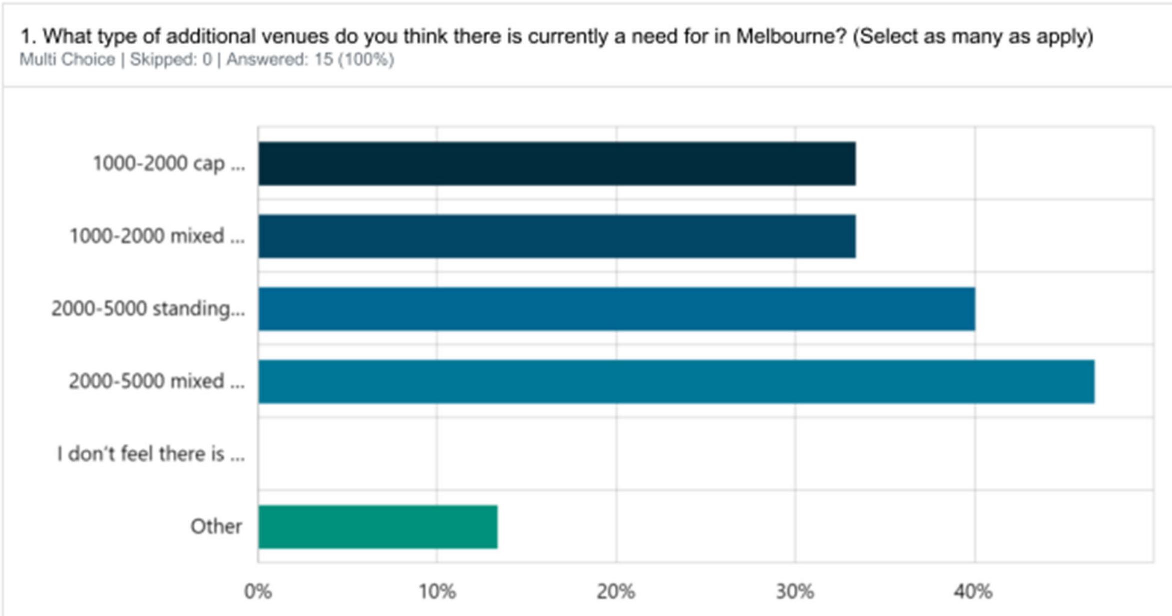

Figure 1 – Gap in Venue – survey results.

‘

’There’s nothing viable between the Forum and Margaret Court Arena,’’ said one promoter. ‘’John Cain Arena has too many seats, and while this may suit heritage acts with older audiences, most audiences want to be able to stand and be as close to the stage as possible so they can see the stage and dance. The Sidney Myer Music Bowl would be great, but it has 600 permanent seats concreted in at the front.’’

‘’We put rock bands in the Palais Theatre because we have to, but it’s not ideal because people want to dance and get close to the action, but the seats get in the way’’ said a promoter.

‘’We are critically short of med-large music spaces,’’ said a survey respondent. ’’The only option we have is Festival Hall, but we choose not to support new owners.’’

Like Festival Hall, the Melbourne Park precinct arenas were built primarily as sporting venues and lack the atmosphere of music halls.

‘'Music is added as an afterthought,'' said a major promoter,'' who said he would use a new venue between 15-30 times a year, depending on the scalability.

‘’There’s no atmosphere (in sporting areas). We are selling an experience to the audience; the venue is a key part of that.’’

In recent years, new outdoor venues in the City of Port Phillip such as the Port Melbourne Industrial Centre for the Arts (PICA, 3700), Timber Yard (2,000) and Riva (3,000) in the St Kilda Marina have started to book large rock, dance and country music shows, but they lack infrastructure and are therefore costly to use. They also require large numbers of between 3,000 and 4,000 to break even. In addition, Environmental Protection Agency (EPA) laws prohibit most of these part time venues from staging more than six events a year to restrict the impact on neighbours.

A dance promoter said any new venue in St Kilda should be indoors, as if they want an outdoor site, they use Catani Gardens, where they deal directly with council, the venue is well priced, and the promoter can control all the elements (with the obvious exception of the weather).

Promoters have indicated that venues such as Sydney's Hordern Pavilion (5,500 standing capacity including removable seating), or Brisbane's Fortitude Music Hall (3,000 GA or 1,100 seated, with a small separate 200 capacity venue for smaller acts), would be the perfect type of venues to build on the triangle site. The attributes of the Hordern Pavilion such as the flexible stage, ability to easily change venue size without loss of atmosphere, in-situ removable bleachers and high quality sound and lighting were highly valued by most promoters. The Fortitude Valley Music Hall was highly rated as a venue that has been purpose built for live entertainment.

''Sydney, Brisbane and even Adelaide have better options than we do in Melbourne.'' said an independent promoter.

Seventy one percent of respondents to the survey preferred an indoor venue, while 20 per cent preferred an outdoor venue.

When asked about the types of music they would present, 92 per cent said contemporary live music, 23 per cent said comedy, and 7 per cent offered classical music or theatre. An additional consideration regarding venues that are available is the requirements of artists as they develop their careers. Melbourne is well served with a range of smaller venues, pubs and clubs where emerging artists can perform. At the other end of the spectrum, larger format stadium venues suit only those few acts that are big enough to attract audiences that justify the staging and production costs these large venues impose.

The apparent gap in Melbourne's venue offer seems to align with the transition point in the careers of performers as they move from playing larger pubs, theatres and small halls to larger halls and small format stadia, with growing audiences.

Artists at this level in their careers have a stronger position to exercise control in venue selection.

Among promoters, the idea that artist preference is a deciding factor in booking venues and the tour arrangements was referred to in several of our interviews. Ensuring that a venue has the broadest possible appeal and a strong reputation in the industry is a key factor in ensuring success.

''When bands advance to playing arenas, most would prefer to go straight to the 'Big House' (Rod Laver Arena),'' said a major promoter.

We pressed the promoters we interviewed to advise how often they believed they would book a venue of suitable size and quality at the St Kilda Triangle. Collectively, they predicted that the venue would be used by music promoters between 100 and 150 nights a year, and this would increase if flexible seating could be used for comedy shows, theatre and conferences.

We think the demand and usage advice from the market sounding provides a good basis for further testing as, or if, the project evolves. The expected level of market demand is a critical factor in any commercial assessment and the evaluation by Council of the venue's expected viability. We would expect further testing of the overall demand assumptions to be carried-out in subsequent commercial evaluation if Council elects to develop the proposition further.

The key observations with respect to the availability of venues and current gaps in the market from the market sounding can be summarised as follows:

- Greater Melbourne has one of the largest number of live music venues in the world.
- Melbourne is well served with a range of smaller venues, pubs and clubs. It also has larger format stadium venues to suit the small number of acts that demand that type of venue. However, there is nothing viable between the Forum and Margaret Court Arena in terms of scale.
- Promoters consistently indicated that the key gap in Melbourne is an indoor venue of between 2,000 - 6,000 capacity standing capacity. Based on the further observations below (particularly the ability to scale down for certain events), the consensus was that a venue of 3,000 – 5,000 would be optimum. Council should also test a 6,000 capacity venue on the site. There will need to be some seating capacity, however, the extent to which the venue is flexible in its provision of seating is to be explored.
- Margaret Court Arena, whilst having a capacity of 5,500, has a high proportion of fixed seating (due to sporting requirements) and smaller floor areas thus not being able to accommodate the 3,000-5,000 on floor shows. It is also not available in the summer season due to tennis.
- New outdoor venues in the City of Port Phillip such as the Port Melbourne Industrial Centre for the Arts (PICA, 3700), Timber Yard (2,000) and Riva (3,000) in the St Kilda Marina are being used for large rock, dance and country music shows, but they lack infrastructure and are therefore costly to use, require large numbers of between 3,000 and 4,000 to break even and are generally limited by the EPA to six events per year. They are also predominantly outdoor limiting the times of the year the venue can be used.
- Promoters indicated that due to the lack of venues in Melbourne, artists are forced to stage multiple shows resulting in less efficiency and higher costs.
- The Hordern Pavilion (with flexible stage, ability to easily change venue size without loss of atmosphere, in-situ removable bleachers and high quality sound and lighting) and the Fortitude Valley Music Hall (purpose built for live entertainment) were both consistently highly rated as ideal comparable venues.
- The overwhelming majority of respondents preferred an indoor venue and said they would look to stage (in priority order) contemporary live music, comedy and classical music or theatre.
- From responses, it is broadly predicted that the venue would be used by music promoters between 100 and 150 nights a year, however, the demand and usage advice from the market sounding provides only anecdotal evidence which may not be reliable.

5.3 Location – Appeal of St Kilda

Promoters drew on St Kilda's live music history, including visitation to the Palais Theatre and Triangle site in recent years, and the popularity of the annual St Kilda Festival, as evidence of the appeal of St Kilda as a live music destination.

While promoters indicated that the optimum site was within a 10 minute walk of Flinders Street or Southern Cross stations, they said that anywhere in the inner city with nearby public transport options and a vibrant nightlife would be a good option.

When survey respondents were asked if St Kilda was a location that promoters would choose to present a live music/performance show, 60 per cent of the survey respondents answered in the affirmative, while 13 per cent said no, and 27 per cent were unsure, suggesting that there remains some uncertainty about St Kilda as a live music destination as shown in Figure 2 below.

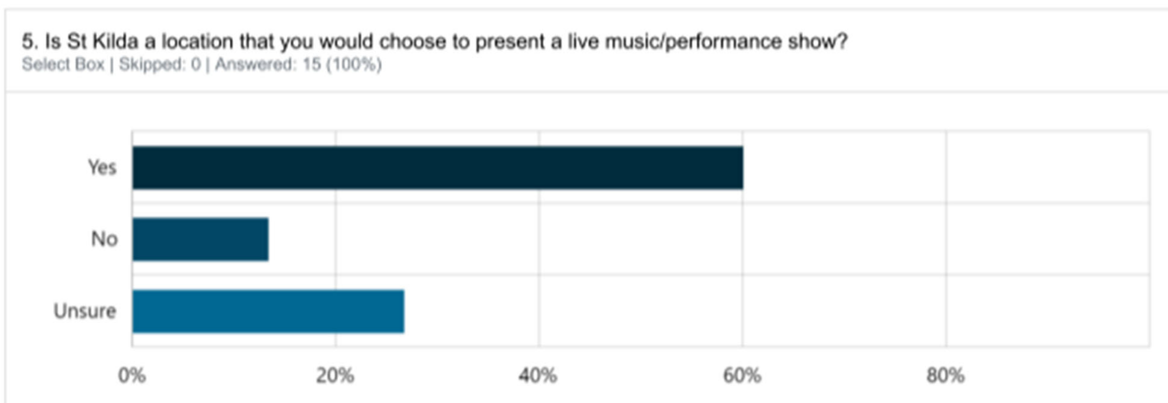

Figure 2 – St Kilda as a Live Music Location – survey results.

The key reasons in favour of St Kilda as a destination include:

- Centrally located, vibrant arts based suburb
- Proximity to CBD
- Synonymous with music in Melbourne
- Strong live entertainment tradition.
- Accessible to public transport and parking.
- Not a neighbourhood that is likely to complain about noise or large numbers of people on the street.
- Outstanding and complimentary surrounding entertainment and venue offer including pubs, bars, cafes and restaurants.
- Lots of character.

The survey respondents that disagreed that it was a prime location used the following reasons:

- Have had more success putting on shows either in the city, or in northern suburbs, over the past few years. Music scene in St Kilda seems to have dissipated.

- Our artists' audience lean more towards northside or Richmond living in the inner north.

Those who were unsure said:

- Perhaps wrong side of river for a younger demographic
- St Kilda would not be my first preference when selecting location for a "Melbourne" concert.
- It's a long way for a lot of people to drive.

The promoters interviewed shared similar, generally positive views about St Kilda as a live music venue location.

One of the promoters remarked that a CBD location would be preferred because is offered the opportunity to create a premium experience by layering a great venue and show with a vibrant and active central city with a real sense of occasion.

Summary

- St Kilda is supported by the majority of promoters as a live music location.
- Acknowledgement that in recent years the northern suburbs and near-CBD locations have grown in popularity as live music options.

5.4 Venue configuration, features and attributes

This section of the report sets out the feedback we received on the key elements that should be included in the development of a venue at the St Kilda Triangle should the proposal go ahead.

We have received consistent feedback from the interviews and the survey responses, regarding the apparent gap in the Melbourne venue offer and that there would be strong support for a well-designed, 3,000 to 5,000 capacity mixed standing/seating (including the flexibility of removable seating) venue on the St Kilda Triangle site – see section 5.2 above.

Among the most important features for the design of a venue this size and that was highlighted in the market sounding was the ability to see and engage with the show. Ideally the venue would be modelled on the 100 % sightlines model of the Fortitude Music Hall, where everyone can see from any location.

A flat floor to maximise dancing with a smaller first floor balcony area, or tiered floors like 170 Russell (Billboard) would also improve sightlines.

73 per cent of survey respondents said that they couldn't stage a show in recent years because of a lack of a suitably sized venue. The same number couldn't stage a show because of a lack of availability of a venue, and 54 per cent attributed it to prohibitive venue costs. Sound restrictions on most outdoor venues, and the inability to run Licensed All Ages shows were other reasons given. See figure 3 below for survey responses.

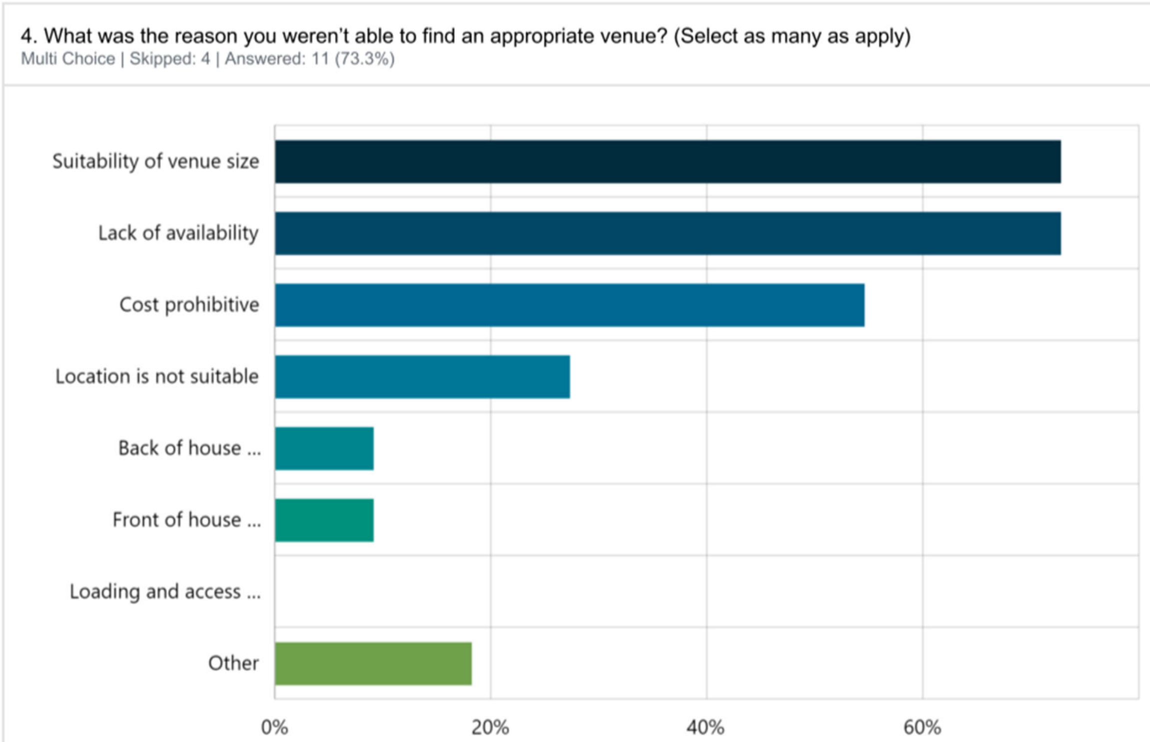

Figure 3 – Reasons for Lack of Appropriate Venue– survey results.

The promoters we interviewed all remarked on the need to be able to scale the venue to accommodate a variety of audience sizes comfortably and with good atmosphere. While there was a consensus that a venue of up 5,000 - 6,000 was needed, there was an equally strong preference for the configuration of the venue to be flexible. Features such as removable seating, allowing for part seated and part standing areas was supported. The ability to manage a range of audience sizes was also seen as important with promoters noting that "If we book a 5000 venue and only sell 3,000 tickets, it's critical we can set the venue up so it doesn't feel empty." Some promoters said that the curtains at the Hordern Pavilion worked well in changing venue size and maintaining the atmosphere. This flexibility is important to artists when deciding on venues.

In terms of availability of parking at the venue, 47 per cent of all 15 survey respondents said it was very important, 33 per cent said it was somewhat important.

''There needs to be parking in the vicinity,'' said a respondent. ''It doesn't have to be "on site" but it should be within 5-10 minutes' walk. In time, the location becomes less pivotal than the ease of getting in and out.''

''Many successful venues have no parking,'' said another respondent, ''but it always helps if it's there. It is dependent on the strength of public transport options.'' ''Parking in St Kilda is impossible.,'' another respondent said. ''A lot of people still choose to drive to shows in St Kilda. Patrons' convenience is important to them when opting to buy tickets or not. Difficult parking is an obstacle for people choosing to see a show.'

Other respondents said that having adequate public transport and ride share options was more important than parking.

''On site parking isn't a major issue these days as most people Uber or cab and many people use public transport or cycle.''

One major promoter said that music fans who lived in regional areas would need to have guaranteed parking and would ideally buy a parking space when they bought their tickets.

On balance, respondents expressed the view that on site patron carparking for the new venue was not an absolute requirement. They also recognised that additional parking primarily for the use of the venue in this inner-city location is unlikely to be viable.

Of greater importance was space and parking for production vehicles and crews.

''You need to have easy bump in and out of production and other required site facilities for loading in and out for bands.''

Roll-in-roll-out loading areas, parking for large trucks (up to semi-trailer) and carparking for crew and artists which is accessible and convenient is critical to allowing the venue to function safely and efficiently.

When asked what other facilities promoters would like to see on the St Kilda Triangle site, 86 per cent of survey respondents said cafes, bars and restaurants, 67% said public/green space, 60 per cent said other entertainment venues and 13% indicated a desire for other retail and accommodation. In terms of other facilities in the venue itself, 86 per cent said cafes, bars and restaurants, 65 per cent said a merchandise shop, 35 per cent said offices, and 28 per cent said rehearsal and recording studios.

Promoters in both the interviews and the survey were readily drawn on venues in other cities they thought would ideally fill the gap they perceive in the Melbourne market.

Promoters and agents we invited to list their top 5 mid-sized venues. In the survey respondents mentioned:

- Fortitude Music Hall, Brisbane 61.54%
- Horden Pavilion, Sydney 53.85%
- The former Palace/Metro, Bourke Street, Melbourne 38.46%
- The Fillmore, San Francisco 15.38%

Other suggested venues included PICA in Port Melbourne which can be used outdoor or indoor, the Queensland Performing Arts Centre and London's Printworks.

In the face-to-face interviews, the promoters concurred that Fortitude Music Hall and Hordern Pavilion were their top venues, with the addition of Hammersmith Apollo in London.

The possibility of a temporary venue in the interim was raised with respondents. The overwhelming response was that a temporary venue solution would not be attractive for promoters. The reasons given included:

- The atmosphere and quality of any venue (including a temporary venue) are of high importance in attracting patrons to shows. This is difficult to do in a temporary venue;
- The long-term reputation of the Triangle site as a live music location may be negatively impacted if the temporary venue is inferior to other established venues; and
- Acknowledgement that even if a temporary venue was successful on the site, there would be another long hiatus period when the permanent venue is being constructed.

Without attempting to prepare a brief for a possible venue, a summary of the main venue requirements and facilities that emerged in the market sounding is set out in Table 6 below.

Item	Preferred Inclusion	Comment
Capacity	3,000 to 5,000 with potential to 6,000	Easily scalable / flexible for audiences from 2,000
Main floor	Flat floor or large tiers. Raking would work provided gradient still enable dancing	Important that all patrons can see the acts. A completely flat floor is not ideal.
Balcony	Ideally would be included	As with the Fortitude Music Hall, accessibility requirements are met through a wrap around balcony
Audience Configuration Main Floor	Standing / General admission	Bars would be built along the back and side of the band room so people can arrive, find their spot and get a drink and visit toilets, avoiding hovering in foyer
Audience Configuration Balcony	Seated with some standing	Bars and toilets available. Ideally with screens showing close ups of the act on stage. Seating for disabled people prioritised.
Seating	Removable seats on main floor. Fixed seating in balcony areas	Either full seating or no seating in main room is preferrable to allow people to assemble as close to stage as possible.
Stage	40m X 60m with wings Elevated. 100% sightlines	ideally would be modular / allow for different stage configurations.
Backstage / Production	Wings, staging, flying structures and equipment. Ceiling strong enough to hang about 75 tonnes of production	Wings on each side of stage was a must, but not so big as to compromise the backstage area.
Artist / Crew Facilities	6 -8 dressing rooms Catering facilities	Allow for multiple artists. Green Room and crew facilities. Also, a room for backstage artists VIP meet and greet experiences.
Loading	Roll-on Roll-off loading docks. Direct stage access	Ideally stage can be lowered so gear can be rolled directly onto it

Production Parking	Access and space for 2 large trucks or a semi-trailer. 6 artist crew car parks	Direct street access. Access to loading docks
Front of house	Modest foyer to manage entry exit.	Foyer not intended to be a dwell space. Maximise the GA capacity and prioritise over foyer.
Food and Beveridge	Bars on main floor and foyer. Snacks	No kitchen required [VIP may need re-heat??] Bar and snacks only St Kilda area well served by existing F&B
Retail	Merchandise outlet	Small. Could be pop-up. Allow space in foyer for a long table that large numbers of fans can access before and after the show.
VIP Area	Allow up to 500 standing with bar service	Useful as function space, promotions, launches. Could also host conferences and events. Possible rooftop. Could also double as a separate live performance space.
Patron Carparking	No specific requirement for patron venue car parking	Additional car parking not essential for venue but should test space requirements.
Drop off	Area for cabs and ride share	If a Live Music Precinct is developed around the site, then a well-lit Ride Share collection and drop off point is essential for the safety of patrons.
Services	Full HVAC	
Accessibility	Full equitable access / DDA compliant	Increasingly councils and State Government require full accessibility to be eligible for grant programs and be included in government funded festivals.

Table 6 - Summary of Main Venue Requirements

Table 6 was prepared to assist design studies that occur as part of Stage 1 of this phase of the St Kilda Triangle works and reflect the feedback from the market sounding in a way that can be interpreted and reflected in a concept layout for the site. It should be noted that the matters identified in the table reflect the views of the interview participants and survey responses and these are derived from promoters, not venue managers, urban planners or any other input from Council. One exception to this is carparking where we have indicated an assumption of replacement of a similar number of car spaces that are currently exist on site. This is not because the market has indicated this is required, but rather because we feel that if there is to be a meaningful design study it must consider carparking because of the significant use of the site area that is involved.

In addition to features and facilities related directly to the venue there was strong support among survey respondents and interview participants for bars, cafes and restaurants. However, it was also noted that St Kilda had the benefit of vibrant café and restaurant precincts in Fitzroy and Acland Streets which was seen as an appealing aspect that would support the popularity of the venue.

5.5 Management Structure and Operation

The management structure of the venue, the venue services, and commercial arrangements have, unsurprisingly, been the most difficult to develop a clear understand of in this market sounding. While a number of our questions were directed to the appetite for investment in and contributions to the development of a venue, none of the interview participants were willing engage on these matters in detail.

The market sounding interviews and survey respondents are predominantly promoters. This was deliberate to ensure we could get a thorough understanding of the industry's view of the market, the demand for venues, the type, size and configuration of venues and the essential features and attributes.

Two of the four interviews we conducted were with organisations that have vertically integrated entertainment businesses that play the role of promoter, venue manager and operator and also have control over major ticketing businesses. The other two interviews were with independent promoters. This gave us access to a range of views and perspectives about commercial and operational matters.

The survey responses were dominated by independent promoters. Accordingly, we have noted some differences in the information gathered in the interviews as distinct from the survey so far as management and operational matters are concerned.

The key observations with respect to the management structure and venue services derived from this market sounding process can be summarised as follows:

- More detailed engagement with promoters and particularly venue operators will be necessary for Council to develop a comprehensive appreciation of what should be included or not in the venues operating framework. This work should form part of the next phase if Council wishes to pursue the possible development of a venue at the St Kilda Triangle site.
- Market sounding participants (other than the vertically integrated businesses) are strongly supportive of independent venue operations. This appears to be a key point of contention between the different parts of the industry.
- The venue service needs and equipment requirements vary widely from show to show and therefore flexibility in the design as well as specification of the venues fit out and equipment is important. It is very difficult and potentially wasteful to create an inflexible set of management and service arrangements.
- There are a number of options for Council to consider if it pursues a development of live performance venue at the St Kilda Triangle site regarding type of venue operator (independent vs integrated), ticketing and other operational aspects. This needs to be thoroughly examined in the next phase should it progress.

6. Conclusions

Should Council decide to proceed to the next phase, the following conclusions should form part of the consideration in furthering the project.

- There is sufficient interest and notional demand form market sounding to warrant continuing the investigation process.
- The apparent gap in Melbourne live venue market is in the 3,000 to 5,000 / 6,000 standing capacity venue.
- The annual demand for shows at this size venue needs to be verified.
- The two clear options for ticketing needs to be further explored to understand the financial implications
- Any future financial modelling will be impacted by both the capital costs, the operator/ticketing arrangements (e.g.. will there be an upfront contribution by ticketing company if one exists? If a flexible ticketing approach is adopted, will the venue be financially viable?), the number of shows and viability of staging shows at the venue. These issues are all inter-related.
- The option of a temporary venue on the site for a number of years was not supported by respondents.
- The Council should consider engaging with the State and Federal Government to illustrate the market gap and seek investment in the development

Attachments

Attachment 1 - Questions used to guide face to face interviews.

The list of questions below was used to guide the face to face meetings. Depending on the nature and flow of the discussion questions may or may not have been directly be covered in the meetings according to time constraints.

1. What is the current state of the live **music** industry from your perspective? Growing? Contracting?
2. What is the current state of the live **performance** industry from your perspective? Growing? Contracting?
3. Are there any current critical constraints that are holding the live music industry back?
4. Are there any current critical constraints that are holding any live performance industry back?
5. What is the state of the venue market in Melbourne? Do we have what the industry needs available?
6. Are there any areas of over supply or unmet demand / gaps in the market for venues in Melbourne?
7. Is there a show that you haven't been able to stage in recent years in Melbourne because of a lack of appropriate venue?
8. With the change in ownership of Festival Hall, is it still a viable option?
9. Are there interstate or overseas venues that you think are good examples of what might be missing in Melbourne and would best fill any market gap?
10. Would the location of the St Kilda triangle site be a benefit or barrier in attracting music fans these days? (think transport, demographic, parking)
11. If a live music / performance venue was to be developed at the St Kilda Triangle site;
    - What types of shows would you aim to present?
    - What is the preferred size of venue (i.e., what is the maximum number of patrons at any one time)?
    - What is the preferred seating strategy (i.e., is the venue standing, seated or a mix of both)? If it is a mix, what proportion is standing and what proportion is seated?
    - What is the preferred number of spaces? (i.e.: one large space or multiple smaller spaces, or is the preference for one large space and one or more smaller additional spaces?
    - Would the venue work if it were adaptable (i.e., could it include multiple smaller spaces which can be combined to create a larger one)?
12. Is it likely the venue would operate as an outdoor venue (i.e., if it were either partially or fully outdoor)?
13. Is the type of performance to be held at the venue likely to have implications for the acoustic design (e.g., rock as distinct from classical music).
14. Are there any specific features, or critical aspects of the venue to make it successful:
    - front of house requirements (e.g., foyer, ticketing, toilets)?
    - specific stage requirements?
    - loading and servicing requirements?

- back of house / backstage requirements?
- parking requirements?
- crowd management and safety/security functions or facilities?

15. What are the preferred complementary facilities at the venue e.g., bar, café, restaurant, merchandise shop, office)?
16. What are the preferred complementary facilities on the Triangle site (e.g., bar, café, restaurant, retail, commercial, accommodation/hotel)?
17. Are there complementary functions to be held at the venue in addition to live music and if so, what would these be (e.g., conferences, school performances, community events)?
18. Are there impacts from COVID which have changed how venues should be designed (e.g., increased air flow requirements, the ability to have the venue openable to the outside, the ability to easily change the density of seating)?
19. Would the venue work if it shared some facilities with the Palais Theatre (e.g., loading and servicing areas)?
20. Is a temporary venue (e.g., for between two and ten years) a viable proposal whilst a permanent venue is planned?
21. Acknowledging that all facilities and amenities come at a cost, what would you say are the most important features that any venue at the St Kilda Triangle should offer? (say 3 to 5)?
22. What would be the least critical (nice to have rather than crucial to success)? Say 3 to 5)
23. What would your business be prepared to invest in the development of a quality venue at the St Kilda Triangle site?
24. What types of things would you like to get in return for a significant investment?
25. What management structures would maximise the success of the venue?

(independent operators, independent ticketing agency, other?)……………………

<u>Question for Live Nation:</u>
Based on your recent experience hosting shows at the Palais and the Palace Foreshore, do you think people will travel from around the State to see shows in St Kilda, and what was the impact on local amenity?

How attractive is St Kilda as a live music/live performance precinct to international promotors and to the international audience?

Attachment 2 – Peak Body Survey

It is proposed that Live Performance Australia (LPA), the Live Music Business Council of Australia (LMBCA) and Music Victoria (MV) are each invited via PDCC to work with Council to survey their membership to obtain a wider range of views about a possible venue on the site.

The following introduction and questions have been prepared for the survey:

Dear promoter/agent,

We are reaching out to you as a key Australian promoter/agent with a request to complete 10-minute survey as part of the City of Port Phillip's marketing sounding exercise to inform the development of a new live music/performance venue on the St Kilda Triangle site. Your assistance is greatly appreciated; your responses will assist in identifying and assessing options for a development that is intended to ultimately support the Australian live performance industry.

In 2016 Council adopted a Masterplan for The St Kilda Triangle which reflected the Council and the community's agreed future aspiration for the development of the Triangle site Information about the site and the masterplan can be found here.

The St Kilda Triangle Project has essentially been on hold since this time. In late 2021, Council resolved to assess the viability of a live music led and/or flexible performance venue development on the site. Council officers determined a set of project objectives to guide the works to achieve this outcome, including undertaking a robust creative industries market testing exercise using commercial and specialist creative industry expertise to assess demand, complementary uses and operational requirements.

Accordingly, PDCC and M21A have been appointed by Council to engage the creative industries sector as the vital first step in progressing the project.

The survey closes on the 22 February 2023m and is accessed via this link A new live music/performance venue for St Kilda | Have Your Say Port Phillip

Many thanks for your participation.

Attachment 3 – Survey Questions

1. **What type of additional venues do you think there is currently a need for in Melbourne? (select as many as apply)**

a) 1000-2000 cap standing venue

b) 1000-2000 mixed standing/seated venue

c) 2000-5000 standing venue

d) 2000-5000 mixed standing/seated venue

e) other ? Please identify………………..

f) I don't feel there is a need for any additional venues

Please explain the reason why you chose that response ---

2. **What type of venues do you think there is currently an oversupply of in Melbourne? (select as many as apply)**

a) 1000-2000 cap standing venue

b) 1000-2000 mixed standing/seated venue

c) 2000-5000 standing venue

d) 2000-5000 mixed standing/seated venue

e) other ? Please identify………………..

f) I don't think there is currently an oversupply of any venue type

3. **Is there a show that you haven't been able to stage in recent years in Melbourne because of a lack of an appropriate venue?**

a) Yes
b) No
c) Unsure

If yes, what was the reason you weren't able to find an appropriate venue? **(select as many as apply)**

a) Venue size (please specify audience size)

b) Availability

c) Cost prohibitive

d) Location is not suitable

e) Back of House Facilities

f) Front of House Facilities

g) Loading issues

h) Other. Please identify……………..

4. Is St Kilda a location that you would choose to present a live music/performance show? (yes/no/unsure)

a) Yes
b) No
c) Unsure

Please explain the reason you chose that response.

5. If a live music/performance venue was to be developed at the St Kilda Triangle site, what types of shows would you aim to present? (select as many as apply)

a) Contemporary live music

b) Classic music

c) Theatre

d) Comedy

e) School Events

f) Other? Please elaborate----------------

6. Please rank the venue types you would be most likely use (note: do not rank if you would not use).

a) indoor

b) outdoor

c) mixed indoor and outdoor

7. Can you give an example of the type of venue you would like to see developed on the site and would use?

a) Hordern Pavillion, Sydney

b) Fortitude Music Hall, Brisbane

c) The Fillmore, San Francisco

d) Paradiso, Amsterdam

e) Koko (former Camden Palace), London

f) The former Palace/Metro, Bourke Street, Melbourne

g) Other (please specify)

8. How important is onsite parking to the success of any new venue?

a) very important

b) somewhat important

c) neither

d) Less important

e) Not important

Please explain the reason why you chose that response

9. What other facilities would like to see on the St Triangle site? (select as many as apply)

a) Cafes/Bars/Restaurants (on the site not at the venue)

b) Retail

c) Commercial premises (with perhaps related functions e)

d) Public Open/Green Space

e) Accommodation

f) Other entertainment venues?

10. What other facilities would like to see in the venue itself? (select as many as apply)

a) Bar/ café/restaurant

b) Merchandise shop

c) Office

d) Rehearsal/recording studios

e) Other? Please elaborate…………………………………….

11. Do you know of any opportunities that would benefit from use of this site for an extended period (between 2-10 years) before it is developed?

a) Yes

b) No

c) Unsure

If yes, please elaborate ______________________

12. What management structures would maximise the success of the venue?

a) independent operators

b) independent ticketing agency

c) Other. Please elaborate……………………..

About you

We would like to understand who we are hearing from, please take a few minutes to respond to the questions below.

13. How would you describe your core business?

a) Contemporary live music promotion

b) Non-contemporary live music promotion

c) Mixed entertainment promotion

d) Other please specify

14. In the past 12 months, approximately how many shows have you presented in Melbourne? Free text box

15. In the past 12 months, what audience size range can be applied to most of the shows you presented? (select all that apply)

a) 0-500

b) 500-1000

c) 1000 – 2000

d) 2000 – 3000

e) 3000 – 4000

f) 4000 – 5000

g) 5000+