

# Monash Industrial Land Use Strategy

## Strategy Report

Prepared for

City of Monash

26 February 2014

Adopted by the City of Monash 29 July 2014





## ADDENDUM NOTE

The Monash Industrial Land Use Strategy, 2014 was adopted by the Monash City Council on 29 July 2014 with the exception of Precinct 22 as there is a need to re-examine the precinct in light of the rezoning of industrial areas south of Centre Road.

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## 1. INTRODUCTION

### 1.1 Purpose

The purpose of the Monash Industrial Land Use Strategy (the Strategy) is to provide the necessary strategic direction to support the future planning and development of industrial land within the City of Monash including the rezoning of land for non-industrial uses.

This direction is based upon analysis undertaken on a number of levels to determine:

- Monash's future role as and industrial and employment location within a regional and metropolitan context,
- development opportunities for each industrial precinct; and
- the strategic direction, vision and an appropriate land use for each precinct.

This Strategy addresses a number of competing strategic land use objectives to ensure sustainable land use outcomes that balance Monash's role as a regional employment location with a need to facilitate more diverse housing opportunities, urban renewal and economic development generally.

In particular, this Strategy recognises the longer-term benefits and costs to the community of different uses for industrial land that are not always reflected in the current market value of individual sites and hence the highest best use from a development perspective. In doing so, it aims to encourage continued investment in these precincts while recognising the longer-term interests of the community.

### 1.2 Scope

The Strategy relates to all Industrial 1 and Business 3 zoned land within the City of Monash excluding that contained within the Monash Technology Precinct (MTP). The strategic direction for the MTP is already well established from previous strategic studies that have been undertaken and within the Monash Planning Scheme (Clause 22.02 Monash Technology Precinct Policy).

Figure 1 below identifies each of these precincts.

### 1.3 Methodology

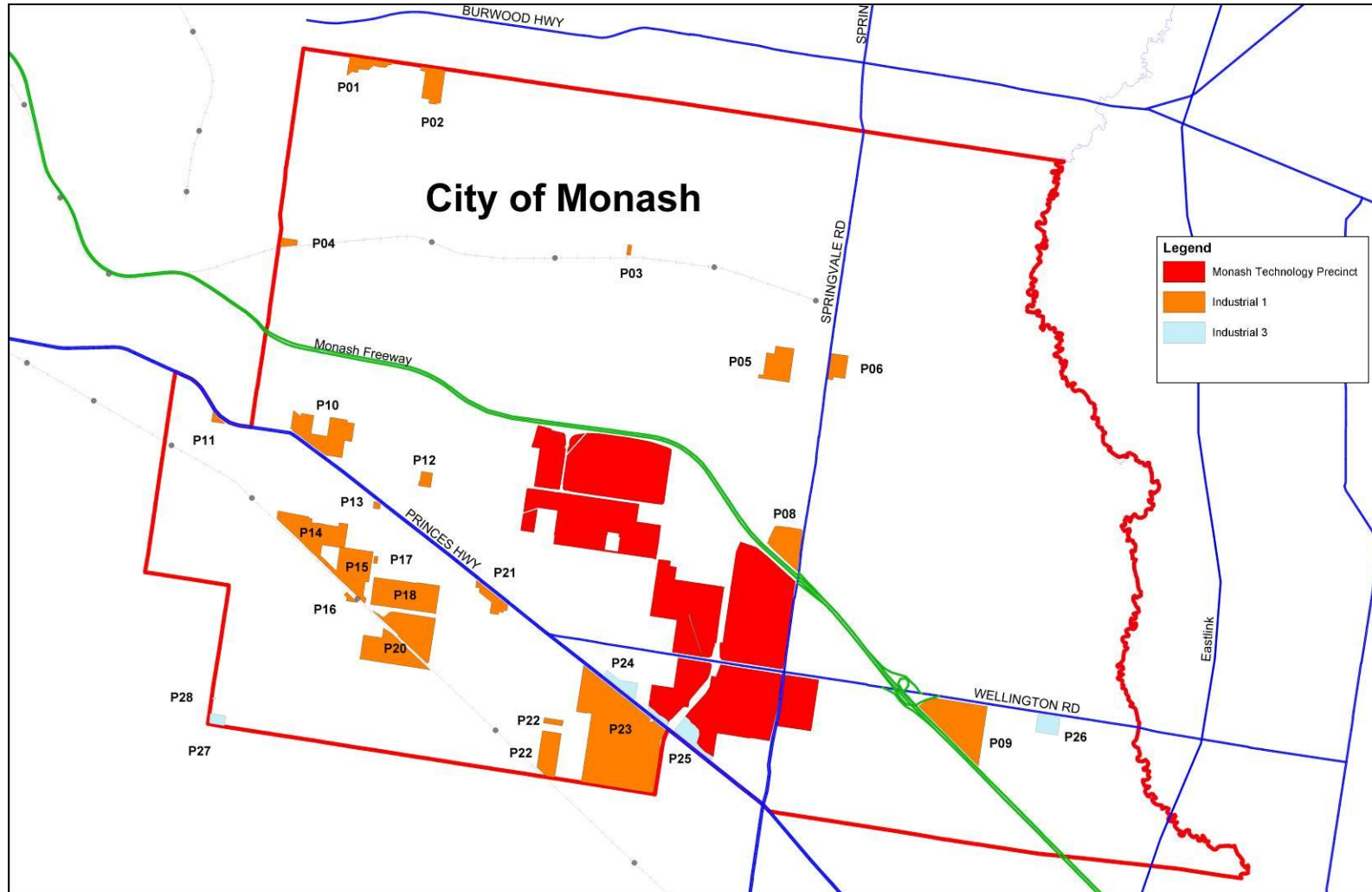
The analysis that underpins the Strategy reflects the diversity and complexity of industrial activities, property formats, location requirements of businesses and property market dynamics. Given the impossibility of quantifying measures of demand or supply for such a non-generic commodity as industrial land at some time in the future, the supporting analysis focuses upon developing a transparent understanding of the factors influencing the future role of each of Monash's industrial precincts.

A key focus of the methodology is upon understanding future development opportunities for each precinct for industrial land uses, as well as other land uses that may support Council's broader strategic planning objectives. This was informed by the following key sets of analysis:

- **Strategic Context**

Key strategic documents and studies were reviewed to establish the role of Monash's industrial sector, its key locational attributes and the competing demands for industrial land. This provided an understanding of the current level of strategic importance of industrial land to the City of Monash and the wider region.

Figure 1: Precinct Map



Source: City of Monash

- **Industrial Land Use Context**

The underlying dynamics of the industrial property sector and the implications for the pattern of industrial land use across Melbourne were investigated with respect to the existing geographic distribution of industrial land, recent construction activity, the influence of industry restructuring upon the distribution of industrial activity and lot sizes; and the ability of industrial locations to attract skilled workers.

- **Industrial Employment**

An analysis of employment trends in Monash relative to the wider metropolitan area was undertaken to provide a high level indication of those sectors its changing industry structure where the municipality has a competitive advantage. This also provided a basis for understanding recent patterns and forms of new industrial development and future development opportunities.

- **Industry Environment**

With the performance of Monash's industrial sector partly reflecting broader industry trends, industry restructuring, and more recently the impact of the Global Financial Crisis, the recent experience of key industrial land uses (manufacturing, wholesaling, construction, bulky goods retailing and motor vehicle retailing) was investigated. This also provides a context for identifying future development opportunities within Monash.

- **Industry Restructuring**

Industry restructuring has influenced not only the level of industry activity but also the locational and property requirements of businesses as they have become increasingly more specialised. The implications of this process for Monash have therefore been analysed and reflected in the Strategy.

- **Melbourne's Inner City Industrial Market**

Melbourne's inner city industrial market highlights the changing nature of industrial land uses and the ability of precincts to evolve in response to industry restructuring. Hence these areas provide a valuable case study of this process particularly given the likely spill over of demand for industrial land into Monash as a result of Fishermans Bend / Port Melbourne being recently identified for urban renewal.

- **Property Market Review**

In framing an industrial strategy it is critical that property market conditions be taken into account as they are a key determinant of development opportunities for sites. The dynamics of the industrial property market have been reviewed in order to understand how industrial precincts evolve in response to the industry restructuring and how this enables them to continue to meet the needs of businesses.

- **Assessment Criteria and Precinct Assessment**

Based upon the above analysis a set of criteria was established to assess future development opportunities for both industrial and alternative land uses within each of Monash's industrial precincts. A vision and strategic direction for each precinct is established and the most appropriate land use zoning identified.

## 2. SITUATION ANALYSIS

### 2.1 Strategic Policy Context

#### 2.1.1 Monash Planning Scheme

The City of Monash Planning Scheme provides the broad strategic direction for land use planning within the municipality. In doing so it reflects various strategies and supporting analysis related to a range of land use issues as well as consultation with various stakeholders. Importantly, it provides a basis for balancing various strategic objectives and the competing land uses.

It identifies some key strategic issues impacting upon industrial land use within Monash including:

- balancing the needs of existing traditional industries with that of a new generation of activities including offices, warehousing and high technology activities;
- accommodating increasing demand for housing across a range of formats for a growing population;
- responding to the demand for restricted retail developments such as bulky goods retailing; and
- maintaining Monash's on-going role as a major employment location for residents across the south-east region given the competitive advantage offered by its proximity to key road infrastructure, the presence of educational and scientific facilities and high amenity employment precincts.

#### 2.1.2 Related Studies and Strategies

A number of strategic land use studies relating to industrial land use and economic development within the City of Monash and the wider South East Melbourne region establish a context for Monash's role as an industrial location and more broadly as an employment cluster. These include:

- Monash Economic Development Strategy;
- Monash Housing Strategy;
- Monash Specialised Activity Centre (MSAC) - Strategic Planning Framework;
- "Prosperity For The Next Generation" - Regional Economic Strategy for Melbourne's South East (2003 - 2030); and
- Prosperity for the next Generation in Melbourne's South East 2009-2030.

Together these strategies highlight the competing demand for land to address a range of strategic land use objectives which reflect Monash's geographic location, access to physical and social infrastructure and employment opportunities.

For those industrial precincts located outside the Monash Technology Precinct, residential land uses represent the key source of demand for industrial sites. The Monash Housing Strategy provides some guidance in assessing the potential for industrial areas to provide a location for sustainable housing development particularly where located close to activity centres and railway stations.



## 2.2 Industrial Land Use

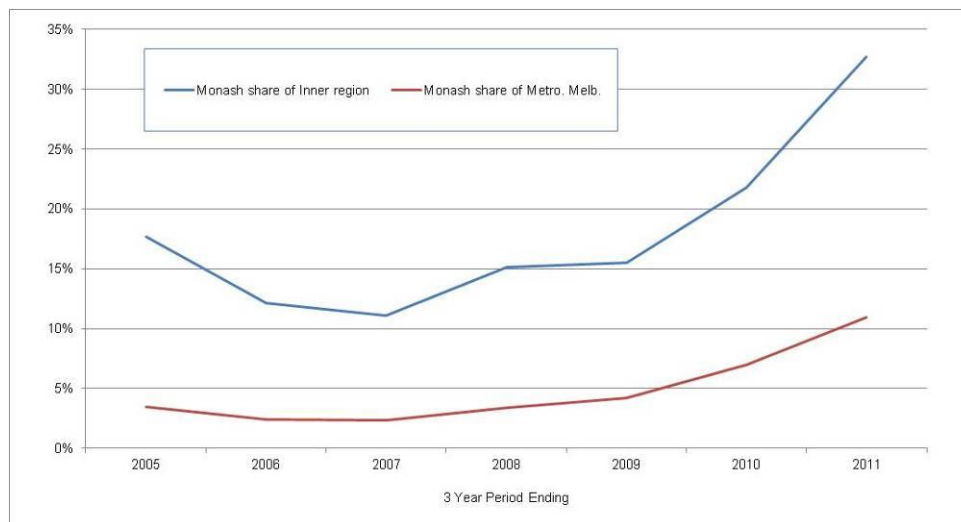
The pattern of industrial land use across Melbourne continues to evolve in response to the restructuring of the Australian economy. With the segmentation of industrial activity as a result of outsourcing, the construction of new road infrastructure and the increasing demand for skilled workers by higher value adding industrial activities, industrial locations are also becoming increasingly specialised based upon their ability to meet the locational needs of businesses.

With industry restructuring however comes the need for not only planning schemes to be revised but also industrial properties to be redeveloped, training courses to be refocused and infrastructure investment to enable industrial precincts to meet the needs of businesses. While in some cases this may occur relatively quickly, the redevelopment of industrial properties is typically less responsive due for a range of reasons. These include the opportunity for older industrial buildings to be viably used for less intensive uses such as warehousing, through to land owners speculating upon a change in land use zoning for a site and therefore not investing in building improvements.

The Background Report that accompanies this Strategy details the dynamics of industrial property markets and the process through which property owners are compensated for the inherent obsolescence of industrial buildings via higher income yields and tax depreciation allowances for building structures. This process provides the financial capacity for older industrial properties to be redeveloped for contemporary industrial facilities that better meet the accommodation needs of businesses.

Investment in the redevelopment of industrial properties across Monash is reflected in the Municipality’s increasing share of industrial building permits (refer figure below) as well as numerous examples of larger properties being redeveloped for smaller office / warehouses for a new generation of businesses.

**Figure 2: City of Monash Share of Industrial Building Permit Value (New buildings, extensions and alterations)**



Source: Building Control Commission, Charter Keck Cramer

Assessing demand for industrial land is also better considered in terms of the redevelopment potential of sites for a new generation of industry rather than by the market for existing larger industrial properties from the post-war era of industrial development. The use of statistics such as vacancy rates do not take account of the dynamics of the industrial property sector which simultaneously creates and responds to the inherent obsolescence of industrial properties. This includes the redevelopment of larger properties for smaller industrial facilities that better meet the needs of contemporary businesses.

It is within this context of industrial properties being redeveloped to accommodate a new generation of businesses that the strategic importance of Monash's location within metropolitan Melbourne may be fully appreciated. When the presence of key education and scientific institutions is layered over the locational advantages offered by the Monash Freeway and key arterial roads, high amenity industrial precincts, proximity to the CBD and an available pool of highly skilled workers it is easily seen why Monash has attracted a wide mix of high value-adding businesses and the development of high quality industrial facilities to accommodate them.

### 2.3 Industry Employment

Employment is often used as an indicator of industry activity and in some cases to forecast demand for industrial zoned land. However there is a disconnection between employment and these other measures for a number of reasons including:

- strong growth in labour productivity within traditional industrial activities (manufacturing, wholesale trade, storage and transport, construction) as capital investment has displaced labour; and
- an increasing presence of other employment uses that are now locating in industrial areas which would not be considered industrial uses. Examples include bulky goods retailers, recreational uses and motor vehicle repairers.

Bearing in mind these limitations, the following table highlights Monash's ability to maintain total employment across these four key industrial sectors over the decade leading up to the onset of the GFC at around 33,000 jobs. While employment fell over 2006-2011 by almost 8% this was almost entirely attributable to declines in the Manufacturing sector with Wholesale Trade employment steady, and the Transport and Storage, and Construction sectors recording employment growth.

**Table 1: City of Monash Industrial Employment 2006**

Sector	1993 Industry Classification			2006 Industry Classification	
	1996	2001	2006	2006	2011
Manufacturing	19,040	19,014	16,821	16,041	12,901
Wholesale Trade	8,631	8,094	8,949	8,556	8,501
Transport and Storage	2,440	2,141	2,141	3,038	3,234
Construction	3,210	3,410	4,947	5,035	5,504
Total	33,321	32,659	32,858	32,670	30,140

Source: ABS

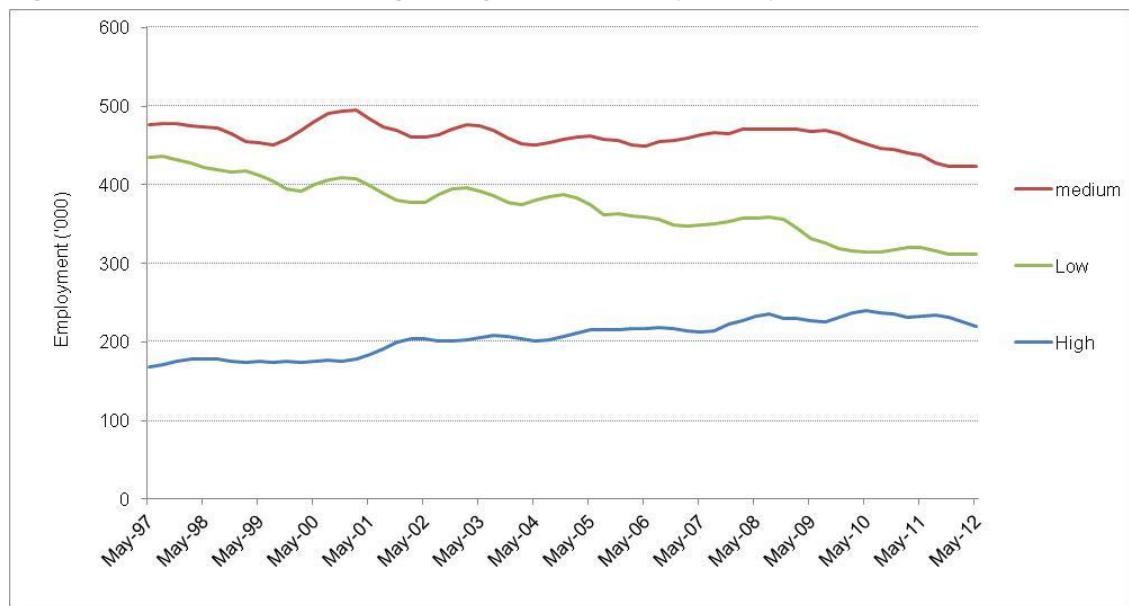
Despite the limitations of using employment statistics this analysis suggests that Monash has performed reasonably well in maintaining overall employment levels within its four core industrial sectors. The decline of the manufacturing employment is not surprising and would be expected to continue in the future. This however provides the necessary supply of industrial land to accommodate construction, wholesaling and transport activities where employment is expanding.

## 2.4 Industry Trends

Given that the diversity of manufacturing activities is lost in aggregated industry statistics, there is a need to also draw some conclusions from data related to those higher value adding elements of the sector which anecdotally Monash would appear to have been attracting.

As Figure 2 below shows, the decline in manufacturing employment nationally over the past 15 years has been largely accounted for by lower skilled workers and to a lesser extent by medium skilled workers. Employment amongst higher skilled workers (managers and professionals) in manufacturing has however expanded during this period. Similarly, until recently the export value of Elaborately Transformed Manufactures (ETMs) has been growing in line with that of the Services sector (refer Figure 3).

**Figure 3: Australia - Manufacturing Average Annual Employment by Skill Level\***



Source: ABS Cat. No. 6291.0.55.003

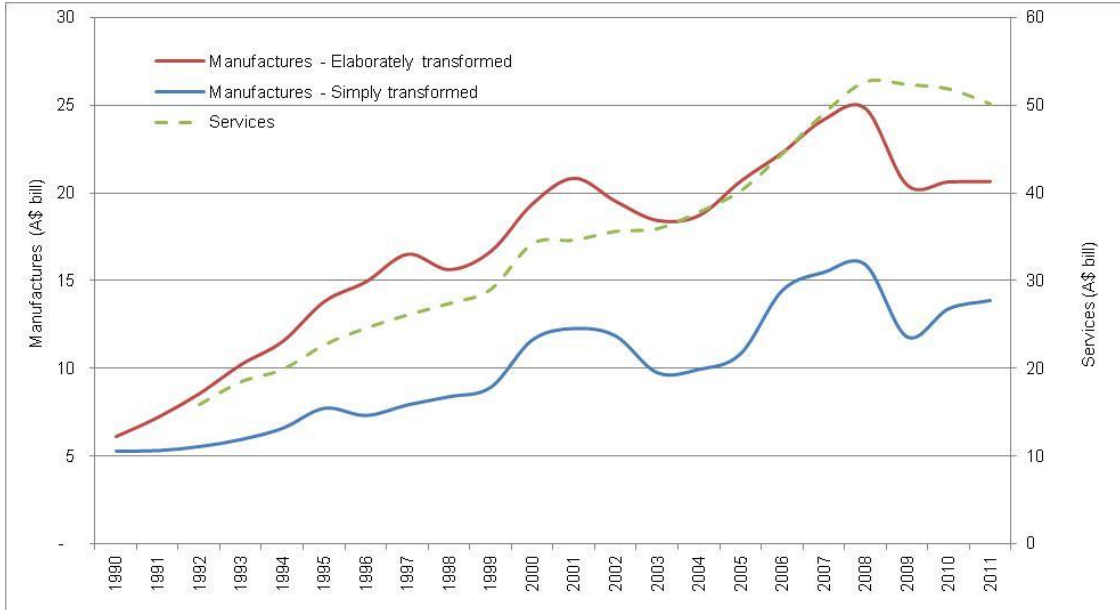
\* High skill includes managers and professionals. Medium skill includes technicians and tradespersons, community and personal service workers, clerical and administrative workers and sales workers. Low skill includes machinery operators and drivers and labourers.

The Wholesale Trade sector, which has experienced relatively stable employment levels within Monash, has been impacted little by the GFC. As shown Figure 4 below, sales volumes for Australian wholesalers have continued to grow steadily over the past two decades. Unlike manufacturing, wholesalers have benefitted from increasing demand for imported goods.

At the same time, the increasing sophistication of products and the associated need for ancillary services such as advisory and training services, maintenance and servicing activities has resulted in an increasing number of skilled workers in this sector. This has resulted in demand for an increasing amount of office floorspace, as well as a growing preference for higher amenity locations that are accessible for both customers and employees.

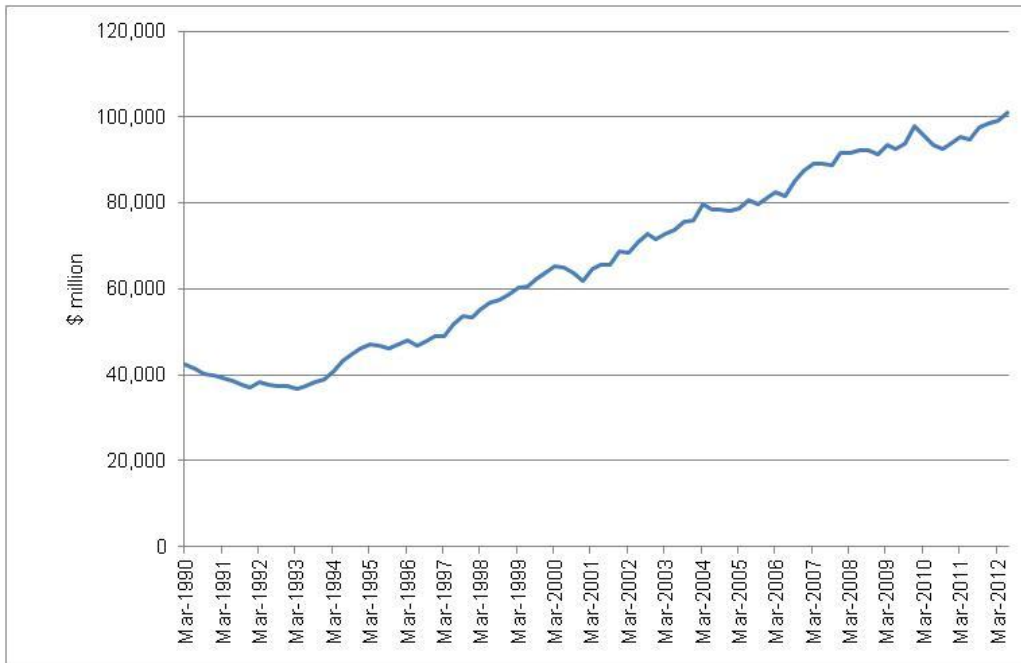
The Transport and Storage sector is another significant user of industrial land. While often thought of as being concentrated in green field logistics precincts, employment in this sector increased in Monash over 2006-2011 as a result of 200 new jobs in 'Postal and Courier Pick-up and Delivery Services'. Given Monash's location close to the geographic centre of Melbourne, employment growth would be expected to continue in the future.

**Figure 4: Value of Manufactured Exports 1990-2011**



Source: Department of Foreign Affairs and Trade

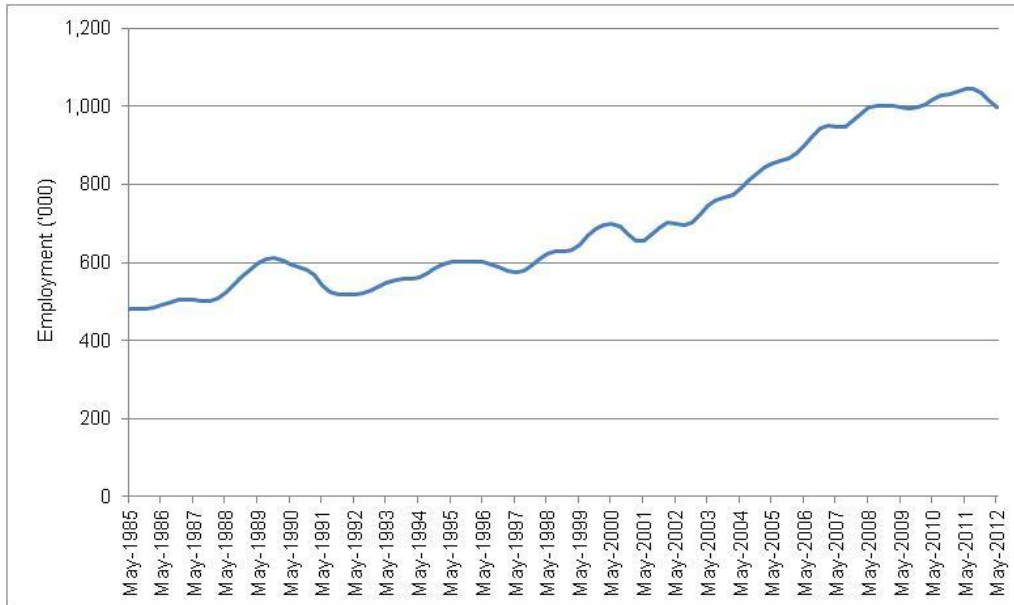
**Figure 5: Australia –Wholesale Trade Turnover (Chain Volume Measure)**



Source: ABS Cat No. 5676.0

The Construction sector, like the Wholesale Trade and Transport and Storage sectors is closely linked to overall economic and population growth. Although experiencing a slowing in growth as a result of the current economic uncertainty, this sector is expected to recover in the future.

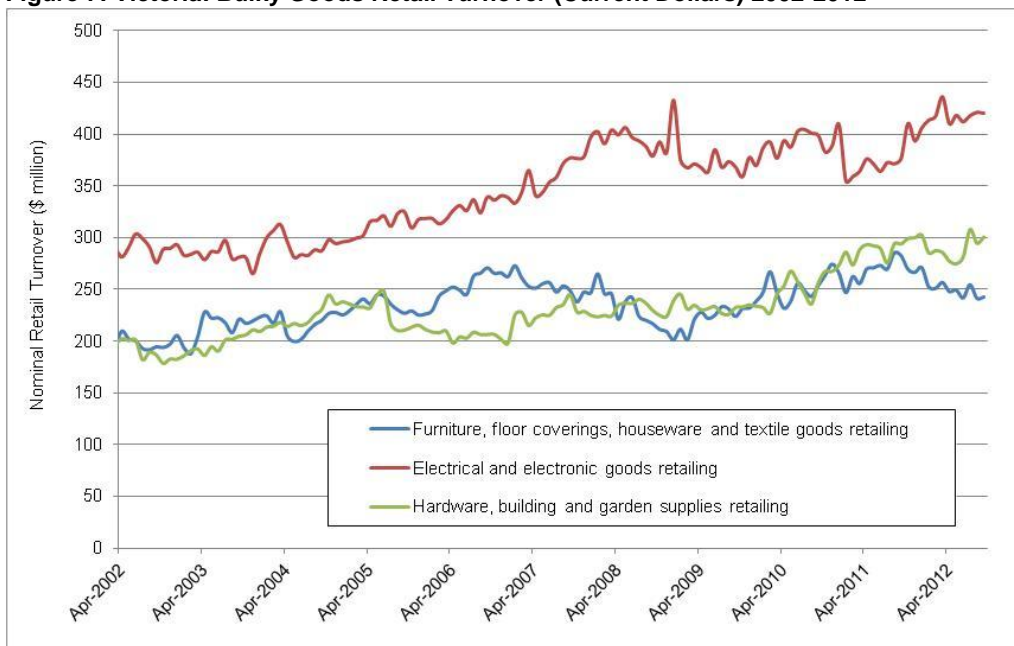
**Figure 6: Australia Construction Employment**



Finally, the Car Retailing and Bulky Goods Retailing sectors are experiencing a level of structural change which may prove to be as significant as that undergone by the manufacturing sector. Declining market share for Australia’s major car manufacturers as a result of increased competition from a wide range of imported vehicles is seeing the traditional large scale car yard being replaced by more sophisticated car show rooms on much smaller sites.

Similarly, within the Bulky Goods Retailing sector electrical retailers have been impacted upon by internet retailing while furniture and household goods retailers will have to wait for a recovery in the housing sector before experiencing any significant increase in sales.

**Figure 7: Victoria: Bulky Goods Retail Turnover (Current Dollars) 2002-2012**



Source: ABS

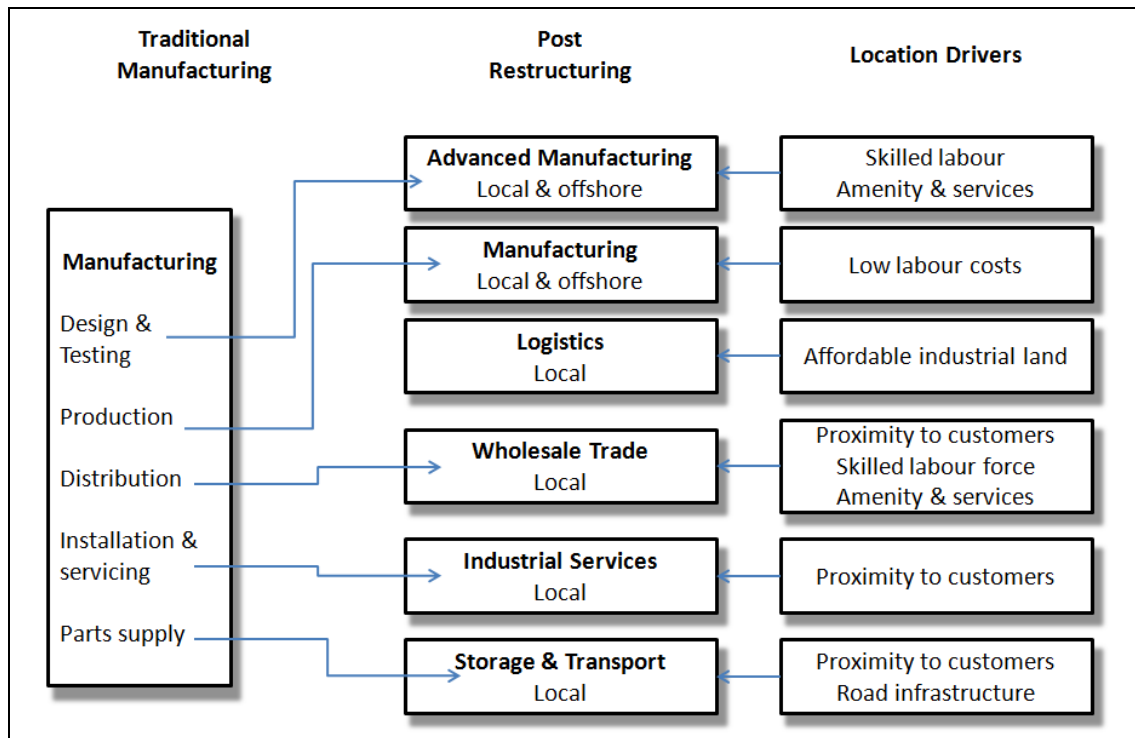
## 2.5 Industry Restructuring

Industry restructuring has occurred over a number of decades and been characterised by structural unemployment, a changing focus for educational institutions and an emergence of new industries. Similarly, the restructuring of Monash’s industrial areas is a longer-term process that is still occurring as it shifts its focus from traditional large scale industrial activities to more specialised and higher value adding activities.

Industry restructuring and the increasing specialisation of businesses has resulted in industrial locations also becoming more specialised based upon their locational attributes and what these mean for business efficiency.

The figure below shows that whereas manufacturers may once have undertaken a range of processes in-house and most likely in one location, many of these activities are now being outsourced to either local or overseas based firms. Each of these more specialised businesses also have more specific location and accommodation requirements that enable them to be as cost effective as possible.

**Figure 8: Restructuring of the Australia Manufacturing Sector**



Source: Charter Keck Cramer

The impact of this restructuring process upon the distribution of industrial activity has been for businesses to locate where they can operate most efficiently with respect to the more specialised activity that they are now undertaking. For example, the Transport and Logistics sector is now concentrated in locations serviced by Melbourne’s Principal Freight Network such as Laverton North, Craigieburn and Dandenong. Alternatively, some former manufacturers may undertake all their production off-shore, and in which case they may only have a corporate office in the Melbourne CBD from where they manage their international operations.

For the City of Monash this restructuring has in some cases resulted in large scale manufacturing and warehousing functions being progressively relocated either offshore or to outer industrial areas. However with higher value adding industrial activities being uncoupled from these less intensive functions they now have the flexibility to locate in areas such as Monash which offer a

high amenity industrial environment, access to the Melbourne CBD and access to a pool of highly skilled workers.

Also, with businesses having the opportunity to outsource less intensive non-core components their floorspace and land requirements may have been significantly reduced. This has resulted in large multi-purpose industrial facilities becoming increasingly obsolete, and being replaced by smaller office warehouse style facilities for more intensive activities.

**2.6 Inner City Industrial Precincts**

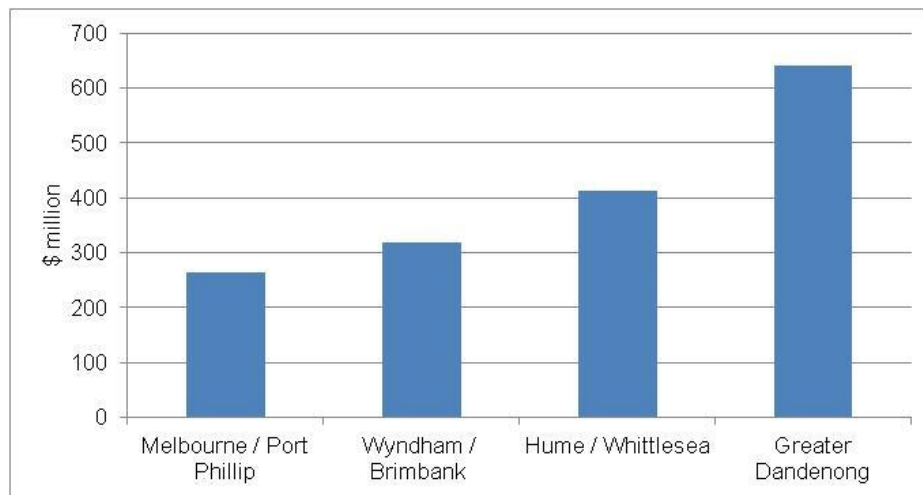
Melbourne’s inner city industrial precincts are particularly relevant to the City of Monash as they highlight the capacity for older industrial properties to be redeveloped for a new generation of industrial businesses.

Furthermore, the State Government’s decision to rezone half of the Fishermans Bend / Port Melbourne industrial area to facilitate non-industrial development is also expected to result in a spill-over of demand for industrial land into the City of Monash as the nearest significant industrial precinct in the south-east region.

Since 2001, the combined value of industrial building approvals in the City of Melbourne and Port Phillip has totalled \$264 million (compared to \$164 million in Monash). If the constrained supply of industrial land in inner locations is taken into account, the level of development interest in these areas may well be comparable to that of the outer industrial nodes accounted for by Wyndham / Brimbank (\$318 mill.), Hume / Whittlesea (\$413 mill.) and Greater Dandenong (\$642 mill.).

The continued investment in inner city industrial properties highlights the misconception that businesses prefer outer suburban industrial locations due to a need to accommodate larger vehicles and the availability of more affordable land. Rather, the increasing diversity of industrial activities requires an equally diverse supply of industrial locations, land and premises.

**Figure 9: Value of Industrial Building Approvals (New buildings, extensions and alterations)**



Source: Building Commission

This relatively strong investment in inner city industrial precincts is reflected in employment in the Port Melbourne industrial area increasing by 2,276 jobs from 11,496 to 13,772 jobs over 2002-2010<sup>1</sup>. Although manufacturing employment fell by 752 jobs, employment grew across Wholesale Trade (+682), Transport, Postal and Storage (+657), and Construction (+228).

<sup>1</sup> City of Melbourne, Census of Land Use and Employment

While the Port Melbourne industrial area maintains its industrial zoning, the rezoning of industrial land south of the Westgate Freeway in the City of Port Phillip may limit the opportunities for this employment growth to be accommodated. This will create a major opportunity for the City of Monash to attract new industrial related activity.

## 2.7 Property Market Drivers

Property market conditions together with the response of property developers to them play a key role in the redevelopment of sites for contemporary facilities that meet the needs of businesses. Understanding the nature of the industrial property market is therefore essential in determining the longer-term potential for precincts to meet the needs of businesses through offering appropriate accommodation.

Building obsolescence is an expected outcome of both industry restructuring and technological innovations that change how industry operates. It also requires on-going capital investment in, or the redevelopment of, properties in order to ensure they meet the accommodation requirements of businesses. This should be distinguished from locational obsolescence whereby a site's location is the reason for a lack of demand from industrial users.

Within Monash, as demand has shifted from larger manufacturing facilities to smaller office / warehouse facilities properties have been redeveloped in order to satisfy this demand. The Background Report provides a number of examples of this occurring both within Monash as well as in inner city industrial precincts.

Property markets compensate industrial property owners for the greater risk of functional obsolescence associated with industrial properties through higher income yields, which provides the necessary funds to redevelop properties in order to maintain their functionality in the future. Landowners are also compensated through being able to depreciate buildings and improvements which typically account for a much higher proportion of the total value of industrial properties compared to other property classes.

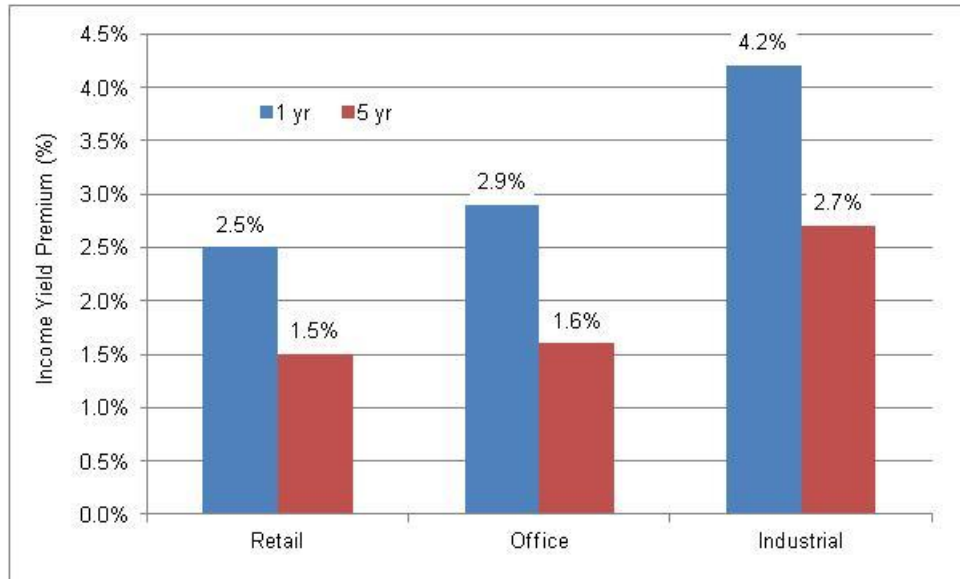
Figure 9 below shows income returns for industrial, retail and office properties relative to the 10 year bond rate over the past five years and the past 12 months. As the 10 year bond rate represents a risk free investment, the income return premium measures the additional return for investing in riskier property assets. Over the past five years, income returns for Industrial properties have been 1.2% per annum higher than retail properties (2.7% vs. 1.5%). A similar comparison of investment returns by the Westpac Bank<sup>2</sup> identified that over a period of 24 years income accounted for 87% of total returns for industrial properties compared to only 64% for retail properties.

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<sup>2</sup> [http://www.westpac.com.au/docs/pdf/cb/Commercial\\_property\\_-\\_Over\\_correction\\_or\\_fair\\_value.pdf](http://www.westpac.com.au/docs/pdf/cb/Commercial_property_-_Over_correction_or_fair_value.pdf)



**Figure 10: Income Return Premium to 10 Year Bond Rate (Australia)**



Source: IPD, Charter Keck Cramer

The rate of redevelopment of existing industrial properties may however be limited by the relatively low underlying value of industrial land combined with the depreciated value of buildings. This creates a situation where not only is it commercially viable for properties to be utilised for low value adding uses such as storage, but owners are able to effectively land bank properties in the hope of sites being rezoned in the future. As a result, there may be a limited number of under-utilised sites available for redevelopment at any point in time. The presence of older under-utilised industrial properties should therefore not necessarily be interpreted as a sign of limited market demand.

Considering the redevelopment of existing industrial sites adds a further level of complexity to determining an appropriate supply of industrial land. This is particularly so within the City of Monash where the redevelopment of sites represent the main opportunity for accommodating future industrial land users. Therefore there is a need for the Strategy to look beyond simply trying to quantify demand for industrial land at a municipal level, based upon various statistics purported to represent the demand for industrial land, and instead reflect the longer-term development potential of industrial precincts.

### 3. PRECINCT STRATEGIES

The key component of any industrial strategy is determining the future role of existing industrial precincts for either industrial activities or alternatively for other land uses and the achievement of other non-industrial strategic objectives.

Each of the industrial precincts have been assessed with respect to their future potential to accommodate future industrial activity, either in their current form or through the redevelopment of properties. This has involved consideration of the commercial viability of any redevelopment occurring based upon likely future property market conditions, demand from businesses and the physical capacity of sites to be redeveloped. Equally important however is the potential for precincts to play a role in achieving broader strategic objectives such as facilitating an increased supply of housing or acting as a catalyst for urban renewal within the surrounding area.

The Vision and Strategic Direction together with a Recommended Zoning for each precinct is provided below while the Background Report provides a discussion of the basis for each. This includes a set of key criteria which have been summarised below.

#### 3.1 Assessment Criteria

A range of factors have been considered in assessing the potential for each of the industrial precincts to either support a continuation of industrial activity or an alternative land use. While a detailed assessment of each precinct is provided in the Background Report, the key criteria relied upon in undertaking the assessment of each precinct is as follows.

##### a) Demand for Industrial Land

There must be an underlying level of longer-term demand from businesses to locate within Monash. Given the existing level of business activity, investment in the development of new industrial facilities, and the potential for future growth as a result of a reduced supply of inner metropolitan industrial land is considered to exist at a municipal level.

##### b) Accessibility and Infrastructure

The nature of businesses being attracted to Monash is such that they are less reliant upon road infrastructure than they are upon that which provides the necessary amenity and services expected by higher skilled workers as well that which supports the image businesses are seeking to project to their customers and employees. This may range from a high level of industrial amenity through to convenient access to retail facilities and food outlets.

##### c) Redevelopment Potential

Precincts are assessed based upon their potential to accommodate businesses in either their current form or through sites being redeveloped. The commercial viability of sites being redeveloped for contemporary industrial facilities is a key consideration.

##### d) Alternative Land Uses

The potential for industrial precincts to facilitate commercial or residential development are considered on the ability to deliver housing outcomes that may not be achieved elsewhere within Monash based upon key attributes such as proximity to key infrastructure. These outcomes are considered within the context of any lost economic development opportunities.

e) Economic Development

Economic development outcomes may take a number of forms including the generation of employment opportunities; strengthening the profile of precincts as a business location; and ensuring a range of accommodation options for businesses.

f) Urban Renewal

The opportunity may exist for industrial areas stimulate urban renewal through key strategic sites being redeveloped. Where such opportunities exist, encouragement should be given to directing industrial activity towards these precincts. Similarly, the gentrification of residential areas may be achieved through industrial sites or precincts being redeveloped for residential uses and providing a catalyst for new development within the existing residential area.

g) Amenity Impact

The potential for businesses to generate off-site impacts which may result in restrictions being placed upon their operations is considered. In determining the future role for a precinct any potential for either an increase or decrease in land use conflicts under various land use zonings and development outcomes has been taken into account.

### 3.2 Precinct P01 (Burwood Road) and P02 (Huntingdale Road)

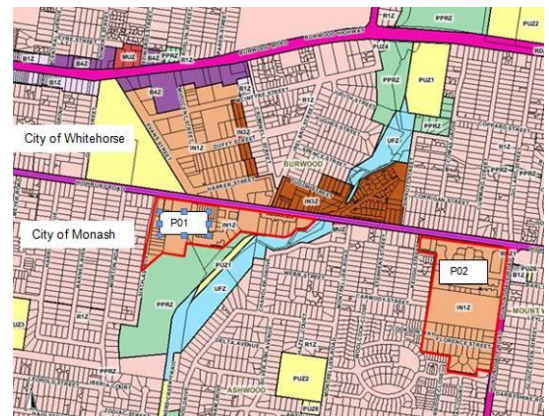
▪ **Vision and Strategic Direction**

These two precincts are expected to continue to offer strong opportunities for industrial activity. Their proximity to the Melbourne CBD combined with limited competition from other industrial precincts will support more intensive development with a high office component. This form of development will cater for high value adding businesses across a wide range of activities but with a common requirement for a high amenity industrial setting.

Council may play an active role in facilitating the redevelopment of sites through working with existing landowners to achieve development outcomes that caters for market demand. This may include co-ordinating the development of sites to avoid any potential over-supply of industrial space at any point in time, and ensuring a high quality of design and construction which reinforces the profile of the wider industrial area.

▪ **Recommended Zoning**

It is recommended that the existing industrial 1 zoning be retained.



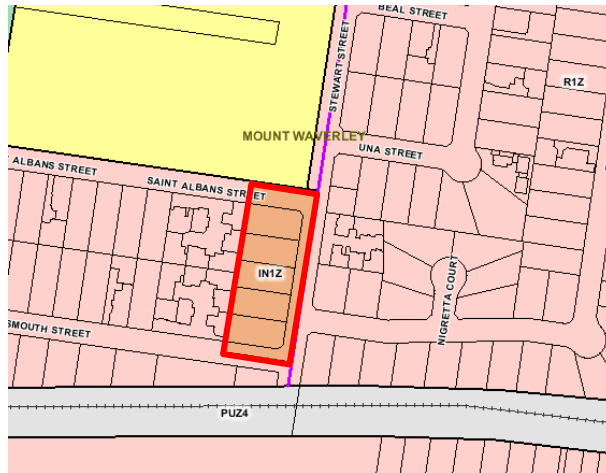
### 3.3 Precinct P03 (Stewart Street Mount Waverley)

- **Vision and Strategic Direction**

It is envisaged that these sites will provide the opportunity for new medium density housing to be delivered within this residential area of Mount Waverley. The loss of industrial land would have limited impact upon the level of business and employment activity given the likely constraints upon future industrial activity on these sites.

- **Recommended Zoning**

It is recommended that these sites be rezoned to an appropriate residential zone to allow redevelopment for residential uses to be consistent with the surrounding residential area.



### 3.4 Precinct P04 (Warrigal Road Holmesglen)

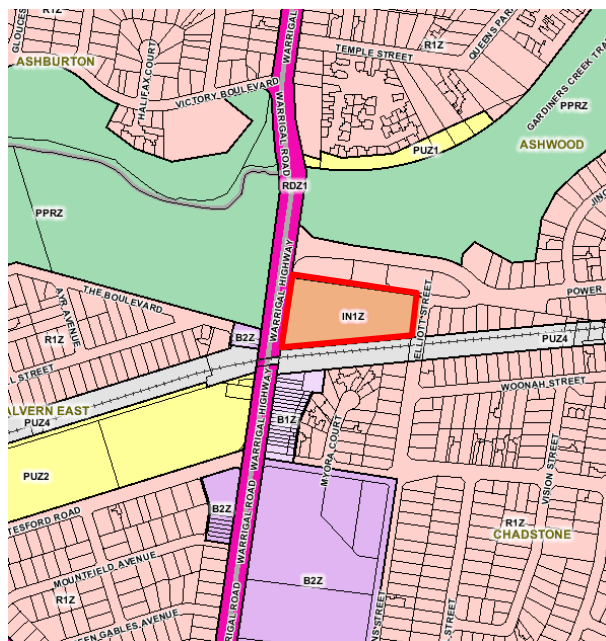
- **Vision and Strategic Direction**

This site offers the opportunity for a mixed use development that consolidates demand for higher density residential into a location which offers excellent access to a range of urban infrastructure and services. Office uses may be encouraged along the Warrigal Road frontage to leverage off its main road exposure as well as the precinct’s location adjacent to an activity centre, railway station and Holmesglen.

A mixed use development upon this site would further strengthen the profile of the surrounding precinct particularly given that it would consolidate the higher density residential development currently under construction with the adjacent activity centre.

- **Recommended Zoning**

It is recommended that this site be rezoned to a Mixed Use zone to provide the opportunity for offices to be incorporated into any future redevelopment of the site for residential apartments.



### 3.5 Precinct P05 (Waverley Road Glen Waverley)

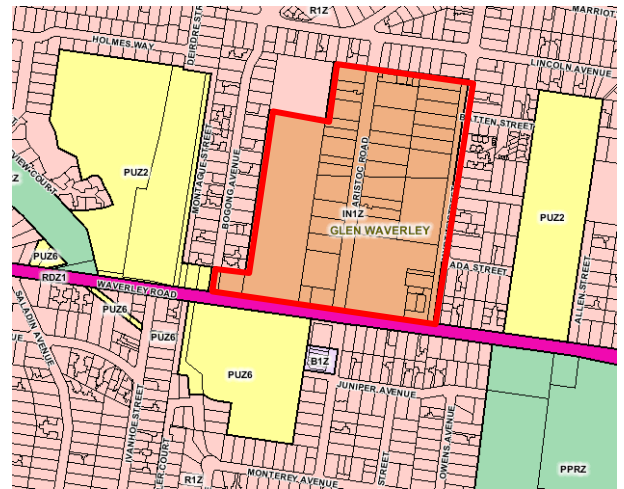
- **Vision and Strategic Direction**

The vision for this precinct is for it to continue to perform its industrial role through accommodating a range of businesses within the existing smaller industrial premises as well as through the redevelopment of larger industrial sites (Funtastic and Dulux sites) for more intensive industrial premises.

Residential development should be actively discouraged given that this will be most likely limited to townhouses which may be better facilitated in existing residential areas closer to the Glen Waverley Activity Centre without requiring a loss of industrial development opportunities.

- **Recommended Zoning**

It is recommended that the existing Industrial 1 zoning be maintained for this precinct



### 3.6 Precinct P06 (Springvale Road Glen Waverley)

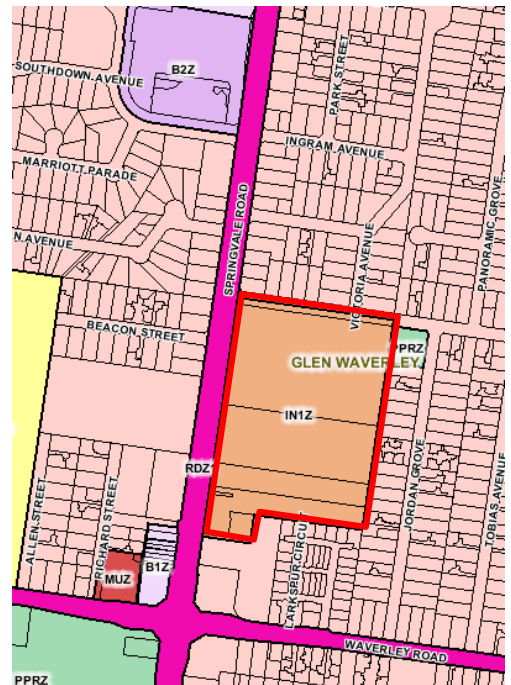
- **Vision and Strategic Direction**

This precinct will continue to fulfil its role as an industrial precinct through the expected on-going presence of WTC. Any change in land use should therefore be considered as being a longer-term outcome and hence should not be anticipated for the purpose of this strategy. In the meantime WTC will continue to make a significant contribution to the Monash economy through creating employment opportunities for skilled workers.

Over the longer term and subject to the intentions of WTC there may be the opportunity for more intensive mixed use development to occur. This may include a mix of office and residential uses including serviced apartments. The necessary planning mechanisms to achieve such an outcome should only be considered at that time.

- **Recommended Zoning**

It is recommended that the existing Industrial 1 zoning be maintained.





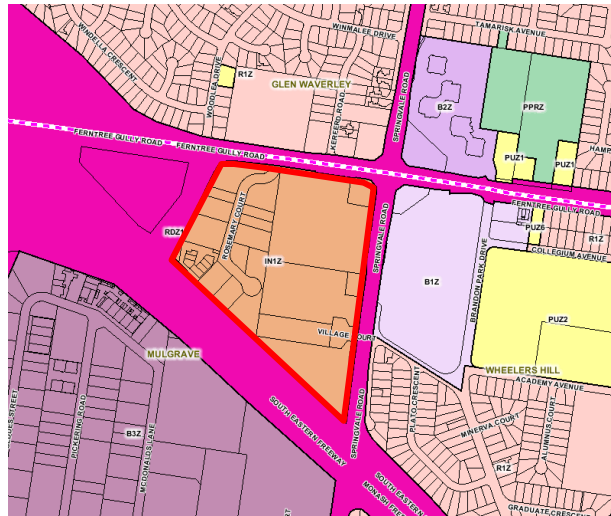
### 3.7 Precinct P08 Village Green

- **Vision and Strategic Direction**

This precinct represents a key strategic development opportunity given its proximity to a number of key activity nodes. Its Springvale Road frontage offers the opportunity for corporate style office development between the Village Green Hotel and the Monash Freeway giving way to higher quality office warehouses within Rosemary Court.

- **Recommended Zoning**

It is recommended that a Commercial 2 zone be adopted for the showroom precinct for facilitate office development while the existing Industrial 1 zoning be maintained for properties in Rosemary Court.



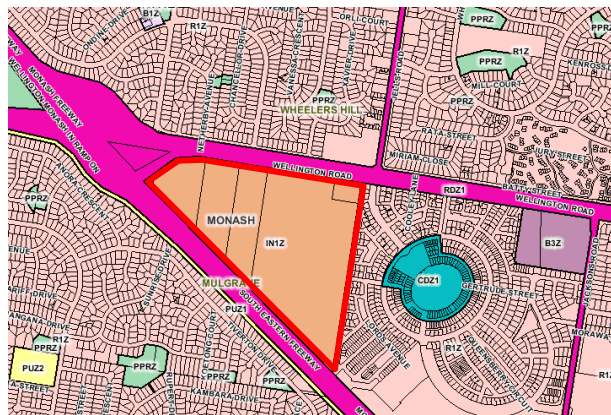
### 3.8 Precinct P09 (Waverley Park)

- **Vision and Strategic Direction**

This precinct will continue to perform its role as a highly accessible location for the existing industrial activities reflecting its immediate proximity to the Monash Freeway. Any redevelopment of sites will most likely occur in the longer term and will offer the opportunity for the incorporation of office uses into the precinct.

- **Recommended Zoning**

It is recommended that the existing Industrial 1 zoning be retained.



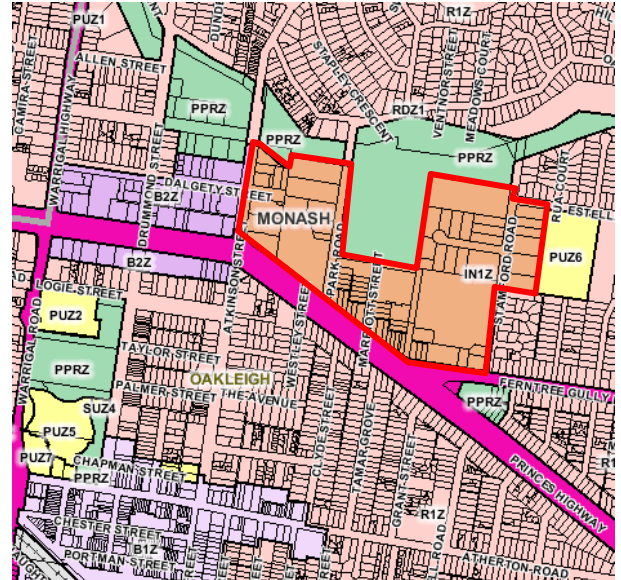
### 3.9 Precinct P10 (Oakleigh North Industrial Precinct)

#### ▪ Vision and Strategic Direction

It is envisaged that the Stamford Road sub-precinct which includes Kingston Town Close will continue to accommodate high value adding industrial uses.

The remainder of the broader precinct offers the opportunity for the creation of a high profile mixed use precinct to complement the Oakleigh Town Centre. Rather than competing with that centre this precinct will offer an alternative location for:

- Office activities where businesses are seeking a Princes Highway location that offers a higher level of exposure to that available within the Oakleigh Town Centre.
- Medium and higher rise apartment developments that will leverage off the amenity and recreational facilities offered immediately to the north.



The opportunity exists for Council to play an important guiding role in facilitating this transition through a combination of rezoning sites, preparing a structure plan for the precinct and economic development initiatives which redirect demand for industrial land to the Oakleigh / Huntingdale Industrial area.

#### ▪ Recommended Zoning

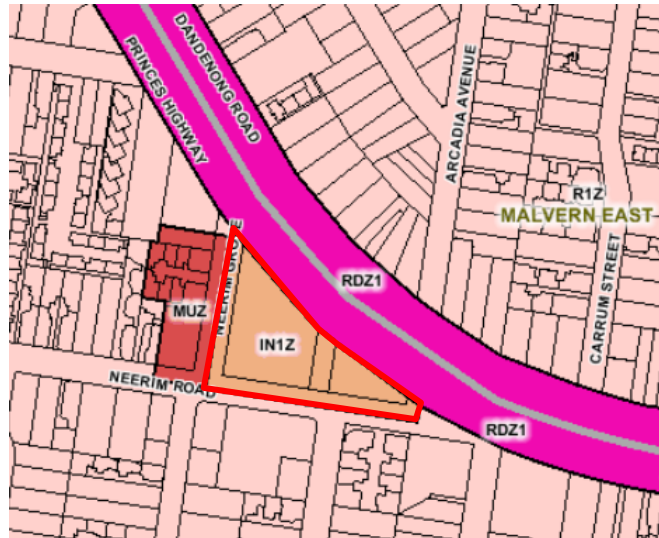
It is recommended that the Stamford Road sub-precinct which includes Kingston Town Close retain its existing Industrial 1 zoning.

In order to balance the opportunities offered by the car showroom sub-precinct's exposure to the Princes Highway as well as local recreational facilities, a Mixed Use Zone is recommended. This will promote more intensive development outcomes that leverage off this infrastructure and facilities to deliver outcomes that are less likely to be achieved elsewhere within the municipality.

**3.10 Precinct P11 (1354-1360 Princes Highway Hughesdale)**

▪ **Vision and Strategic Direction**

The future direction for this precinct is for its redevelopment for residential apartments. The scale of development would be expected to be low rise and consistent with recently completed developments nearby. Based upon the apartment yield of these developments the precinct may be expected to accommodate 75-100 apartments.



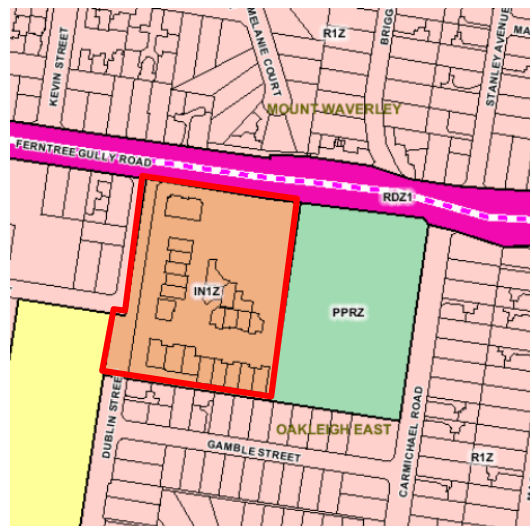
▪ **Recommended Zoning**

It is recommended that this precinct be rezoned to a Mixed Use Zone to allow the flexibility for either residential or non-residential uses reflecting the development opportunities associated with the precinct’s location.

**3.11 Precinct P12 (104-106 Ferntree Gully Road Oakleigh East)**

▪ **Vision and Strategic Direction**

The Waverley Gate Business Park will continue to perform its role as a location for businesses requiring smaller scale office / warehouses. It is not envisaged that there will be any pressures for redevelopment within the precinct with individual properties offering the flexibility to be adapted to a range of businesses.



▪ **Recommended Zoning**

It is recommended that the existing Industrial 1 zoning be retained.



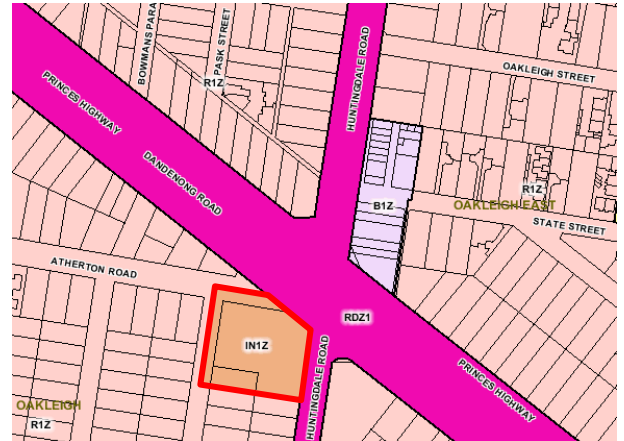
### 3.12 Precinct P13 (Atherton Road, Huntingdale Road and Dandenong Road)

- **Vision and Strategic Direction**

The current role for this precinct for employment uses is limited to car showrooms given the value of the building improvements. Such uses typically generate relatively little employment, with some activities such as the servicing of cars potentially better located within traditional industrial precincts.

Encouragement may also be given to free-standing car showrooms to relocate to showroom precincts within Monash in order to support the performance of these businesses but also to allow more intensive development upon these sites.

The vision for this precinct is for medium density apartments with the potential for either offices or ground floor showrooms to be incorporated into any future development.



- **Recommended Zoning**

A Mixed-Use zoning for this precinct will offer the opportunity for apartment development to occur while still providing the flexibility for street level uses such as showrooms. There is also the potential for a small office component to be incorporated into any redevelopment of the site.

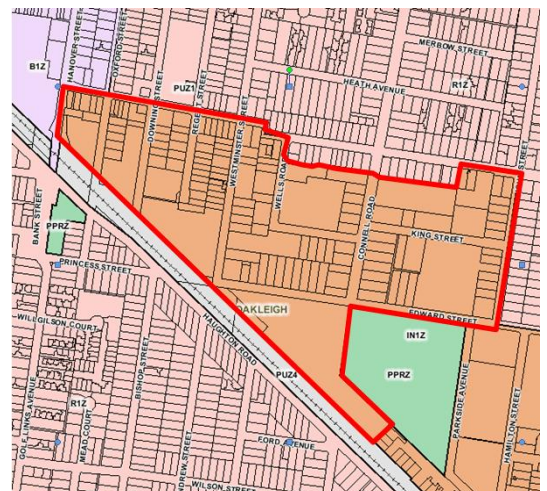
### 3.13 Precinct P14: (Oakleigh South Industrial Area)

- **Vision and Strategic Direction**

The vision for this precinct is that it will continue as a location for a range of seeking functional industrial buildings, while also offering the opportunity for the development of more contemporary industrial facilities for higher value adding industrial activities.

- **Recommended Zoning**

It is recommended that this precinct retain its existing Industrial 1 zoning.



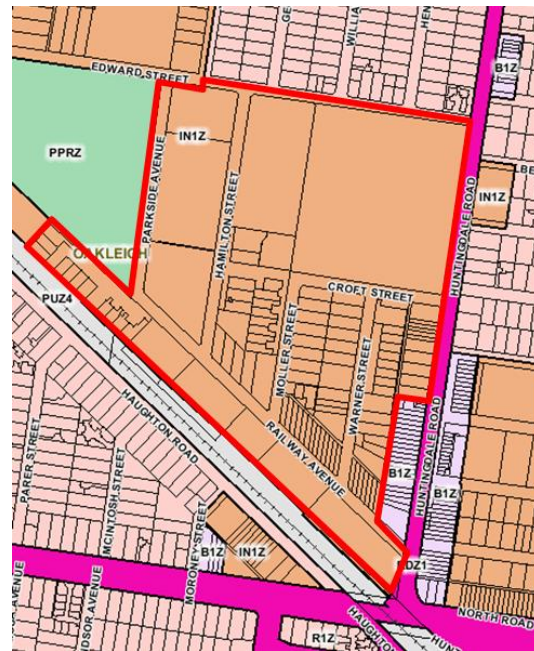
### 3.14 Precinct P15 (Oakleigh East Industrial Area)

- **Vision and Strategic Direction**

This precinct will play an increasingly important role as an industrial location as it continues to gentrify through the redevelopment of larger industrial properties for more intensive uses. The use of larger industrial buildings for recreational activities may also be expanded through leveraging off its location adjacent to the Huntingdale railway station and potential synergies with the Huntingdale Activity Centre.

- **Recommended Zoning**

It is recommended that the current Industrial 1 zoning be retained.



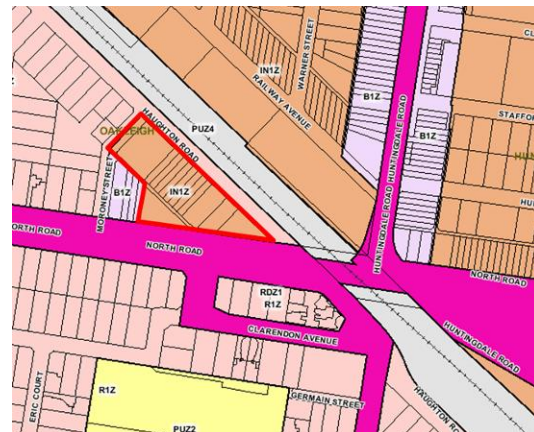
### 3.15 Precinct P16 (Haughton Road Huntingdale)

- **Vision and Strategic Direction**

Over the shorter-term this precinct will continue to perform its role as a location for a mix of service related businesses while also offering the opportunity for the redevelopment of the MPG site to act as a catalyst for urban renewal within the precinct. Encouragement will be given to the redevelopment of sites for residential uses in order to realise the benefits of the precincts proximity to the railway station and activity centre.

- **Recommended Zoning**

It is recommended that this precinct be rezoned to a Mixed Use Zone to provide the flexibility for residential development. Any rezoning of sites should be subject to an environmental audit to identify any contamination which may prevent residential development from occurring.



### 3.16 Precinct P17 (256-262 Huntingdale Road Huntingdale)

- **Vision and Strategic Direction**

This precinct offers the opportunity to act as a catalyst for new housing development within the surrounding residential area. Facilitating its redevelopment for residential uses also enables industrial activity to be consolidated into the nearby core industrial precincts to support their revitalisation.

- **Recommended Zoning**

An appropriate residential zone is recommended for this precinct to facilitate residential development consistent with the immediate residential area.

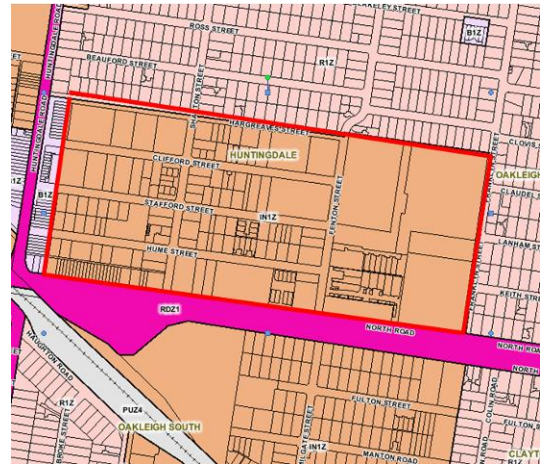


### 3.17 Precinct P18 (Huntingdale Industrial Precinct)

- **Vision and Strategic Direction**

This precinct offers the opportunity to facilitate a continuation of the industrial gentrification that has been occurring west of Huntingdale Road while also leveraging off its high exposure to North Road and the opportunities for more intensive development on larger sites adjacent to the activity centre.

Key strategic sites will offer the opportunity for high profile business parks, the scale of which will be determined by the ability to consolidate sites. Council will play a key role in facilitating the transformation of this precinct through providing direction via the structure planning process and investment in improving the amenity of the precinct and the activity centre generally.



- **Recommended Zoning**

It is recommended that an Industrial 1 zoning be retained. Under the reformed zones this provides greater flexibility for office uses to be incorporated into the redevelopment of sites particularly along the North Road frontage.

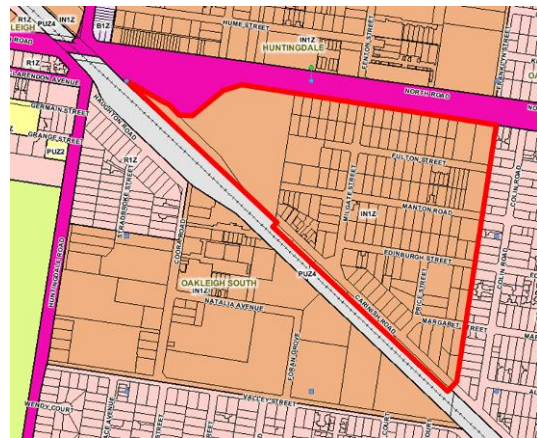


### 3.18 Precinct P19 (Oakleigh South (North Road) Precinct)

- **Vision and Strategic Direction**

This precinct will continue to provide a location for a mix of smaller sized industrial businesses with properties being redeveloped as required to meet the needs of both owner-occupiers and tenants. Importantly, the precinct will provide a needed supply of affordable industrial accommodation for businesses in the future via the existing stock of industrial buildings.

The precinct’s North Road frontage will continue to improve its presentation and profile as properties are redeveloped. The opportunity may exist for the creation of a recognised North Road precinct through leveraging off any future redevelopment of key strategic sites on the opposite side of North Road for more intensive and higher profile activities.



- **Recommended Zoning**

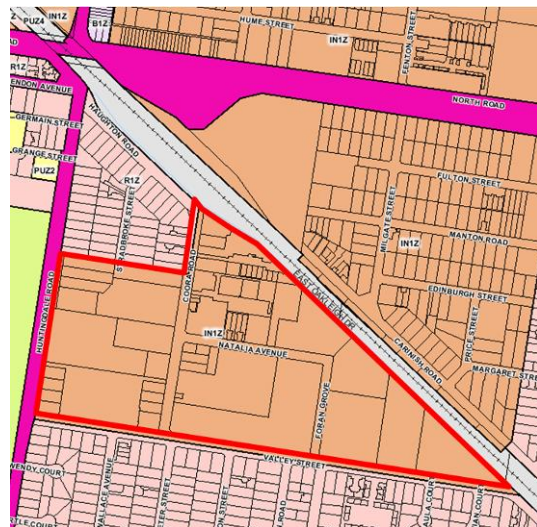
It is recommended that the existing Industrial 1 zoning for this precinct be maintained.

### 3.19 Precinct P20 (Oakleigh South - Huntingdale Road Precinct)

- **Vision and Strategic Direction**

This precinct will perform an on-going role as an industrial location through the continued redevelopment of sites. Key sites fronting Huntingdale Road and Valley Street will offer the opportunity for businesses seeking exposure, access to major arterials and the amenity offered by the precinct’s location adjacent to Huntingdale golf course. These sites will establish a key point of difference for the precinct, thereby expanding the choice of industrial locations available to businesses within the region.

It is anticipated that these sites will offer the opportunity for small business parks offering more intensive industrial accommodation incorporating a relatively high portion of office space which will build the profile of this precinct.



- **Recommended Zoning**

It is recommended that the existing Industrial 1 zoning be maintained.

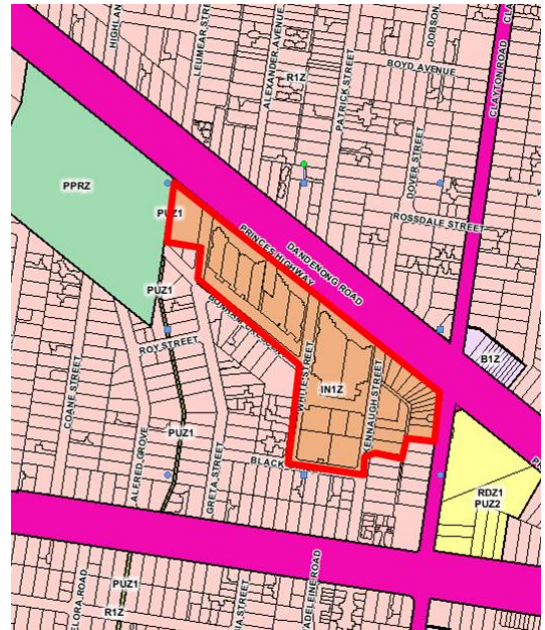
### 3.20 Precinct P21 (Clayton Restricted Retail Precinct)

- **Vision and Strategic Direction**

The vision for this precinct is that it will continue to perform its role as showroom / light industrial precinct. The incorporation of office uses above showrooms will assist in diversifying the business mix and employment opportunities offered by the precinct while also leveraging off the precincts high exposure to the Princes Highway. Office uses should complement rather than undermine the role of this precinct as a showroom precinct.

- **Recommended Zoning**

It is recommended that the existing Industrial 1 zoning be retained. While a Commercial 2 zoning would provide greater flexibility for offices, an Industrial 1 zoning still allows offices subject to a permit.



### 3.21 Precinct P22 (PMP Site)

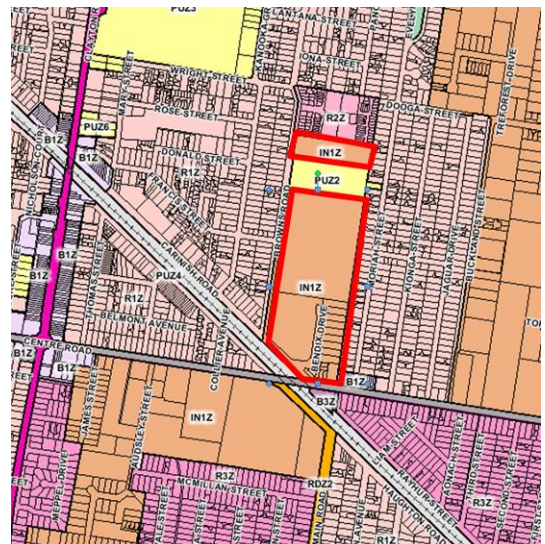
- **Vision and Strategic Direction**

Bendix Drive is expected to continue to perform its role as a location for smaller industrial activities with the potential for the redevelopment of some sites for more intensive office / warehouses over time.

Should PMP cease operating its Clayton plant at some stage in the future it is envisaged that the site should be redeveloped for residential uses given the likelihood that any redevelopment of the site for intensive industrial uses will be prolonged and result in a blighting of the surrounding area. This will be reinforced by the availability of better located, and more appropriately sized, development sites within the Clayton and Clayton South Industrial Areas. Directing industrial activity to these areas will also assist in supporting investment in the redevelopment of sites for more intensive industrial uses.

The development of a master planned residential precinct on the larger sites offers the opportunity to provide new housing opportunities in close proximity to the Clayton activity centre, railway station and Monash Medical Centre. It also offers a potential catalyst for urban renewal

Figure 11: Precinct P22 Location Map





across the surrounding residential area through the redevelopment of older detached dwellings for more contemporary medium density housing

- **Recommended Zoning**

It is recommended that the PMP site and the Monash Medical Centre car park site be rezoned to an appropriate residential zone. This should be subject to an environmental audit being undertaken to determine the extent of any contamination and any impact upon the commercial viability and likelihood of residential development occurring.

Bendix Drive which accounts for the balance of the precinct should retain its Industrial 1 zoning.

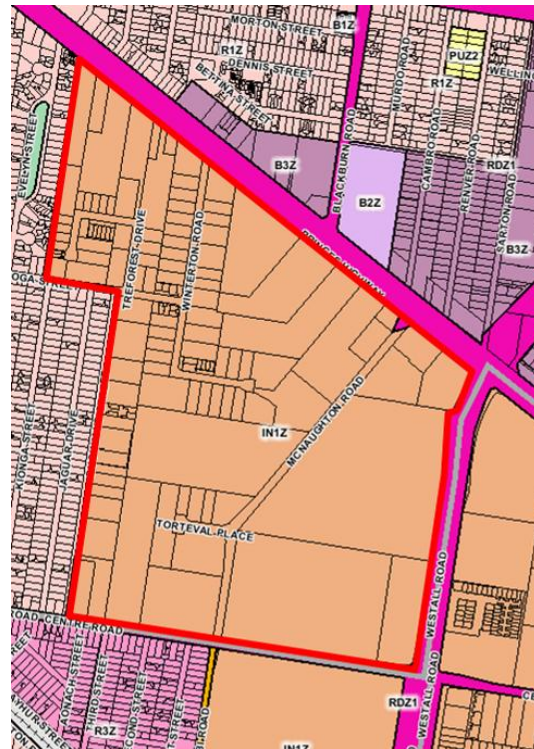
### 3.22 Precinct P23 (Clayton Industrial Precinct)

- **Vision and Strategic Direction**

The vision for this precinct is for the continued redevelopment of larger sites for more intensive industrial facilities as sites become available for redevelopment. This will further integrate the precinct with the Monash Technology Precinct as higher value adding industrial businesses are attracted to the precinct.

- **Recommended Zoning**

It is recommended that the existing Industrial 1 zoning be retained for this precinct.

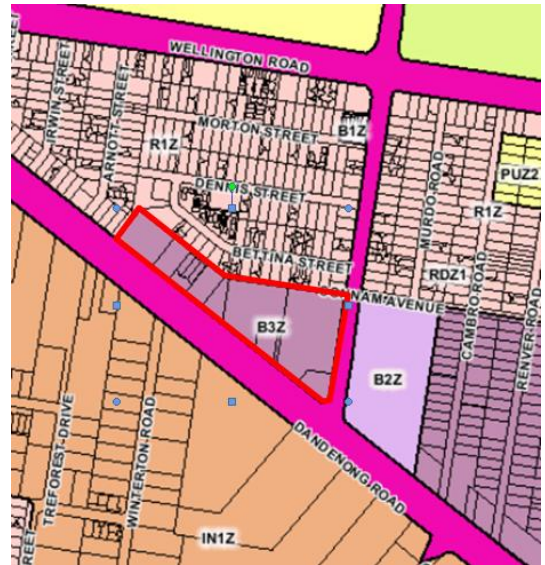


### 3.23 Precinct P24: Princes Highway and Blackburn Road

- **Vision and Strategic Direction**

It is envisaged that this precinct will connect the industrial activities located along the Princes Highway corridor to Monash University via Blackburn Road. The key to achieving this will be encouraging uses that complement both of these while also establishing a higher profile for the precinct.

A mix of residential, accommodation and commercial office activities will be complemented by recreational opportunities offered by the Monash Hotel to establish a mixed use precinct. The scale of development should reflect the opportunities for the establishment of a gateway precinct.



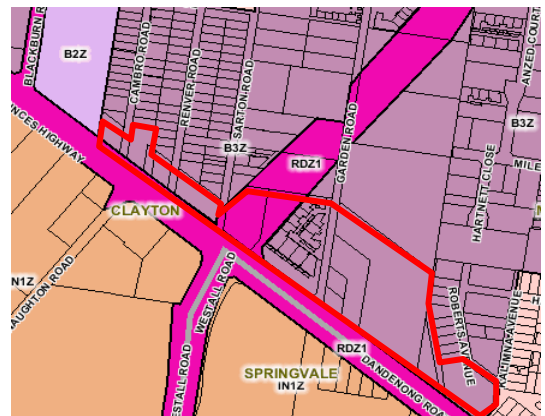
- **Recommended Zoning**

Retain the existing Commercial 2 Zone to reflect the aspirations for offices and other commercial development to occur.

### 3.24 Precinct P25: Dandenong Road Peripheral Sales Precinct

- **Vision and Strategic Direction**

It is envisaged that over the medium to longer term sites within this precinct may be redeveloped for more intensive and higher quality industrial premises. In doing so it will complement the existing corporate style industrial development along the southern side of Dandenong Road as well as allow it be integrated into the Monash Technology Precinct.



- **Recommended Zoning**

Retain the existing Commercial 2 Zone to reflect the aspirations for offices and other commercial development to occur.

### 3.25 Precinct P26: Corner Wellington Road and Jacksons Road Mulgrave

- **Vision and Strategic Direction**

It is expected that this precinct will continue to perform its role as a corporate head office and distribution centre location into the foreseeable future. There is no strategic justification for considering a change of land use at this stage.

- **Recommended Zoning**

It is recommended that this precinct be rezoned to Industrial 1 which under the reformed zones provides the flexibility for office uses.



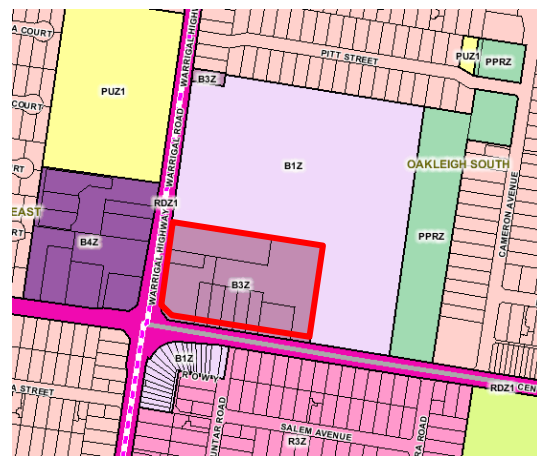
### 3.26 Precinct P27: Warrigal Road and Centre Road, Oakleigh South

- **Vision and Strategic Direction**

While dependent upon more detailed investigations, the vision for this precinct is for an additional supermarket based centre to service local households and passing trade, thereby providing the opportunity for a linkage between retail activities to the north and south.

- **Recommended Zoning**

It is recommended that this precinct be rezoned to Commercial 1 subject to a detailed assessment of the capacity for an additional supermarket based centre to be supported.





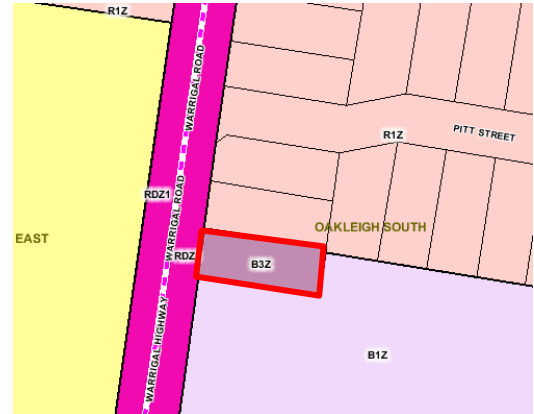
### 3.27 Precinct P28: 346 Warrigal Road Oakleigh South

- **Vision and Strategic Direction  
Recommended Zoning**

This precinct will perform an ancillary role to the adjacent retail centre through either the continued operation of the existing gym or alternatively some other non-retail commercial use.

- **Recommended Zoning**

It is recommended that the existing Business 3 zoning be replaced by a Commercial 2 zone to facilitate a mix of business and commercial activities.



# Monash Industrial Land Use Strategy

## Background Analysis and Context

### DRAFT REPORT

Prepared for

City of Monash

26 February 2014



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## 1. INTRODUCTION

In July 2012 Charter Keck Cramer (Charter) was appointed to prepare the Monash Industrial Land Use Strategy (the Strategy) for Council to provide direction on the future role of industrial precincts within the municipality.

As one of Melbourne's preeminent industrial locations, the City of Monash is home to a wide range of industrial related activities located across an equally diverse number of industrial precincts. These include high-tech enterprises and corporate head offices located within the Melbourne Technology Precinct, through to large scale manufacturing and warehousing in Clayton and many traditional manufacturing activities still operating in Monash's first industrial areas in Oakleigh and Huntingdale.

It is this scale and diversity of industrial activity that sets Monash apart from the neighbouring municipalities of Kingston, Greater Dandenong, Knox and Whitehorse as an industrial location. This is particularly so for those higher value adding industrial activities that have emerged from the restructuring of the Australian economy over the past three decades.

Monash's competitive advantage and role as a regional employment cluster reflects a combination of its factors, each being unique in their own right. Whether through luck or good planning, Monash has been blessed with unsurpassed access to road infrastructure, education and scientific institutions, high amenity industrial precincts and a rich pool of skilled labour.

As Monash's industrial areas have evolved in the past, they will continue to do so in the future as the pressures for industry restructuring continue. As larger industrial buildings become functionally obsolete for modern day businesses there will be opportunities to be redeveloped for a new generation of smaller, higher value adding industrial users attracted by Monash's unique location rather than any need to accommodate large transport vehicles.

With the total area of industrial zoned land in the Fishermans Bend / Port Melbourne Industrial Area being halved with the creation of the Fishermans Bend Urban Renewal Area, the demand for industrial space within the City of Monash may increase significantly in the future. As the remaining development sites in the area are absorbed and industrial land values rise, Monash will be well placed to attract the new generation of corporate style industrial development that has characterised Fishermans Bend / Port Melbourne over recent decades.

Despite the strong outlook for industrial development in Monash over the coming decades, Council must still balance the need to accommodate a range of competing land uses. The most pressing of these is housing, given the projected demand for 500 dwellings per annum identified in the Monash Housing Strategy. Industrial areas may play a key role in delivering a greater diversity of housing options than may otherwise be achieved through the redevelopment of sites within activity centres or existing residential areas.

### 1.1 Purpose

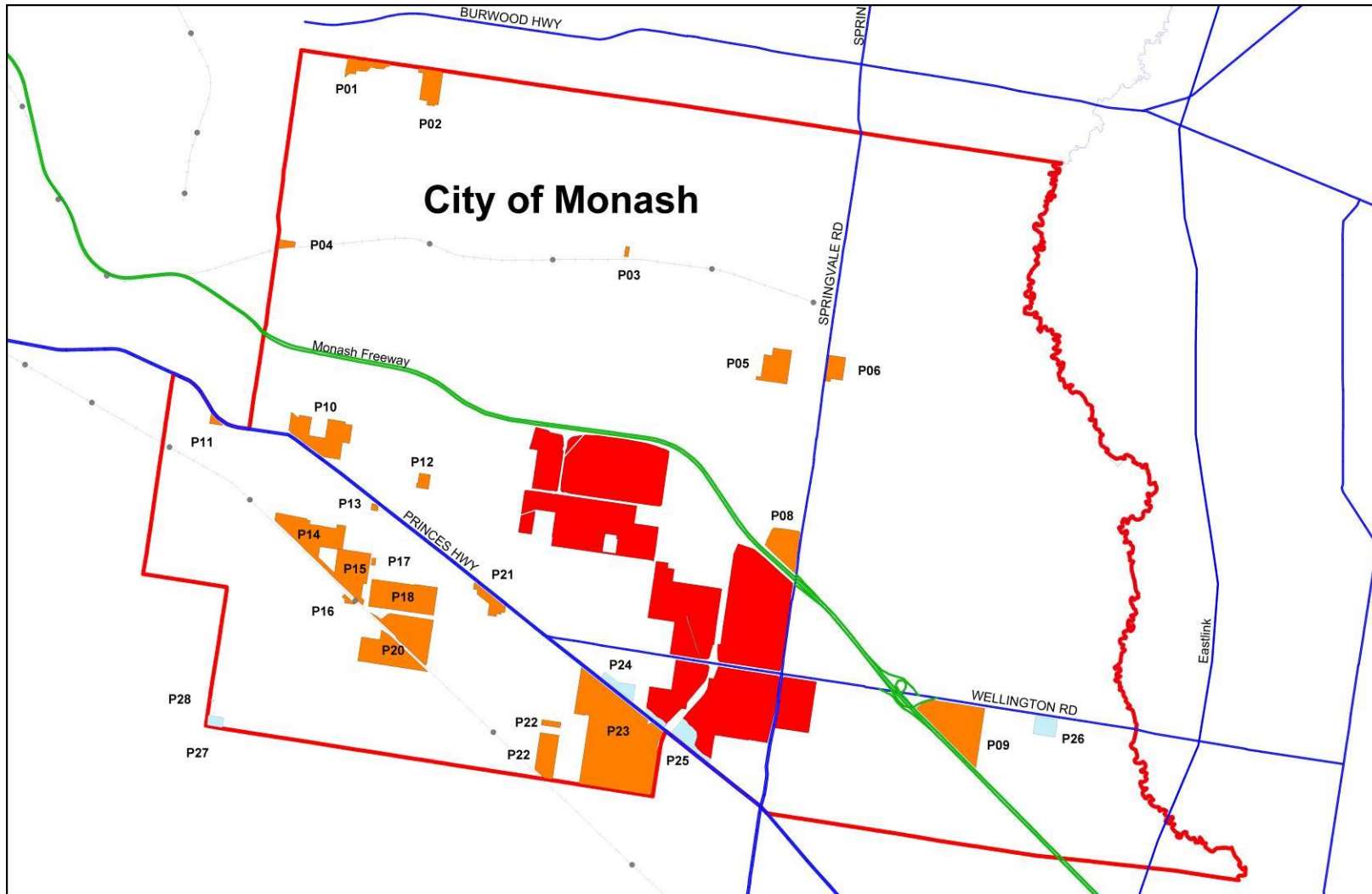
The purpose of the Strategy is to provide the necessary strategic direction and supporting analysis to support the future planning and development of industrial land within the municipality including the rezoning of land for non-industrial uses.

This is based upon analysis undertaken at a number of levels to determine:

- Monash's future role as an industrial and employment location within a regional and metropolitan context,
- Development opportunities for each industrial precinct; and
- The strategic direction, vision and appropriate land use for each precinct.



Figure 1: Precinct Map



Source: City of Monash

## 1.2 Scope

This Strategy relates to all Industrial 1 and Business 3 zoned land within the City of Monash excluding that contained within the Monash Technology Precinct (MTP). The strategic direction for the MTP is already established via previous strategic studies and within the Monash Planning Scheme (Clause 22.02 Monash Technology Precinct Policy). The previous figure identifies each of these precincts.

## 1.3 Methodology

Within established urban locations such as the City of Monash, a key requirement of industrial strategies is to identify the future demand for industrial space. Unlike retailing or local business services, there is no relationship between the demand for industrial land and the population of some hypothetical catchment area.

Similarly, assuming that declining employment in the manufacturing sector translates into reduced demand for industrial space overlooks the role that industry restructuring, capital investment and increasing labour productivity has played in reducing the labour requirements of businesses.

Approaches used to gauge demand for industrial land include determining how intensively industrial buildings are utilised, with the suggestion that industrial land should be rezoned because it is underutilised. However the use of older industrial buildings for less intensive uses such as storage is often commercially sound from both a landowner and tenants perspective given the depreciated value of buildings. At the same time there may be considerable demand for modern industrial premises if they were to be developed on the site. That is, the demand for industrial sites is largely determined by the functionality of building improvements.

Finally, industrial land is often considered to be generic with greenfield industrial estates being an option for any business located in an established industrial area. If this were the case then all industrial land would have the same value regardless of location, which is clearly not the case.

These points highlight the danger of attempting to quantify the demand and supply of industrial land, or even to make subjective judgements in the absence of an understanding of the dynamics of industrial property markets. For this reason the methodology adopted for the preparation of this Strategy is based upon a transparent discussion of the property market mechanisms the implications of these for the demand for industrial land and development opportunities.

In order to achieve this Charter has drawn upon its extensive knowledge and experience across a range of professional disciplines including:

- industrial property valuations;
- property market research;
- development and project management; and
- corporate real estate.

Drawing upon Charter's working knowledge of industrial property markets and the commercial evaluation of industrial projects for a range of clients including financial institutions and developers, this analysis provides a real world context of Melbourne's industrial property sector.

The methodology adopted in preparing the strategy comprises the following interrelated sets of analysis.

- **Strategic Context**

The Monash Planning Scheme in addition to key strategic documents and studies are reviewed to provide an overview of the role of Monash's industrial sector, its key locational attributes and the competing demands for industrial land. This provides an understanding of the current level of strategic importance of industrial land to the City of Monash and the wider region.

The existing industrial land use zones are also reviewed to provide a summary of the purpose of each zone and the uses that are permitted under each. These zones are relied upon later in this background report to provide recommended zonings for each precinct.

- **Industrial Land Use Context**

This section provides a context for understanding the underlying dynamics of the industrial property sector and the implications for the pattern of industrial land use across Melbourne. Key issues that are investigated include the existing geographic distribution of industrial land, recent construction activity and lot size profile; the influence of industry restructuring upon the distribution of industrial activity; and the ability of industrial locations to attract skilled workers.

- **Industrial Employment**

Although changes in industrial employment do not have any direct relationship to the level of demand for industrial land due to improving labour productivity, it does provide a broad indication of the performance of Monash's industrial sector. An analysis of employment trends in Monash relative to the wider metropolitan area has been undertaken.

This analysis assists in understanding Monash's changing industry structure and the share of total industrial activity that it accounts for. This then provides a broad indication of those activities for which Monash holds a competitive advantage and future industrial development opportunities.

- **Industry Environment**

The performance of Monash's industrial sector will also reflect industry trends occurring at a national level in response to industry restructuring, increasing global competition and more recently the impact of the Global Financial Crisis. Two sections of this report are devoted to analysing these trends.

The first section reviews the experience of the manufacturing sector with respect to a number of indicators including employment, sales activity, profitability and export performance.

A second section provides a review of other key industries that typically occupy industrial land being the wholesale trade and construction sectors, as well as the bulky goods retailing and car retailing sectors which typically locate in high profile precincts.

- **Industry Restructuring**

Industry restructuring has influenced not only the level of industry activity but also the locational requirements of businesses as they have become increasingly more specialised. A brief discussion of the impact of this restructuring process upon where businesses choose to locate and the role of precincts in accommodating these businesses is discussed.

- **Melbourne's Inner City Industrial Market**

Melbourne's inner city industrial market is of particular importance to the City of Monash. Firstly, it highlights the changing nature of industrial land uses and the ability of industrial precincts to evolve in order to accommodate a new generation of industry activities. In particular the Port Melbourne / Fishermans Bend industrial area provides a valuable case study of the impact of industrial restructuring upon land use. Secondly, with the extension of the Capital City Zone into Port Melbourne, there is expected to be a spill over of demand for industrial land into Monash.

For these reasons, the changes that have occurred in the Port Melbourne / Fishermans Bend industrial area over the past decade are perhaps one of the best indicators of future industrial development opportunities in Monash. Case studies of recent industrial development projects across a number of inner city industrial precincts are also presented to highlight the demand for inner city industrial space.

- **Property Market Review**

This Stage reviews the dynamics of the industrial property market in order to provide an understanding of how industrial precincts evolve in response to the industry restructuring and continue to meet the needs of businesses. In framing an industrial strategy it is critical that property market conditions and the opportunities for sites to be redeveloped for contemporary industrial facilities be considered.

- **Assessment Criteria and Precinct Assessment**

Based upon the analysis and discussion provided in the preceding stages a set of criteria has been established for assessing future development opportunities for both industrial and alternative land uses within each of the precincts. A vision and strategic direction for each precinct is established and the most appropriate land use zone identified.

## 2. STRATEGIC CONTEXT

A number of strategic studies relating to industrial land use and economic development within the City of Monash and the South East Melbourne region have been previously undertaken which establish a context for Monash's role as an industrial location and more broadly as an employment location. These studies also provide a valuable context from which to begin to analyse the issues impacting upon future industrial land use within the municipality.

The key documents are:

- Monash Economic Development Strategy;
- Monash Housing Strategy;
- Monash Specialised Activity Centre - Strategic Planning Framework;
- "Prosperity For The Next Generation" - Regional Economic Strategy for Melbourne's South East (2003 - 2030); and
- Regional Economic Strategy for Melbourne's South East 2009-2030.

### 2.1 Monash Economic Development Strategy

This Strategy identifies a number of key economic development issues facing Monash including:

- Increasing reliance on 'intellectual capital' and global competition for 'knowledge workers'.
- Decline in traditional manufacturing and the resultant development of unused manufacturing sites for appropriate new uses.
- Growth of service industries in association with industrial and manufacturing activities.
- Need for appropriately skilled labour to meet new requirements in many industries, associated with skill shortages in some sectors.
- Economic changes within Melbourne's South-East Region.

A key component of the Strategy is to provide support for a cluster of 'high technology enterprises' through leveraging off existing facilities such as Monash University and the Synchrotron. These clusters will comprise IT firms encompassing the Monash Enterprise Centre, Monash University Centre for Science, Technology and Emerging Industries and the Monash University business incubator. Clusters of 'new economy' manufacturing operations are also to be encouraged.

The Strategy highlights the importance of Monash continuing to attract new businesses that are '*clean, compatible with existing land uses and infrastructure, employment generators, high tech, value-added and export orientated*'.

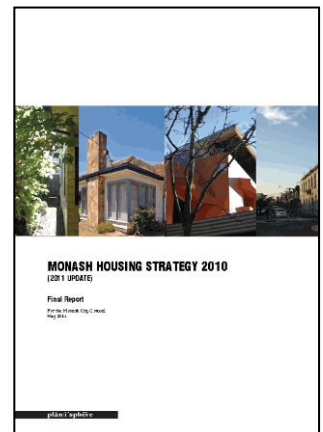
## 2.2 Monash Housing Strategy

Industrial land represents a potential opportunity for accommodating increasing demand for housing within Monash. Given a lack of opportunities for greenfield residential development, any new housing will be through the incremental redevelopment of existing sites. Industrial zoned sites will in many cases represent the most economically attractive option for larger scale residential development given their larger size and relatively low land value.

While industrial land may represent a source of potential development sites for new housing, its location and attributes must also be consistent with the objectives of the Monash Housing Strategy. These objectives aim to ensure the future provision of housing which meets the needs of an increasingly diverse population, and which makes effective use of physical and social infrastructure.

The themes and key strategies that are most relevant to Monash's industrial areas relate to:

- **Housing Diversity**
  - Promote higher density developments within and adjacent to major and neighbourhood activity centres that will accommodate different forms of housing.
  - Encourage the provision of high quality student accommodation in proximity to educational facilities such as Monash University.
  - Encourage residential development on 'brownfield' sites, such as former school sites and former industrial premises, which are surrounded by residential areas and are serviced by public transport and other infrastructure.
- **Neighbourhood Character and Amenity**
  - Ensure that new residential development provides a high level of amenity including personal privacy for occupants and neighbours, high quality private and public open space, canopy tree cover, and effective traffic management and parking.
- **Sustainability**
  - Locate higher density development in activity centres with access to good quality public transport, infrastructure, social services, retail facilities, recreation, and employment opportunities.
- **Activity Centres**
  - Direct high rise residential developments towards the Glen Waverley Principal and Oakleigh Major Activity Centres. These centres are well serviced by public transport, commercial, recreational, community and educational uses.
  - Direct medium rise development towards the Brandon Park, Clayton and Mount Waverley Major Activity Centres.
- **Affordability and Accessibility**
  - Locate social housing or housing that meets special needs close to public transport and retail and community facilities.



- Encourage the construction of accessible one and two bedroom dwellings near existing or proposed aged care facilities, and near public transport and other facilities.

### 2.3 Monash Specialised Activity Centre (MSAC) - Strategic Planning Framework (2008)

This Framework was completed in 2008 and still represents an up to date assessment of the Monash SAC's (MSAC) role and function and the strategies that will support this into the future.

The MSAC comprises three main precincts being Monash University, Monash Medical Centre and the Monash Technology Precinct together with the areas adjacent to each of these precincts.

The vision for the MSAC, which reflects the unique opportunity to leverage off these precincts and the high profile organisations within them, is for the centre to be:

*“A world class precinct which hosts a wide mix of businesses and institutional activities, collaborating to provide leadership in education, health, research and innovation in an attractive working environment which encourages and values cultural diversity”.*

A SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis provides a valuable context for the Framework. The existing strengths of the precinct that make it unique are well established and relate to not only the key institutions mentioned above but also to:

- MSAC's location near Melbourne's geographic centre with access to the CBD and other commercial / industrial locations via the Monash Freeway.
- The high amenity of the MSAC and its accessibility to a large pool of white collar workers which has made it attractive as a head office location for major businesses.

The MSAC's shortcomings largely relate to the need to improve amenity levels, public transport services and pedestrian access, the availability of short-term accommodation and networking between businesses.

The Framework reflects the fact that *“the concept of the Specialised Activity Centre differs from the Technology Precinct in that it will encourage the development of appropriate high profile commercial activities as well as technology uses and educational or research activities. It will expand the boundaries of the Technology Precinct, to include the Monash University and Medical Centre as well as the CSIRO and the Synchrotron. The prime focus of a SAC is to encourage economic development through a specialised function of economic activity, in this case, through technology and complimentary high profile commercial and educational activities.”*

The Framework is based upon a brief and relatively high level assessment of property market conditions which concludes that:

*“The relatively low number of planned industrial/warehouse developments (along with a large level of current floorspace vacancies) may reflect a steady decline in the manufacturing base of the Precinct.”*

And that the MSAC is:

*“well placed to build on the opportunities to further expand the range of technology and related activities in the Monash SAC. In addition to the technology theme, the Precinct will also continue to be an important location for a range of other commercial and industrial pursuits, all of which contribute to investment and jobs and assist in the economic development of this important precinct.”*



The Framework correctly points out that perhaps no more than 20% of businesses may be classified as ‘technology’ activities and that a precinct based solely on technology-related businesses and organisations is unlikely to be achieved. A flexible approach which combines a mix of technology-related businesses, supporting businesses and non-technology related businesses is seen as supporting the ‘economic vibrancy and commercial viability of the MSAC’. In doing so, further technology and research activities are encouraged while also allowing the MSAC to maximise commercial opportunities.

It does however note that there are some activities that may be inappropriately located in the area including heavy industry, timber storage and bulky goods retailing. An ‘appropriate’ use within the SMAC is defined in the Framework as being one that “reflects the vision for the centre and that contributes to economic development and the high profile of the centre”. For example, it suggests that residential uses associated with the needs of the MSAC such as student and short stay accommodation should be permitted.

The combination of an attractive natural environment, a mix of activities and high profile tenants, and urban design excellence are seen as enhancing the reputation of the MSAC, thereby attracting further business investment and jobs, and fostering linkages between businesses and institutions.

The Framework suggests that guidelines should be incorporated into the Planning Scheme to ensure that priority is given to activities that facilitate economic development and employment while also deterring other less appropriate activities. However it does not provide any advice on the form that these guidelines may take and the form of criteria that may be used to assess the appropriateness of businesses.

#### 2.4 “Prosperity For The Next Generation” - Regional Economic Strategy for Melbourne’s South East (2003 - 2030)

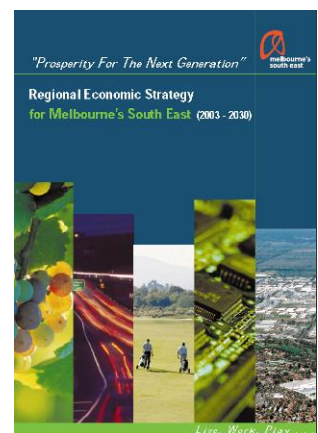
Although this strategy was prepared almost ten years ago it still provides a useful basis for understanding the regional role played by the City of Monash. However, it is also necessary to update and extend this understanding to reflect the changes that have occurred over the past decade.

This strategy relates to an extensive geographic area from Port Phillip Bay to Western Port and Mount Dandenong, and south of the Eastern Freeway. The only the municipalities to be excluded from this area are Yarra, Stonnington and Booroondara.

As an economic development strategy it is primarily focused upon facilitating industry growth and business attraction via new infrastructure projects. The ‘Projects Framework’ that underpins the strategy *‘is directed to achieve a transformation of the region from a Melbourne centric focus, with dependency upon Central Melbourne for knowledge based jobs and business services, to a highly interactive north-south region based on a series of revitalised and new employment / living nodes linked by a premium regional public transit system’.*

The analysis supporting the strategy highlights the importance of Monash as a key source of employment for residents of the region, particularly those within newer residential areas to the east.

The strategy also identified the importance of Monash and Greater Dandenong as locations for advanced manufacturing particularly given the strong growth in the exportation of Elaborately Transformed Manufactures (ETMs) that was taking place when the strategy was being prepared. Over the past decade however, the nominal value of ETM exports has stabilised and the creation





of the Dandenong South industrial area as a high profile industrial precinct may have lessened the importance of Monash as a location for advanced manufacturing. Similarly, the strategy questioned whether Melbourne's western region may potentially attract a larger share of new manufacturing investment given better links to the CBD, the Port of Melbourne and Melbourne Airport. These are key issues addressed by the current strategy.

The key issues anticipated by the Economic Strategy were:

- *Fostering employment Growth in the Key Export Driver Areas of the Region*

Monash, Kingston and Greater Dandenong are identified as the region's economic drivers given their high export capacity and prospects for further employment growth. The strategy aims to consolidate and reinforce these export sectors and employment locations.
- *Adding Employment, Liveability and Investment Value to the Mitcham-Frankston Corridor*

The Strategy aims to achieve this through a north-south light rail system to connect Frankston to Ringwood via Dandenong and Knox with new employment nodes located along the route.

While this proposed project has not progressed, the Rowville Rail Study is currently assessing the viability of a rail connection from Huntingdale Station to Rowville with the study due to be completed by mid 2013. If constructed, this rail link will significantly improve access to Monash's industrial areas.
- *Facilitating Access to Employment Opportunities in the Region*

The projected population growth in the outer-south east region was identified as creating increased demand for employment opportunities and the need to connect workers in these residential areas to jobs in the major employment areas. Key infrastructure projects aimed at achieving this were the Dingley Bypass and the upgrading / extension of Glasscocks, Thompson and Hall Roads.
- *Improving the Amenity and Image of Melbourne's South East*

The strategic position and on-going prosperity of the region was identified as being able to be supported through the continued enhancement of Dandenong Creek and surrounds as a means of raising the image of the area.
- *Improving Liveability and Prosperity in the Region's Transit and Activity Centres*

This will provide opportunities for a more diverse range of housing as well as investment and employment outcomes.
- *Ensuring a Sufficient Stock of Industrial Land*

Future employment growth within the region will partly rely upon an adequate supply of suitably located land for industry and services related activities.

The Strategy outlines the economic challenge for the region as being the need to diversity employment opportunities beyond Monash, Kingston and Greater Dandenong. This needs to occur at the same time as developing business services and knowledge based industries to provide employment for a growing resident population.

A north-south public transport system is proposed to facilitate the creation of a series of new integrated employment and lifestyle nodes. These nodes are seen as providing the opportunity to attract advanced business services, research and development facilities and training institutions with synergies to the region's industry clusters.

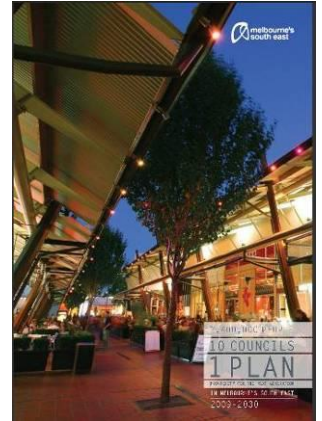
With nearly ten years having passed since the Strategy was completed, consideration of new public transport links has now shifted to the Rowville rail link. If constructed, this link will further

focus employment activity towards Monash's industrial precincts. As a result, there would be a consolidation rather than a diversification of the region's employment areas.

## 2.5 Prosperity for the next Generation in Melbourne's South East 2009-2030

This document provides an update of the Regional Economic Strategy in light of a number of developments that have occurred including:

- Opening of EastLink.
- The State Government's commitment to revitalising central Dandenong.
- The continued unbundling of the manufacturing value chain.
- Policy developments in relation to infrastructure investment and sustainable development, regional development and climate change.



With respect to industrial activity the document highlights the *'importance of manufacturing as a driver of regional prosperity and jobs. It remains the primary generator of output, value added and jobs'*. It does however indicate that the vision for manufacturing does not relate to traditional manufacturing activities such as the automotive industry but rather to those which are integrated into the national and international economy. Access to advanced business services is seen as playing a key role in enabling manufacturing to adapt and remain competitive.

The opportunity for a north-south rail corridor was reiterated as a priority project to shape the region. Similarly, the Port of Hastings was identified as a *'significant strategic resource'* for future industrial development in the region albeit with investment in freight rail links to industrial areas required.

The vision for the south-east region is that it will *'develop as a substantial city and economy in its own right, closely linked to the wider metropolitan area, but with a distinctive focus on manufacturing and technology, and featuring a high degree of employment self containment'*.

The economic and urban structure of the region is envisaged as being consistent with that of a city of 1.5 million people with Dandenong performing the role of a strong regional CBD. This will be supported by a network of rail and road infrastructure, Principal / Specialised Activity Centres and employment zones.

The Strategy encompasses a three stage implementation program with key strategies of relevance to the industrial sector being:

- Acceleration of the development of the advanced services sector.
- Capitalising upon the region's technology network.
- Securing Hastings-Dandenong-Casey/Cardinia employment lands Triangle as a key manufacturing freight zone for the region.

## 2.6 Conclusion

This review of existing strategic documents highlights the competing demands for land within Monash for employment uses and housing which are perhaps more evenly balanced than in many other parts of Melbourne. This is largely a reflection of Monash's middle suburban location combined with the relatively high level of physical and social infrastructure provision.

These competing land use demands also reflect Monash's role as a regional location for employment, health facilities and education services which in itself generates increasing demand for housing. However, even within Monash's employment precincts there are competing land uses which need to be managed with a view of maximising Monash's unique competitive advantage as a location for a range of high value adding activities across a number of sectors.

For those industrial precincts located outside the Monash Technology Precinct the key source of competition for land comes from the housing sector given that these precincts represent a source of relatively large, affordable development sites. While the Monash Housing Strategy largely focuses upon medium and higher density development, lower density residential development such as townhouses accounts for the majority of recent housing growth and more importantly demand for land. This land may be generated through the redevelopment of sites within existing residential or industrial areas which creates further challenges for the planning system in balancing the benefits and impacts of facilitating new residential development within each.

The Monash Housing Strategy highlights the importance of promoting housing diversity and a high level of amenity and access to services for residents of any future housing development. This provides some guidance in assessing the potential for industrial areas to provide a location for sustainable housing development particularly where located close to activity centres and railway stations.

### 3. MONASH PLANNING SCHEME

The City of Monash Planning Scheme provides the broad strategic direction for land use planning within the municipality. In doing so it reflects key strategies and supporting analysis related to a range of land use issues as well as the needs of various stakeholders. Importantly, it provides a basis for balancing various strategic issues and the competing land uses.

#### 3.1 Key Strategic Issues

Key strategic issues impacting upon industrial land use within Monash include:

- The need to balance the requirements of existing traditional industries with a new generation of activities including offices, warehousing and high technology activities.
- Increasing demand for housing across a range of formats to accommodate a growing population which must be accommodated through in-fill development.
- Increasing demand for restricted retail developments such as bulky goods retailing.
- Monash's on-going role as a major employment location for residents across the south-east region given the competitive advantage offered by its proximity to key road infrastructure, the presence of educational and scientific facilities and high amenity employment precincts.

The Planning Scheme identifies Monash's industrial areas as '*a significant regional and metropolitan generator of economic activity and employment, of both the "high tech" and manufacturing sectors.*' This importance is reflected in the Planning Scheme with a commitment to maintaining the amount of land available for industry. This includes supporting large scale industrial locations such as Oakleigh, Huntingdale and Clayton as well smaller precincts in Burwood, Mulgrave and Glen Waverley.

While the Planning Scheme notes that the transition of traditional industrial areas for commercial office activities has eroded Monash's industrial employment base, it also recognises that this has also reduced off-site impacts on nearby residents.

Maintaining and enhancing the amenity of Monash's industrial areas is a key objective of the Planning Scheme in order to meet the needs of contemporary industrial activities. This is promoted through encouraging the '*redevelopment and revitalisation of older industrial areas that results in improved streetscapes and a reduction in parking problems*'.

The Planning Scheme actively encourages the protection of industrial land from bulky goods retailing through encouraging these uses on sites fronting Dandenong Road and Ferntree Gully Road between Gardiners Road and Clayton Road. Similarly, high rise residential development is directed towards the Glen Waverley Principal and Oakleigh Major Activity Centres.

The potential for incorporating residential development into Business 3 zoned areas is identified in the Planning Scheme. This is discussed further in the Monash Housing Strategy and relates to the provision of specialised student accommodation immediately to the west of Monash University.

### 3.2 Monash Technology Precinct Policy

The Monash Technology Precinct is recognised in the Planning Scheme as one of the leading technology precincts in Australia, containing some of the most prestigious research institutions and facilities including Monash University, Monash Medical Centre and the Synchrotron facility.

The Monash Technology Precinct Policy (Clause 22.02) sets out the objectives for the precinct which are primarily to build upon its strategic role as a location for technology related activities and strengthen the synergies between these activities.

Accordingly a key objective of the policy is to *'build the profile of the Monash Technology Precinct as a key strategic location for high technology, research and development industries, through acknowledgement of the potential synergies between the university, medical centre, synchrotron and technology industries'*.

The policy however also recognises the need to consider the broader economic development objectives and the role that non-technology related activities may play in achieving these. This is reflected in the following key objectives:

- *To encourage a range of appropriate non technology-based commercial activities which enhance economic development and employment opportunities in the Precinct. Such activities include office development and modern industrial/warehouse developments but exclude retail premises (including shops, warehouse sales, etc.) and restricted retail (bulky goods, peripheral sales etc.) uses.*
- *To discourage 'out of centre' development.*
- *To assist the sustainable and complementary development and operation of industrial, office and high technology land uses that provide a variety of employment centres of high amenity, quality and enduring local image.*
- *To balance the need to maintain the operating conditions to ensure viability of traditional industrial land uses with the growing demand for office and high technology land uses.*

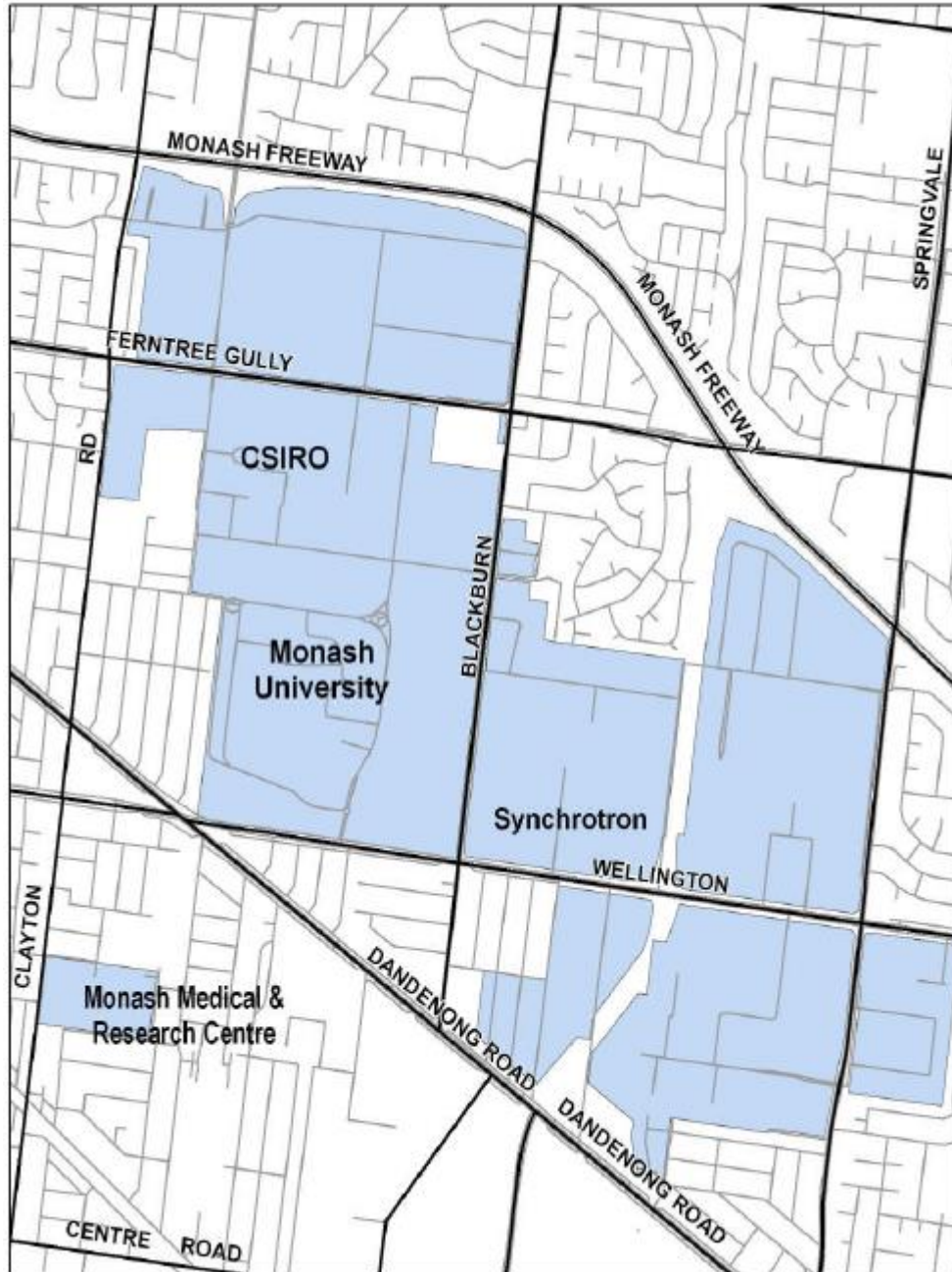
These objectives are reflected in the following stated policies for the Monash Technology Precinct:

- *Service orientated and supporting enterprises that contribute to economic development and support the technology and research and development enterprises of the Precinct should be encouraged even though they may not be technology-oriented activities.*
- *Uses within the Monash Technology Precinct which undermine the primary economic function that sets the Precinct apart from other precincts or which compete with retail orientated activity centres should be discouraged. This includes retail (shops, warehouse sales, etc.) and heavy, noxious and offensive industries uses.*
- *Restricted Retail (bulky good, peripheral sales) is an inappropriate use for the Precinct, with the exception of appropriate sites which front Ferntree Gully Road between Gardiners Road and Clayton Road.*
- *Office development with a net floor area greater than 1,800 square metres has at least 15% of the net floor area used for a research and development centre where the office is one of the following:*
  - *Part of the same corporate entity which occupies industrial or warehouse floor area in the Monash Technology Precinct;*
  - *Used principally for the purpose of offering services or support to the technology related or intensive uses in the Monash Technology Precinct; or*

- o Part of a production oriented enterprise.

This does not apply where state, national or international organisational headquarters are located.

Figure 2: Monash Technology Precinct



Source: Monash Planning Scheme

### 3.3 Land Use Zoning Provisions

This section provides a review of the existing land use zones in terms of their purpose and the land uses that are permitted either 'as of right' or via a planning permit. This establishes a basis for identifying the most appropriate zone for each of the industrial precincts which is undertaken later in this report.

Within the City of Monash the Industrial 1 and Business 3 zones have been applied to the municipality's industrial areas. The Monash Technology Precinct is zoned entirely Business 3 and as well accounts for virtually all land with this zoning in Monash.

No sites within the City of Monash are zoned either Industrial 2 or Business 4 being the other zones that are of relevance to industrial areas. The Industrial 2 zone is applied to land uses with the potential to generate off-site amenity impacts while the Business 4 zone provides the flexibility for bulky goods retailing as an 'as of right' use.

#### 3.3.1 Definition of Industry

Industry as a land use is defined in the Planning Scheme (Clause 74) as land used for any of the following operations:

- any process of manufacture;
- dismantling or breaking up of any article;
- treating waste materials;
- winning clay, gravel, rock, sand, soil, stone, or other materials (other than mineral, stone, or soil extraction);
- laundering, repairing, servicing or washing any article, machinery, or vehicle, other than on-site work on a building, works, or land; or
- any process of testing or analysis.

If on the same land as any of these operations, it also includes:

- storing goods used in the operation or resulting from it;
- providing amenities for people engaged in the operation;
- selling by wholesale, goods resulting from the operation; and
- accounting or administration in connection with the operation.

#### 3.3.2 Purpose and Permitted Uses

A summary of the purpose of each of the relevant zones and the uses that are permitted either 'as of right' or through the granting of a planning permit is provided below.

##### **Industrial 1**

This zone is intended for general industrial uses such as inoffensive industry, shipping container storage and warehousing without the need for a permit subject to threshold distances from sensitive uses.

Small offices (less than 500 sqm), restricted retail premises and retail premises (convenience store and adult bookshop only) require a permit. A schedule to the zone provides the opportunity for minimum leasable areas for a lighting shop and some restricted retail uses to be specified.

### Industrial 2

This zone is for industry and storage uses that need to be separated from sensitive uses due to potential amenity impacts. Most uses require a permit including Industry, Retail (other than Shop), Warehouses and Offices (under 500 sqm).

### Industrial 3

This zone provides for light industry with minimal amenity impacts on sensitive uses, and acts as a buffer between either Industrial 1 or Industrial 2 zoned land and residential areas. Small offices are permitted and a schedule to the zone allows the minimum leasable areas for a lighting shop or some restricted retail uses to be specified.

### Business 2

The Business 2 zoning enable the development of offices 'as of right' while still allowing industry and warehousing subject to a permit. Residential dwellings require a planning permit.

### Business 3

This zoning is similar to the Industrial 1 zone except that larger offices are permitted subject to a schedule that may limit the size of offices, lighting and restricted retail premises.

### Business 4

This zone facilitates bulky goods retailing (restricted retail premises), industry, warehouses and trade supplies. A schedule to the zone enables control of the size of offices, lighting shops and restricted retail premises. Shops are generally prohibited (except as otherwise specified in the zone).

**Table 1: Zone Purpose and Permitted Land Uses**

Zone	Purpose	'As of Right' Uses	'Permit Required' Uses
Industrial 1	To provide for manufacturing industry, the storage and distribution of goods and associated uses in a manner which does not affect the safety and amenity of local communities.	Generally, "inoffensive" industry, shipping container storage and warehousing provided they meet certain setbacks from sensitive uses.	Restricted retail premises and retail premises other than shops generally require a permit.  Offices under 500 sqm.
Industrial 2	To promote manufacturing industries and storage facilities that require a substantial threshold distance within the core of the zone.  To keep the core of the zone free of uses which are suitable for location elsewhere so as to be available for manufacturing industries and storage facilities that require a substantial threshold distance as the need for these arises.	Few as of right uses.	Industry.  Offices (must be under 500 sqm).  Retail (other than Shop).  Warehouse.



Zone	Purpose	'As of Right' Uses	'Permit Required' Uses
Industrial 3	<p>To provide for industries and associated uses in specific areas where special consideration of the nature and impacts of industrial uses is required or to avoid inter-industry conflict.</p> <p>To provide a buffer between the Industrial 1 Zone or Industrial 2 Zone and local communities, which allows for industries and associated uses compatible with the nearby community.</p> <p>To ensure that uses do not affect the safety and amenity of adjacent, more sensitive land uses.</p>	<p>Few commercial uses No industry is as of right.</p>	<p>Very similar to Industrial 1 and Include:</p> <p>Industry</p> <p>Office (less than 500sqm lettable floor area)</p> <p>Warehouse.</p> <p>Restricted retail</p> <p>Retail (other than shop).</p>
Business 2	<p>To encourage the development of offices and associated commercial uses.</p>	<p>Provides for offices as an 'as of right' use subject to floor area limits specified within a schedule to the zone.</p> <p>'Accommodation other than a Caretakers's house is subject to a permit.</p>	<p>Permits are required for industry and warehouses provided they are not listed as having potential adverse amenity in Clause 52.10.</p>
Business 3	<p>To encourage the integrated development of offices and manufacturing industries and associated commercial and industrial uses.</p>	<p>Offices if less than a floor area specified in the schedule. "Inoffensive" industry provided it meets setback conditions, Warehouse provided it is inoffensive and meets setback requirements.</p>	<p>Very similar to Industrial 1.</p>
Business 4	<p>To encourage the development of a mix of bulky goods retailing and manufacturing industry and their associated business services."</p>	<p>Restricted retail premises are generally as of right provided they are in one occupation with a lettable floor area at least the amount specified in the schedule to the zone or if no amount is specified must be at least 10000; the combined lettable floor area for all premises must not exceed any amount specified in the schedule to the zone.</p> <p>Trade supplies provided the combined lettable floor area do not exceed any amount specified in the schedule to the zone.</p> <p>Warehouses and industry</p>	<p>Permit required for an office which must be less than 500sqm. Retail premises other than Shop and trade supplies.</p>

Zone	Purpose	'As of Right' Uses	'Permit Required' Uses
		provided they are inoffensive and meet setback requirements from sensitive uses.	

### 3.4 Proposed Planning Reforms

The Victorian Government has recently announced a proposal to reform a number of existing planning zones<sup>1</sup> including the Industrial 1 and Business 3 zones which apply to industrial land. The proposed changes to these zones relate to:

- a) Amending the Industrial 1 Zone through replacing the default 500 sqm limit for an office in the schedule with a nominated upper limit similar to that which currently exists within the Business 2 zone.
- b) The replacement of the Business 3 Zone with a proposed Commercial 2 Zone which will
  - remove the maximum floor area restriction for an Office;
  - make Accommodation (other than Dwelling, which will continue to be a prohibited use) a permit required use; and
  - exempt small-scale (less than 2,000 sqm) supermarkets and associated shops from a permit requirement. Larger supermarkets and stand-alone shops will still require a permit.

<sup>1</sup> <http://www.dpcd.vic.gov.au/planning/theplanningsystem/improving-the-system/new-zones-for-victoria>

## 4. INDUSTRIAL LAND USE CONTEXT

The strategic documents reviewed in the previous section begin to highlight the economic significance of Monash's industrial precincts in both a regional and metropolitan context. This section investigates recent trends in industrial land use across metropolitan Melbourne and the implications of these for the City of Monash as an industrial location.

### 4.1 Data Sources

Industrial land use and consumption is typically analysed using a range of data sources including:

- working population data from the Census undertaken every five years;
- building approvals data; and
- land use data collected for the Urban Development Program (UDP) by the Department of Planning and Community Development (DPCD).

Each of these data sets focuses upon either employment, construction activity, or the area of occupied and vacant industrial land. None of these sources however provide a connection between the characteristics of industrial sites (such as location, lot size or zoning), the type of industrial activity undertaken or when the occupied premises were constructed.

This shortcoming has been overcome through a recent study<sup>2</sup> commissioned by the Growth Areas Authority in 2010 and undertaken by Spatial Economics which investigated the nature of demand for industrial land across metropolitan Melbourne. Through linking UDP data to the Australian Business Register (ABR) Spatial Economics identified the location and consumption of industrial zoned land by the type of activity located on each site. This study provides a useful insight into the nature of industrial land demand which is otherwise only available through either anecdotal evidence or via a Census of Land Use of Employment.

Importantly this study identified the redevelopment of established industrial sites by monitoring when sites become vacant through the demolition of existing buildings and construction of new buildings<sup>3</sup>. It also enables each industry sector to be profiled with respect to the number, size and location of industrial lots consumed over the period 2000-2009. Geographically this information is segmented by local government area as well as by each industrial node.

### 4.2 Distribution of Industrial Land

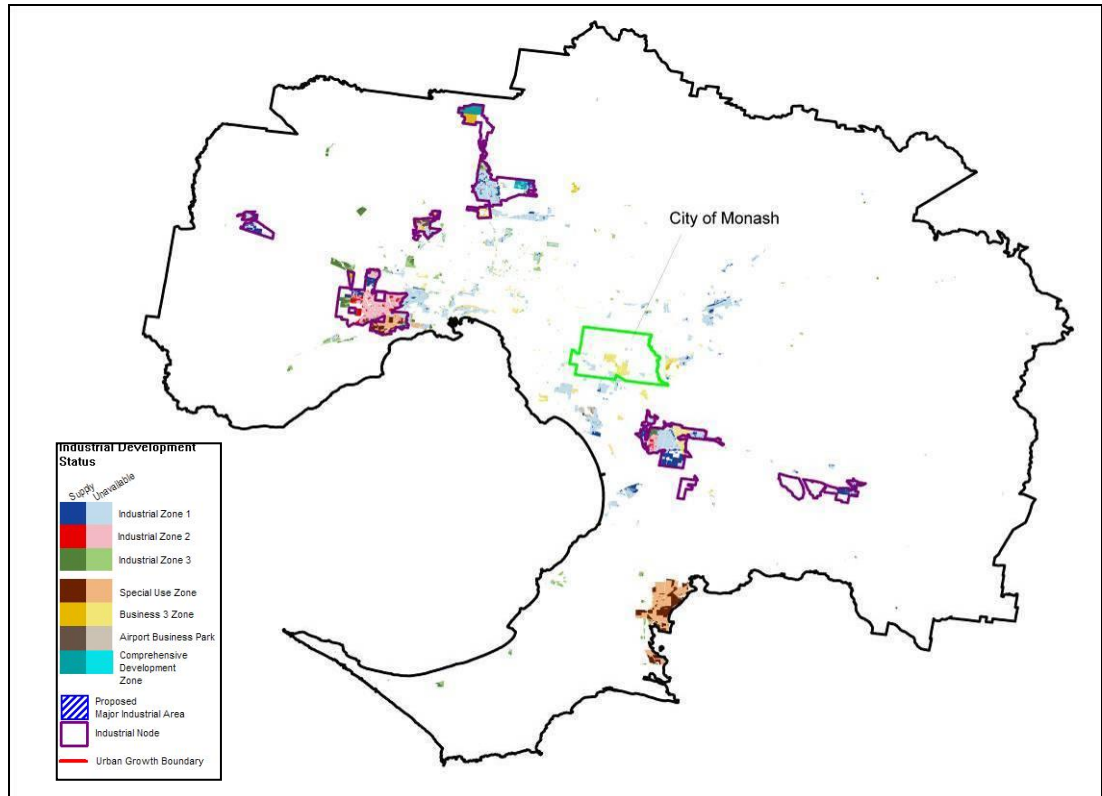
The figure below identifies the location of Melbourne's industrial zoned land together with the designated industrial nodes and the City of Monash. The industrial nodes account for around 40% of occupied industrial land and 65% of vacant land. Importantly, the industrial nodes are located in Melbourne's outer region reflecting the availability of new green field industrial land offering access to major road infrastructure. However these nodes do not offer the level of access to the Melbourne CBD, established industrial precincts or Melbourne's higher skilled workers available in established industrial locations.

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<sup>2</sup> Spatial Economics (2010) Industrial Land in Melbourne: An analysis of the use, zone, distribution and consumption of industrial land.

<sup>3</sup> Given that UDP data is collected only once per year those sites that are redeveloped within a year are not identified. As a result the extent of redevelopment occurring may be underestimated.

**Figure 3: Distribution of Industrial Zoned Land**

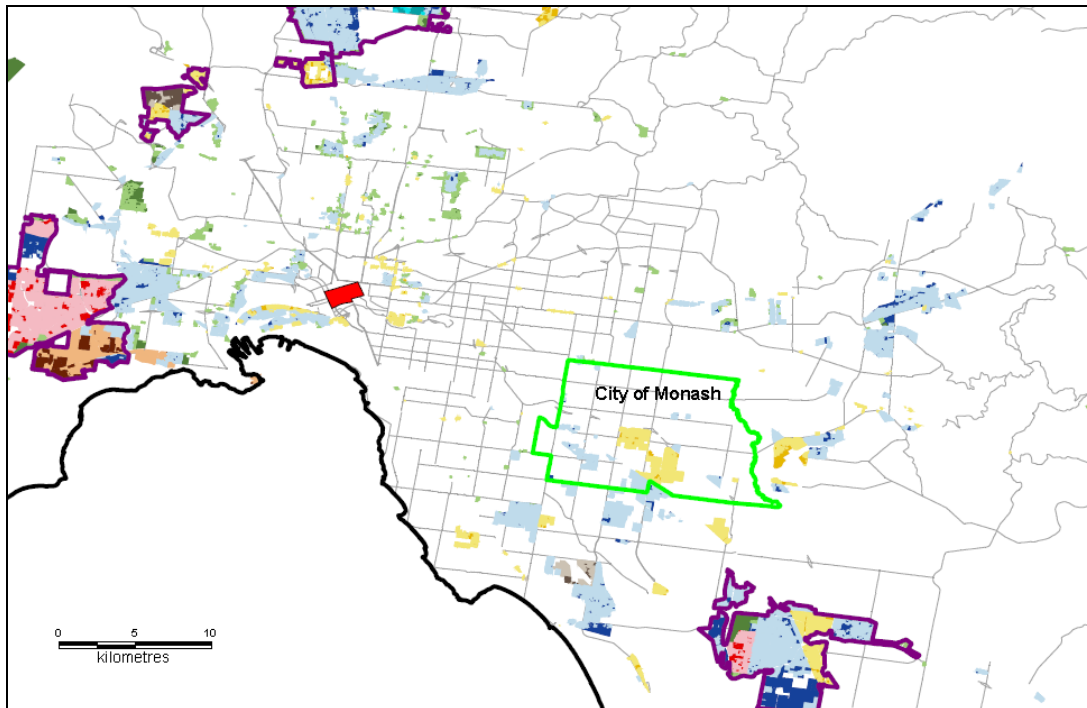


Outside of the industrial nodes there is a diversity of established industrial precincts across Melbourne’s inner and middle suburbs. As the following figure shows, the City of Monash is centrally located within a band of industrial precincts extending northwards through the municipalities of Kingston and Monash, and then north-east through Knox and Maroondah.

With limited industrial land to the north or west and its proximity to the Monash Freeway, the City of Monash represents the most accessible industrial location to the Melbourne CBD within Melbourne’s eastern and south eastern regions. This is followed by the City of Kingston for which access to the inner city is largely limited to the Nepean Highway.

The City of Monash is also located close to the demographic centre of Melbourne (Glen Iris) which lies only a few kilometres to the west.

**Figure 4: Distribution of industrial Zoned Land**



### 4.3 Infrastructure Provision

A number of recent and proposed transport infrastructure projects are changing the level of accessibility across Melbourne's South-East region. These include EastLink and the proposed Dingley Arterial and perhaps more speculatively a 12 km rail line from Huntingdale to Rowville for which a feasibility study is currently underway.

While road access is an important factor for all land uses it benefits industrial activities through providing access to new greenfield industrial areas offering more affordable land and reduced travel times. For example, EastLink has increased accessibility to Melbourne's freeway network from industrial areas to the east of Monash such as Dandenong and Scoresby which has promoted increased industrial development.

The Dingley Arterial is particularly significant in that unlike EastLink or the Metropolitan Ring Road, it provides a direct arterial link between Melbourne's middle and outer suburbs. When opened, the Dingley Arterial will connect Westall Road and the Dandenong Bypass, resulting in a continuous 11 km direct route from the Dandenong South (South Gippsland Highway) to Springvale (Heatherton Road).

This additional road infrastructure will however have little impact upon Monash's position with respect to its relative proximity to the CBD and Melbourne's pool of white collar workers. Similarly, any benefits to businesses of relocating from Monash to Dandenong would have largely been realised with the completion of EastLink.

**Figure 5: Dingley Arterial**



Source: VicRoads

**4.4 Industry Restructuring and the Segmentation of Industrial Activity**

The restructuring of Australia’s industrial sector has resulted in a greater segmentation of industrial land uses based upon their land and location requirements. For example, less intensive industrial users such as larger warehousing and logistics uses have been attracted to the industrial nodes where they are able to access Melbourne’s freeway system and there is a relative abundance of affordable industrial land.

At the same time more intensive, service orientated, industrial uses servicing other businesses and households within Melbourne’s inner and middle suburbs and / or requiring skilled employees have typically favoured inner and middle suburban industrial locations. This has been compounded by the concentration of commercial activities such as office uses and Melbourne’s white collar workforce in the eastern and south eastern suburbs.

Not only does each industrial segment have different locational requirements but they also have different property requirements. The warehousing and logistics uses referred to above as being attracted to outer locations also require access for large transport vehicles, and contemporary industrial estates developed in greenfield locations are able to accommodate this requirement. Similarly, these larger users typically require contemporary industrial accommodation on large sites offering hard stands and clearspan warehousing with the capacity to accommodate modern racking systems and container storage.

Conversely, intensive industrial activities attracted to inner and middle suburban industrial precincts typically only require access for small delivery vehicles and as a result are able to be accommodated in most existing industrial areas. This is reflected in the popularity of smaller office warehouse facilities catering for a range of businesses.



The relatively limited supply of industrial land across Melbourne's inner region is reflected in higher underlying land values and industrial rents compared to outer industrial locations. Ultimately however higher values and rents for more centrally located industrial precincts reflects the value of these locations to businesses over more outer suburban locations with respect to their bottom line performance. For example, businesses distributing products to retailers or hospitality activities in the CBD on a daily basis will typically find it more profitable to locate in inner city locations.

In many ways the segmentation of industrial land uses is little different to the pattern of development observed in the residential or office sectors. Just as households employed in the CBD and earning higher incomes in white collar occupations have a preference for inner city housing, so do industrial users servicing CBD businesses or employing higher skilled workers. Similar analogies may be drawn with office users that choose to locate in central locations in order to access other businesses, attract skilled employees or present an image to clients. In all these cases the choice of location is determined by a range of factors specific to the activities of individual businesses or households.

#### **4.5 Attracting Skilled Workers**

An indication of the importance of workplace location in attracting and retaining employees may be gained from two recruitment industry surveys undertaken by Randstad (human resource services provider) and Seek (employment website).

The key findings from these surveys are summarised below and is followed by an assessment of the proximity of Monash's industrial precincts to skilled technical workers.

##### **4.5.1 Randstad World of Work Report 2011/12**

Based upon a survey of 1,188 employers and 2,038 employees across Australia the *Randstad World of Work Report 2011/12* identified that:

- Attracting and retaining new talent was the single biggest human capital issue for 17% of surveyed businesses.
- A convenient workplace location is considered important by 51% of employees overall, and 57% within the engineering and construction sector, when choosing between employers.
- Work / life balance accounted for 26% of employees choosing to remain in their job and 17% of those choosing to leave their job.
- IT and telecommunications professionals rate a convenient location as important as a strong workplace culture when considering an employer.

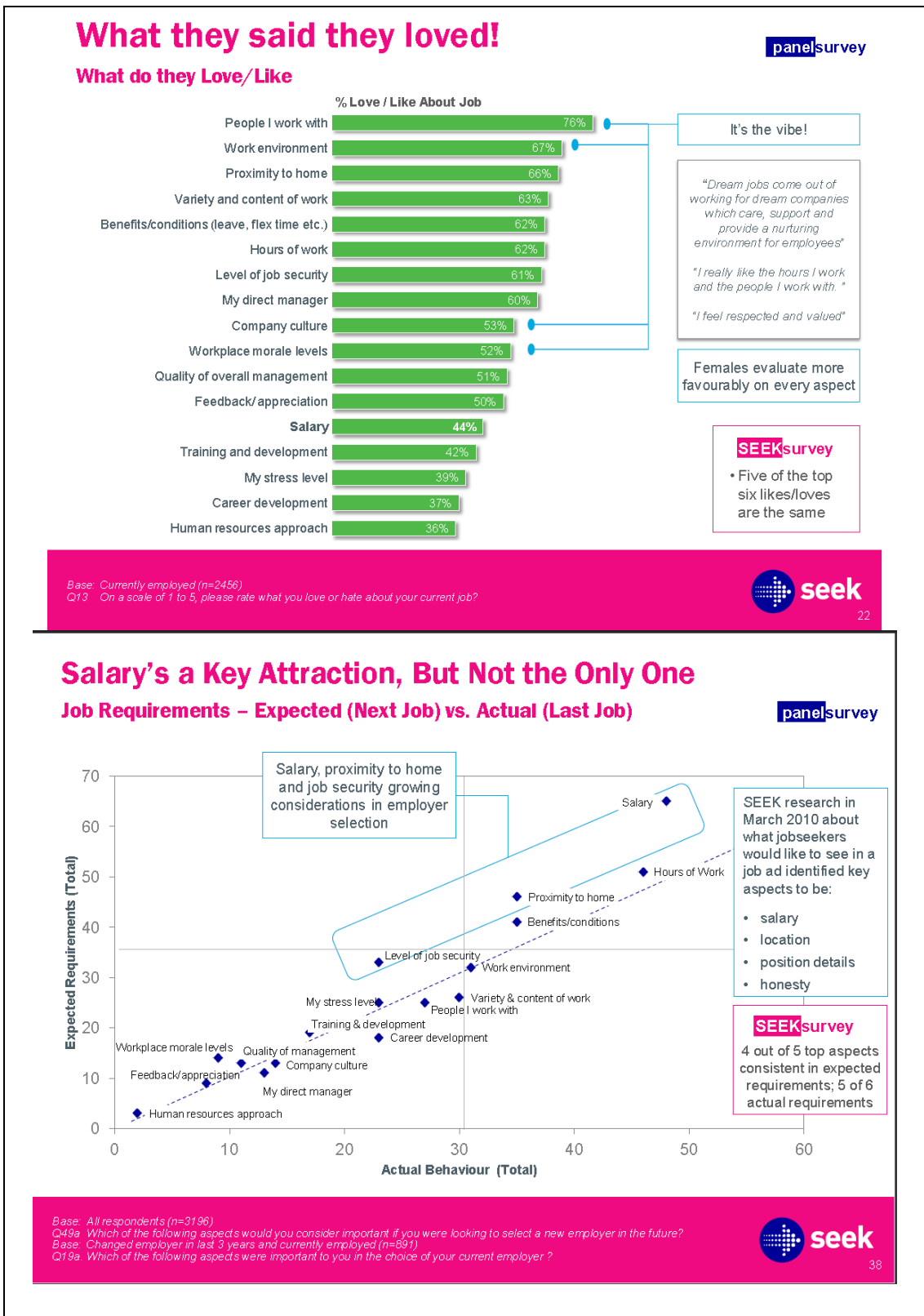
##### **4.5.2 Seek Australian Employee Satisfaction and Motivation Study 2010**

This study was conducted by an independent research agency (Sweeney Research) based upon a survey of 3,196 respondents selected from a panel of over 200,000 recruited offline. Results were weighted to reflect the profile of the population based on the 2006 Census.

The key findings from this survey (refer table below) were that:

- 66% of respondents ranked 'proximity to home' as being an attraction of their workplace after the 'people I work with' (76%) and 'work environment' (67%).
- After salary and work hours, proximity to home was the most important factor influencing respondents' choice of employer.

Figure 6: Seek Australian Employee Satisfaction and Motivation Study 2010



Source: Seek (2010)

### 4.5.3 Monash’s Proximity to Skilled Workers

As the surveys undertaken by Randstad and Seek indicate, the proximity of workplaces to where workers live is a key factor influencing the ability of employers to attract and retain employees. Some businesses within Melbourne’s south east region may need to choose between locating within the City of Monash and Dandenong South (which accounts for the vast majority of vacant industrial land in the south-east region). An indication of the potential impact upon their ability to attract employees may be gained from firstly assessing travelling times to each location for a typical employee, and secondly understanding the travel patterns for workers in key industrial locations which Monash must compete with for workers.

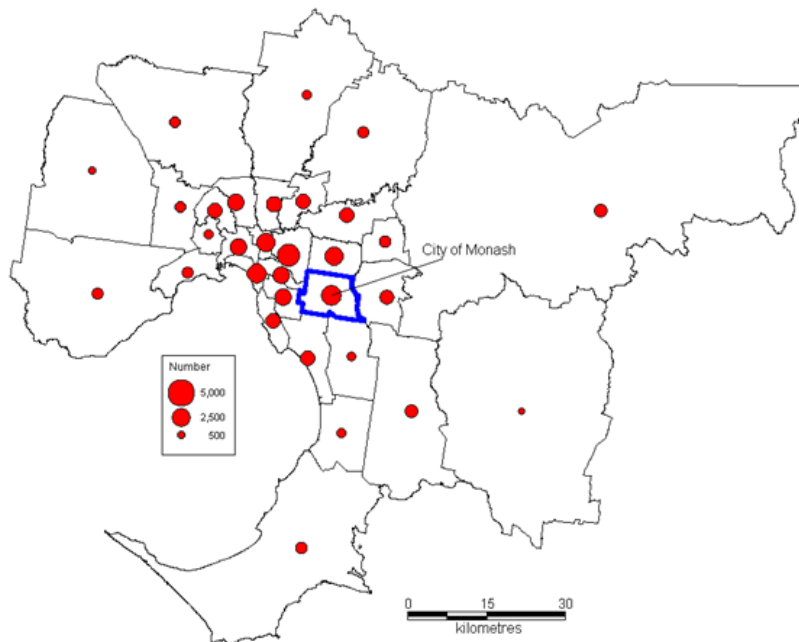
For an employee living in the demographic centre of Melbourne (Glen Iris) the distance to Notting Hill<sup>4</sup> is 11 km and the travel time approximately 15 minutes. By comparison, the Dandenong South industrial area is three times the distance and double the travel time of Notting Hill (refer table below). While EastLink would allow travel distances and times to Dandenong South to be slightly reduced, the additional cost of tolls would dissuade workers.

**Table 2: Travel Distances and Times from Glen Iris\***

Glen Iris To:	Distance	Travel Time
Notting Hill	11 km	15 min
Dandenong South (non-tolled)	33 km	29 min
Dandenong South (tolled)	28 km	26 min

\* demographic centre of Melbourne  
 Source: RACV Trip Planner

**Figure 7: Design, Engineering, Science and Transport Professionals – Residential Location 2006**



Source: ABS

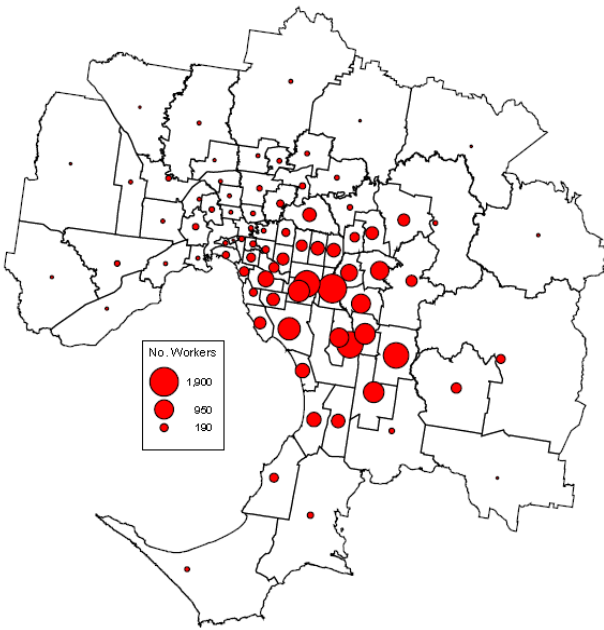
<sup>4</sup> Notting Hill represents a centrally located industrial precinct within Monash.

Given the growing requirement for higher skilled employees within the manufacturing sector, it is useful to identify where these workers currently reside across metropolitan Melbourne in relation to the City of Monash. Using technology related professionals as an example, the previous figure highlights the concentration of these workers within Melbourne’s eastern region and the proximity of Monash to these workers. The only other industrial precinct that offers a comparable level of access is Port Melbourne / Fishermans Bend.

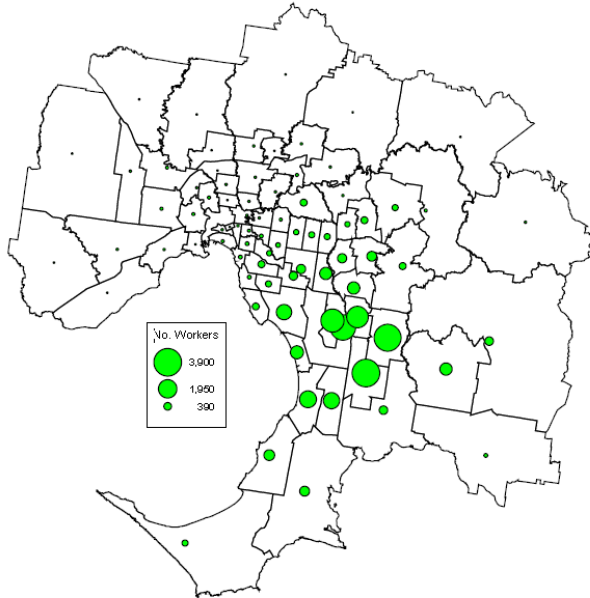
Analysing the travel patterns for existing workers also provides an insight into the importance of travel distances upon where workers choose to work. The following maps highlight the ability of Monash to attract industrial workers (Manufacturing, Wholesaling, Transport and Storage) from a much wider area than outer industrial locations such as Dandenong and Knox. Possibly more important for those businesses reliant upon higher skilled workers is the ability to attract those residing within Melbourne’s inner and middle-eastern suburbs. In this sense businesses in Monash are strategically well placed to attract these workers ahead of their competitors located further to the east.

A key competitor for these skilled workers however are businesses located in Port Melbourne and Fishermans Bend. As the relevant map below indicates this precinct attracts workers from across metropolitan Melbourne.

**Figure 8: Residential Origin of Industrial Workers**

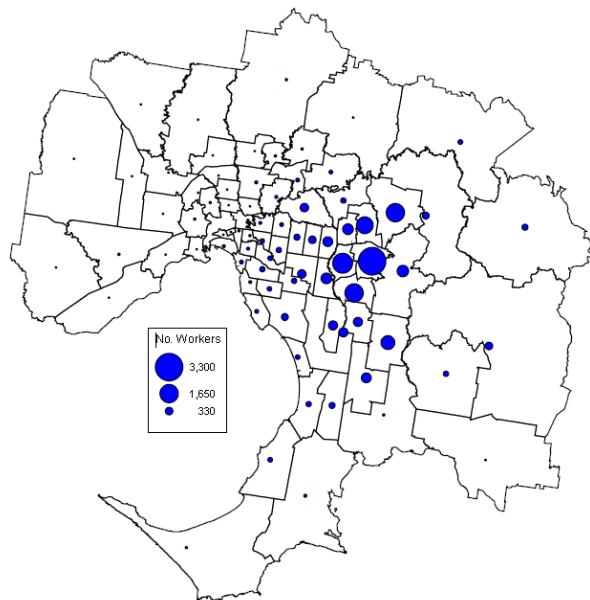
Worker Catchment Area	Comment
<p><b>Monash</b></p> 	<p>Monash attracts workers from across a wide area extending beyond Melbourne’s south-east region. In particular it draws workers from Melbourne’s inner and middle south-eastern suburbs which are a key source of higher skilled workers.</p> <p>Monash’s capacity to attract workers from the northern and western suburbs is limited by the availability of white collar employment opportunities within the CBD as well as higher skilled industrial jobs within Port Melbourne / Fishermans Bend.</p> <p>The impact of alternative employment opportunities within Greater Dandenong appears to have limited impact upon Monash’s ability to attract workers from the outer south-east region.</p>

**Greater Dandenong**



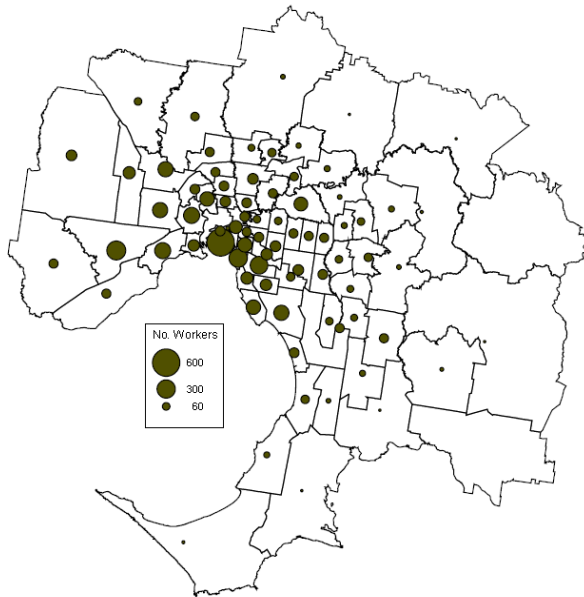
Greater Dandenong attracts workers from a somewhat more localised catchment than Monash. Workers from Melbourne’s inner suburbs account for a small proportion of workers, which may reflect a combination of competition from businesses within Monash as well as a stronger orientation towards more traditional industrial activities.

**Knox**



Knox’s workforce also originates from a more localised area. As is the case for Greater Dandenong, the number of workers attracted from the middle–eastern municipalities is noticeably lower. This is most likely due to competition from Monash based businesses.

**Port Phillip West (SLA)**



The Port Phillip West SLA represents the section of Port Melbourne south of the West Gate Freeway. This part of Port Melbourne however does not include the automotive and aerospace industries.

Businesses within this location attract industrial workers from across the metropolitan area and in particular Melbourne’s inner and middle suburbs.

Excellent access via Melbourne’s freeway network is a key factor enabling it to attract workers.

**4.6 Recent Construction Activity**

With the decline in demand for larger traditional industrial sites in inner city locations to date outstripping the growth in demand for land from new, more intensive industrial activities it is only natural that there is an impression that there is limited demand for industrial facilities in Melbourne’s inner industrial areas.

Building Control Commission data however highlights the growing importance of the inner Melbourne region<sup>5</sup> which generally relates to traditional industrial areas. As the table below indicates, the inner region has consistently increased its share of the value of building permits for industrial construction from 20% to 34% over the past six years.

This growth in new industrial development within Melbourne’s inner region is also consistent with the shift towards higher valued industrial activities requiring an inner city location.

<sup>5</sup> Inner Melbourne Region includes the municipalities of Melbourne, Hobsons Bay, Port Phillip, Maribyrnong, Moonee Valley, Banyule, Darebin, Moreland, Yarra, Monash, Whitehorse, Boroondara, Glen Eira, Stonnington, Bayside



**Table 3: Average Annual Value of Industrial Construction Permits\***

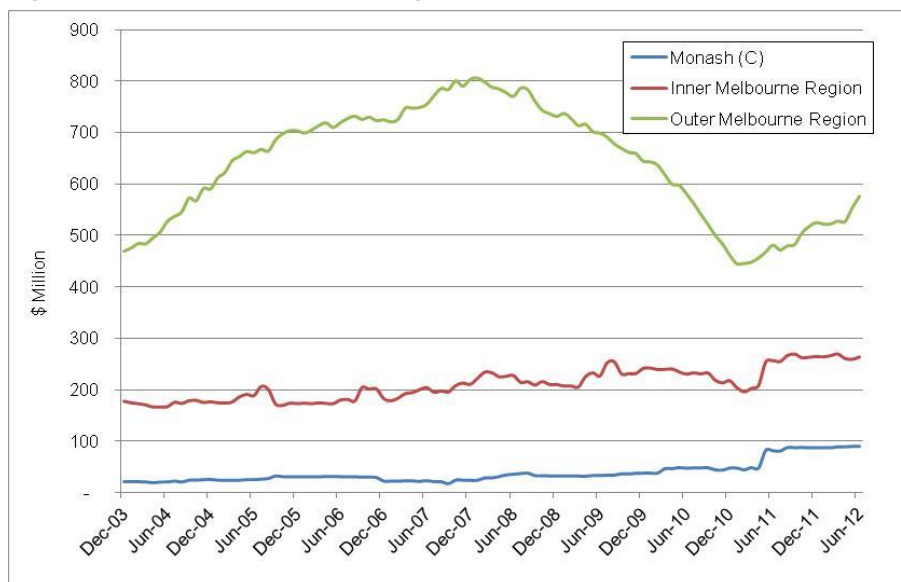
3 Year Period Ending	Inner Melbourne Region (\$ mill)	Metropolitan Melbourne (\$ mill)	Share
2005	58	292	20%
2006	61	302	20%
2007	70	337	21%
2008	70	314	22%
2009	80	295	27%
2010	72	226	32%
2011	88	263	34%

Source: Building Control Commission, Charter Keck Cramer

\* New buildings and extensions / alterations

The figure below highlights the decline in industrial building approvals that has occurred since the onset of the Global Financial Crisis (GFC). While approvals declined sharply within Melbourne's Outer Region, the Inner Region continued to attract a consistent level of investment in the development of new industrial facilities.

The limited impact of the GFC upon building approvals within the inner regions reflects the typically smaller scale of industrial projects, a reduced reliance upon development finance, and a more diversified market covering owner occupiers, institutional investors and private investors. This contrasts with the greater reliance upon larger scale specialised logistics facilities in Melbourne's outer region which rely upon the institutional investment market.

**Figure 9: Value of Industrial Building Approvals (Annual)**

Source: Building Control Commission

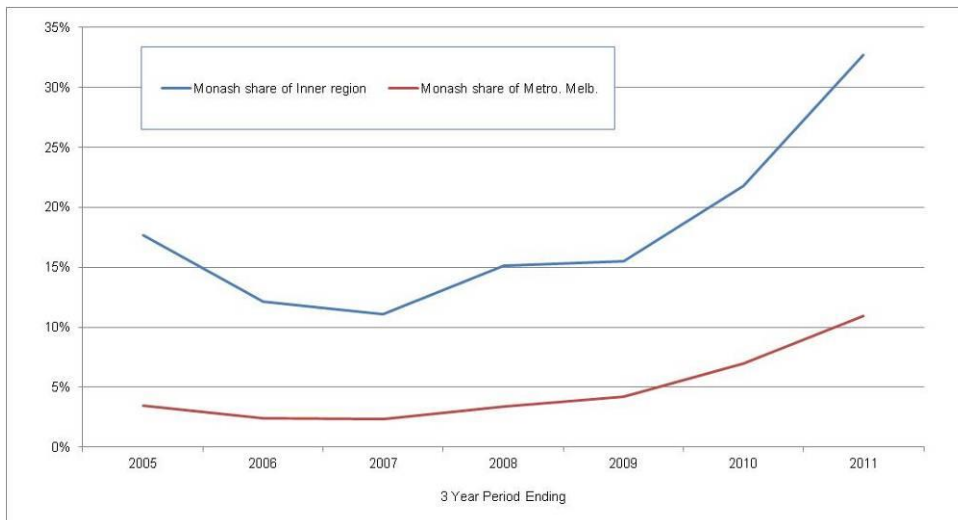
\* Inner Melbourne Region generally relates to the area bounded by the Metropolitan Ring Road to the west and north, and EastLink to the east. The municipalities of Kingston, Greater Dandenong and Frankston are however not included.

Monash has attracted an increasing share of industrial construction activity with respect to both total metropolitan Melbourne and the Inner Melbourne region. The figure below shows that over the three years to 2011 Monash attracted over 30% of the value of industrial building permits issued for the inner Melbourne region up from 10-15% five years earlier. Similarly, its share of building activity at the metropolitan level has also increased noticeably.

Monash’s ability to attract an increasing share of investment in the construction of new industrial floorspace in the wake of the GFC reflects strong underlying investment fundamentals. This in turn reflects the factors (discussed earlier in this report) that underpin demand for space from well established businesses.

By comparison, more affordable industrial developments constructed in Melbourne’s outer region during the lead up to the GFC in many cases targeted more price conscious segments. As the economy has slowed, demand from these less established businesses has weakened as businesses have either failed or become less willing to commit to purchasing or leasing new premises.

**Figure 10: City of Monash - Share of Industrial Building Permit Value (New buildings, extensions and alterations)**



Source: Building Control Commission, Charter Keck Cramer

**4.7 Industrial Lot Demand Profile**

As mentioned in the introduction to this section, recent analysis of industrial land use patterns undertaken by Spatial Economics for the Growth Areas Authority provides a valuable insight into the nature of demand for industrial land including the redevelopment of occupied sites.

This section reviews some of the key findings from that analysis to provide an objective assessment of demand for existing industrial sites, and whether this demand is able to be accommodated in established industrial areas.

### 4.7.1 Lot Size Demand

Larger industrial land users occupying over 5,000 sqm account for the majority (75%) of the total area of occupied industrial land (refer table below). Add to this the image of underutilised older style industrial facilities in established industrial areas and it is understood why many would see future demand for industrial land lying in Melbourne’s outer region rather in established industrial areas.

At the same time however there is anecdotal evidence of traditional industrial sites across Melbourne’s inner and middle suburbs being redeveloped for more intensive industrial facilities. As the table below shows, sites under 1,000 sqm account for 63% of the total number of occupied sites and those of 1,000-5,000 sqm account for a further 26%.

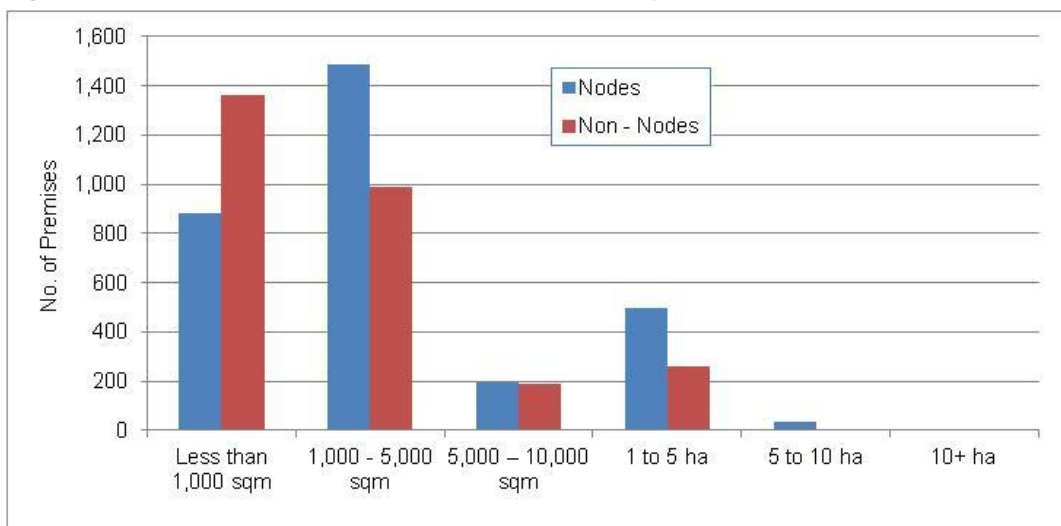
**Figure 11: Metropolitan Melbourne Distribution of Occupied Industrial Lots by Size (2010)**

Lot Size	No.	%	Area (ha)	%
< 1,000 sqm	36,426	63.5%	1,520	8.1%
1,000 – 5,000 sqm	15,354	26.8%	3,236	17.2%
0.5 - 1 ha	2,383	4.2%	1,693	9.0%
1 - 5 ha	2,615	4.6%	5,583	29.7%
10+ ha	198	0.3%	4,339	23.1%
5 - 10 ha	346	0.6%	2,423	12.9%
<b>Total</b>	<b>57,322</b>	<b>100.0%</b>	<b>18,794</b>	<b>100.0%</b>

Source: DPCD Urban Development Program 2010

This pattern is also reflected in the consumption of industrial sites over 2000-2009 (refer figure below) with sites under 5,000 sqm accounting for the overwhelming majority of sites where new industrial facilities have been constructed. However, as would be expected there was a greater focus upon larger lots within the Industrial Nodes.

**Figure 12: Distribution of Industrial Land Consumption by Lot Size 2000-2009**



Source: DPCD Urban Development Program 2010

These various profiles highlight the importance of defining demand in terms of either total area consumed or alternatively the number of sites occupied by businesses. On one hand larger sites in greenfield locations do account for the majority of the total area consumed, but on the other smaller sites account for the majority of new industrial facilities.

It is often argued that there is no demand for large industrial sites in established industrial areas because businesses are relocating to more affordable sites in outer locations. This also reflects the strength of demand for smaller sites under 1,000 sqm which also increases the underlying land value of larger sites given their potential to be subdivided. It also raises a second issue being that demand has to be considered at a local level and not generalised based on trends in aggregate demand at a metropolitan level.

Such claims are often associated with requests to rezone sites for residential uses given the potential for an increase in underlying land values. Naturally the potential for sites to be redeveloped for more intensive industrial uses is often overlooked as this typically does not result in as large an increase in land values.

Demand for sites according to their lot size is also relatively consistent across the industry sectors (refer table below). While demand from the 'Transport, Postal and Warehousing' sector is skewed towards larger sites, 25% of sites consumed during 2000-2009 were still under 1,000 sqm compared to 38% across all industries.

Overall Transport, Postal and Warehousing accounted for only 280 sites (which is considerably less than the Manufacturing, Construction and Wholesale Trade sectors which individually consumed around 1,000 lots each), and represents less than 5% of sites consumed over the period.

**Table 4: Metropolitan Melbourne - Count of Consumed Industrial Land Stocks by Business Type and Lot Size - 2000 - 2009**

Lot Size Cohort	Manufacturing	Construction	Wholesale Trade	Retail Trade	Transport, Postal and Warehousing	Rental, Hiring and Real Estate Services	Professional, Scientific and Technical Services	Sub Total	Other	Total
Less than 1,000 sqm	328	459	347	156	69	247	201	1807	436	2,243
1,000 - 5,000 sqm	487	362	445	153	129	272	187	2035	437	2,472
5,000 – 10,000 sqm	79	57	72	12	21	55	26	322	62	384
1 to 5 ha	115	84	136	50	58	73	40	556	205	761
5 to 10 ha	10	4	5	1	3	1	1	25	8	33
10+ ha	1	0	4	0	0	0	1	6	2	8
Metro Melbourne	1,020	966	1,009	372	280	648	456	4,751	1,150	5,901

Source: Spatial Economics

**Table 5: Metropolitan Melbourne - Distribution of Number of Consumed Industrial Land Stocks by Business Type and Lot Size - 2000 - 2009**

Lot Size Cohort	Manufacturing	Construction	Wholesale Trade	Retail Trade	Transport, Postal and Warehousing	Rental, Hiring and Real Estate Services	Professional, Scientific and Technical Services	Sub Total	Other	Total
Less than 1,000 sqm	32%	48%	34%	42%	25%	38%	44%	38%	38%	38%
1,000 - 5,000 sqm	48%	37%	44%	41%	46%	42%	41%	43%	38%	42%
5,000 – 10,000 sqm	8%	6%	7%	3%	8%	8%	6%	7%	5%	7%
1 to 5 ha	11%	9%	13%	13%	21%	11%	9%	12%	18%	13%
5 to 10 ha	1%	0%	0%	0%	1%	0%	0%	1%	1%	1%
10+ ha	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Metro Melbourne	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Spatial Economics

\*May not add to zero due to rounding

This analysis provides an alternative perspective on suggestions that older industrial estates are redundant because they are unable to accommodate larger transport vehicles such as B-Doubles. The key issue is that there is a range of lot sizes demanded by businesses with larger lots accounting for only a small percentage of this demand. Over time industry has evolved in response to industry restructuring and as a result so has the nature of demand for industrial land in terms of size and location. Similarly, industrial properties in most cases have also evolved to meet market requirements through being redeveloped for more intensive industrial uses.

#### 4.8 Conclusion

The discussion and analysis presented in this section identifies a number of key factors that influence Monash's role as an industrial and employment location. Most importantly however it highlights the evolving nature of industrial land use in response to the restructuring of the Australian economy. This includes the segmentation of industrial activity as a result of outsourcing, the construction of new road infrastructure and the increasing demand for skilled workers for higher value industrial activities.

It is within this context that the strategic importance of Monash's location within metropolitan Melbourne may be better appreciated and why it has become a key focus for economic development across Melbourne's south east region. When the presence of key technology related institutions is layered over Monash's locational advantages offered by the Monash Freeway and key arterial roads, high amenity industrial precincts, proximity to the CBD and an available pool of highly skilled workers it is easily seen why it has attracted a wide mix of high value-adding businesses and the development of high quality industrial facilities to accommodate them.

This discussion has also addressed a number of misconceptions relating to the level and nature of demand for industrial land in terms of lot sizes. Blanket arguments that there is limited demand for industrial land within inner metropolitan areas is not supported either anecdotally or by an analysis of available data. Such views often reflect the level of demand for older style industrial buildings that no longer meet the needs of businesses rather than the potential for sites to be redeveloped for more contemporary industrial facilities.

The use of statistics such as vacancy rates do not take account of the dynamics of the industrial property sector which simultaneously creates and responds to the inherent obsolescence of industrial properties. This includes the redevelopment of larger properties for smaller industrial facilities that better meet the needs of contemporary businesses.



## 5. INDUSTRIAL EMPLOYMENT

The preceding sections have identified a number of factors that define Monash's role as an industrial location including:

- The presence of Monash University, CSIRO, the Synchrotron and the Monash Medical Centre together with the headquarters of major international companies.
- Business parks offering a high amenity environment for a range of industrial users.
- Proximity to the Melbourne CBD, high skilled workers and Melbourne's freeway network.
- A range of industrial building formats and locations ranging from traditional industrial areas such as Oakleigh through to business parks further to the east.

The purpose of this section is to benchmark the City of Monash against other municipalities with respect to employment in the major industrial sectors. This provides one measure of Monash's relative performance as an industrial location assuming that the structural changes that have seen the investment in capital to replace labour have been consistent across the metropolitan area.

### 5.1 Employment Trends and Demand for Industrial Land

Employment is often used as an indicator of industry activity and in some cases to forecast demand for industrial zoned land. This approach needs to be used cautiously given the improvements in labour productivity that have occurred within the manufacturing sector.

Across metropolitan Melbourne the key industrial land users are:

- Manufacturing;
- Wholesale trade;
- Transport and storage; and
- Construction.

However it is important to recognise that in addition to these core industrial uses there is a range of other activities that also locate on industrial zoned land. The Spatial Economics study reviewed earlier in this report found that *'non industrial uses (including bulky goods retailing, service businesses, some community uses, etc.) typically account for up to thirty percent of total land use within industrial zones'*.<sup>6</sup>

Regardless of the presence of these non industrial uses or the disconnect between employment and the demand for industrial land due to increasing capital intensity it is still worthwhile reviewing the changing pattern of industrial employment in Monash relative to the wider metropolitan area.

The importance of the four core industrial sectors to Monash's employment base is shown in the table below. It should be noted that while a change in the industry classification system from 2006 has resulted in a break in the time series, the impact has been relatively minor and for the purpose of this analysis a continuous series may be assumed.

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<sup>6</sup> Spatial Economics (2010) Industrial Land in Melbourne: An analysis of the use, zone, distribution and consumption of industrial land.

**Table 6: City of Monash Industrial Employment 1996-2011**

	1993 Industry Classification			2006 Industry Classification	
	1996	2001	2006	2006	2011
Manufacturing	19,040	19,014	16,821	16,041	12,901
Wholesale Trade	8,631	8,094	8,949	8,556	8,501
Transport and Storage	2,440	2,141	2,141	3,038	3,234
Construction	3,210	3,410	4,947	5,035	5,504
Total	33,321	32,659	32,858	32,670	30,140

Source: ABS

Despite a fall in manufacturing employment in Monash by around 30% over the past 15 years, overall employment in these four key sectors has only fallen by 10%. Virtually all of this decline in employment has occurred over the period 2006-2011 when the Australian economy has been grappling with the impacts of the GFC and a historically high Australian dollar.

Over the same period since 1996, labour productivity (gross value added per hour worked) in the Manufacturing sector increased by 35%, Wholesale trade 47%, Transport and Storage 35% and Construction by 28% compared to 28% across all industries.<sup>7</sup> When considered in this context of an increasing labour productivity it would be incorrect to suggest that a decline of 10% in employment represents either a decline in industry activity or a reduced requirement for industrial land.

Rather, these trends may suggest that there is in fact an increasing requirement for industrial land to accommodate these core industrial sectors as well as other non industrial uses that are increasingly locating in industrial areas. Anecdotally, this is reflected in the redevelopment of sites for new industrial buildings to accommodate the transformation of Monash's industrial sector from traditional manufacturing activities to higher value adding activities.

## 5.2 Sub-Sector Employment Trends

Greater insight into the changing composition of industrial activity within the City of Monash may be gained from analysing employment changes at a sub-sector level. Again, it is important to interpret any change in employment within the context of broader economic conditions, on-going labour productivity growth and industry restructuring.

Through assuming that these factors are consistent across an industry sub sector, and geographically across metropolitan Melbourne, it is possible to assess Monash's performance as an industrial location by comparing any shift in employment to that occurring across the wider metropolitan area. However, in doing so it is necessary to recognise that Monash cannot be expected to maintain its share of metropolitan employment given its reliance upon the redevelopment of existing sites to accommodate growth. This is similar to the difficulties Monash faces in maintaining its share of population growth due to its reliance upon infill housing development.

Given the changes to ABS industry classifications it is necessary for any assessment of employment changes at a sub-sector level to be undertaken separately for the periods 1996-2006 and 2006-2011. Considering these two time periods separately also provides the

<sup>7</sup> ABS Cat No. 5204.0 Table 15

opportunity to analyse the pre-GFC and the post-GFC periods. The data upon which the following analysis is based is presented in Table 7 and Table 8.

### 5.2.1 1996-2006

Table 7 below shows employment for the core industrial land uses (manufacturing, wholesale trade, construction, transport and storage) for the years 1996, 2001 and 2006. Monash's share of total metropolitan employment is also shown.

Monash's share of total metropolitan employment in the four core industrial sectors remained remarkably stable at around 33,000 jobs over 1996-2006. There has however been greater variation at an individual sector and sub sector level and this is discussed below for each sector.

- Manufacturing

Overall manufacturing employment remained stable over 1996-2001 but declined over 2001-2006 mainly due to falls in the Textiles, Clothing and Footwear; Printing, Publishing and Recorded Media; Metal Product Manufacturing and Other Manufacturing sectors.

As would be expected, Monash's share of total manufacturing employment declined gradually from 8.1% to 7.7% over 1996-2006 given its exposure to more traditional larger scale manufacturing and the lags involved in restructuring its industrial sector.

At a sub sector level however Monash has either maintained or increased its share of employment with the only notable declines occurring in the Printing, Publishing and Recorded Media; Metal Product Manufacturing; and Other Manufacturing sectors. These sub sectors accounted for over 70% of job losses in the manufacturing sector over 1996-2006 despite accounting for only 27% of Monash's manufacturing employment in 2006.

- Wholesale Trade

Monash's wholesale trade sector recorded 3.6% growth in employment over 1996-2006 with its share of total metropolitan employment remaining relatively stable. At a sub sector level while Machinery and Motor Vehicle Wholesaling employment declined this was more than offset by growth in Personal and Household Good Wholesaling.

- Construction

Employment data for the construction sector needs to be interpreted cautiously given that it includes self-employed tradespersons operating from home. Employment in Monash grew significantly over 1996-2006 and as a result it increased its share of metropolitan level employment from 5.1 to 6%.

- Transport and Storage

Metropolitan employment in this sector grew by 30% over 1996-2006 from 50,938 to 66,586 mainly as a result of growth in the road transport sub sector. Despite the majority of this growth occurring in those municipalities with a focus upon larger scale logistics functions, Monash also reported an increase in employment from 1,208 to 1,673, although its share of total metropolitan employment however declined from 6.6% to 5% over this period.

The other notable change in employment was in the Storage sub sector where employment in Monash fell sharply reflecting a shift towards the outer municipalities of Greater Dandenong and Wyndham. This would be expected given the less intensive nature of these activities and their inability to compete with higher value adding activities for sites in Monash. The relocation of such uses however provides the opportunity for the sites to be used for more intensive uses that not

only generate more employment but also contribute to the overall profile of Monash as a high value-adding industrial location.

### 5.2.2 2006-2011

- Manufacturing

This period reflects the impacts of the GFC upon Australia's manufacturing sector as employment across Melbourne declined by over 5% with a more severe decline of 20% in Monash. As a result, Monash's share of metropolitan manufacturing employment declined from 7.7% to 6.5%.

The most significant decline in Monash occurred in the Transport Equipment Manufacturing where employment fell by 917 representing almost 30% of the total reduction in manufacturing employment in the municipality. Monash's share of employment in this sub-sector also declined from 7.4% to 5.5%. Significant contractions in employment have also occurred in Food Product Manufacturing (-429), Pulp, Paper and Converted Paper Product Manufacturing (-272), Printing (-329), and Machinery and Equipment Manufacturing (-479).

- Construction

Employment in the construction sector in Monash grew strongly both within Monash and at a metropolitan level, although Monash's share of employment declined from 6% to 5.1%. Overall, employment in Monash grew by 469 jobs (9.3%) with the strongest gains in Building Construction (+233) and Construction Services (+306).

- Wholesale Trade

Within the Wholesale Trade sector employment remained relatively stable over 2006-11 as did Monash's share of metropolitan employment. However this was a result of strong growth in the Grocery, Liquor and Tobacco Product Wholesaling (+356) and Machinery and Equipment Wholesaling (+107). The most significant employment losses were in Basic Material Wholesaling (-254) and Motor Vehicle and Motor Vehicle Parts Wholesaling (-144). The Other Goods Wholesaling sub-sector which accounts for approximately one-quarter of Wholesale Trade employment generally maintained employment levels and its share of metropolitan employment.

- Transport, Postal and Warehousing

Transport, Postal and Warehousing employment expanded by 196 (or 6.5%) due to the growth in Postal, Courier Pick-up and Delivery Services (+200) which also increased its share of metropolitan employment from 6.2% to 7.1%. Road Transport which accounts for more than half of total employment in the sector remained stable.

These changes highlight a number of key opportunities for employment growth in Monash in the future that will to some extent offset any further contraction in the manufacturing sector. These include:

- Machinery and Equipment Wholesaling / Other Goods Wholesaling

These two sub-sectors, which account for around 70% of wholesale trade employment, have maintained employment levels and their share of metropolitan employment despite challenging economic conditions. With the Australian economy becoming more open, wholesalers will continue to play an important role in importing and distributing goods as well as providing a range of related services.

- **Building Construction and Services**

Monash is well placed to service the construction industry through its central location and proximity to Melbourne's road network. In addition, as the industry continues to become more sophisticated in responding to the demands for more sustainable construction, Monash offers access to a deep pool of skilled workers.

- **Transport Services**

Postal, Courier Pick-up and Delivery Services has been a stand out performer for the City of Monash in terms of employment growth and share of metropolitan employment. Monash's central location provides an obvious competitive advantage over other locations together with a range of industrial accommodation options. The continued growth of online retailing will also provide support for these activities into the future.

### **5.3 Conclusion**

Despite the limitations of using employment statistics this analysis suggests that Monash has performed reasonably well in maintaining overall employment levels within its four core industrial sectors. While the onset of Global Financial Crisis has been significant the manufacturing sector accounted for virtually all of the decline in employment.

The decline of the manufacturing employment is not surprising and would be expected to continue in the future. This however provides the necessary supply of industrial land to accommodate construction, wholesaling and transport activities where employment is expanding.

These employment statistics highlight some of the key elements of industry restructuring such as the shift away from manufacturing towards more serviced based industrial activities, and within the wholesale trade sector from basic materials wholesaling and motor vehicle related wholesaling towards potentially higher value adding forms of wholesaling such as machinery and equipment wholesaling.

**Table 7: City of Monash – Employment 1996-2006 by Selected Sector (1993 ANZSIC Classification)**

	1996			2001			2006		
	Monash	MSD	%	Monash	MSD	%	Monash	MSD	%
Manufacturing, undefined	831	9,386	8.9%	1,332	18,322	7.3%	884	15,098	5.9%
Food, Beverage and Tobacco Manufacturing	1,826	26,976	6.8%	1,839	25,323	7.3%	1,851	27,525	6.7%
Textile, Clothing, Footwear and Leather Manufacturing	1,237	29,770	4.2%	793	21,727	3.6%	564	12,428	4.5%
Wood and Paper Product Manufacturing	493	10,174	4.8%	474	11,203	4.2%	568	11,355	5.0%
Printing, Publishing and Recorded Media	3,096	25,020	12.4%	2,883	25,178	11.5%	2,591	24,123	10.7%
Petroleum, Coal, Chemical and Associated Product Manufacturing	2,581	30,118	8.6%	2,536	30,616	8.3%	2,537	28,151	9.0%
Non-Metallic Mineral Product Manufacturing	387	7,394	5.2%	375	7,533	5.0%	364	7,123	5.1%
Metal Product Manufacturing	2,090	26,308	7.9%	1,551	23,361	6.6%	1,254	23,900	5.2%
Machinery and Equipment Manufacturing	5,506	55,849	9.9%	6,246	61,242	10.2%	5,446	56,113	9.7%
Other Manufacturing	993	14,503	6.8%	985	16,065	6.1%	762	13,150	5.8%
<b>Manufacturing, TOTAL</b>	<b>19,040</b>	<b>235,498</b>	<b>8.1%</b>	<b>19,014</b>	<b>240,570</b>	<b>7.9%</b>	<b>16,821</b>	<b>218,966</b>	<b>7.7%</b>
Wholesale Trade, undefined	427	4,713	9.1%	478	4,780	10.0%	500	6,121	8.2%
Basic Material Wholesaling	1,045	19,831	5.3%	927	15,288	6.1%	1,018	16,390	6.2%
Machinery and Motor Vehicle Wholesaling	4,490	32,299	13.9%	3,596	30,371	11.8%	4,146	30,298	13.7%
Personal and Household Good Wholesaling	2,669	32,931	8.1%	3,093	39,692	7.8%	3,285	42,166	7.8%
<b>Wholesale Trade, TOTAL</b>	<b>8,631</b>	<b>89,774</b>	<b>9.6%</b>	<b>8,094</b>	<b>90,131</b>	<b>9.0%</b>	<b>8,949</b>	<b>94,975</b>	<b>9.4%</b>
Construction, undefined	237	5,018	4.7%	76	2,063	3.7%	120	2,017	5.9%
General Construction	979	17,856	5.5%	1,238	26,760	4.6%	2,306	36,496	6.3%
Construction Trade Services	1,994	39,519	5.0%	2,096	39,566	5.3%	2,521	44,556	5.7%
<b>Construction, TOTAL</b>	<b>3,210</b>	<b>62,393</b>	<b>5.1%</b>	<b>3,410</b>	<b>68,389</b>	<b>5.0%</b>	<b>4,947</b>	<b>83,069</b>	<b>6.0%</b>
Transport and Storage, undefined	255	3,644	7.0%	266	4,933	5.4%	50	1,184	4.2%
Road Transport	1,208	18,240	6.6%	1,277	24,179	5.3%	1,673	33,557	5.0%
Rail Transport	21	2,198	1.0%	39	2,531	1.5%	44	3,478	1.3%
Water Transport	11	1,351	0.8%	13	1,293	1.0%	23	1,379	1.7%
Air and Space Transport	35	6,965	0.5%	33	6,645	0.5%	13	6,913	0.2%
Other Transport	7	70	10.0%	3	70	4.3%	0	176	0.0%
Services to Transport	246	13,618	1.8%	234	12,342	1.9%	353	15,075	2.3%
Storage	657	4,852	13.5%	276	4,207	6.6%	285	4,824	5.9%
<b>Transport and Storage, TOTAL</b>	<b>2,440</b>	<b>50,938</b>	<b>4.8%</b>	<b>2,141</b>	<b>56,200</b>	<b>3.8%</b>	<b>2,141</b>	<b>66,586</b>	<b>3.7%</b>
<b>Total</b>	<b>33,321</b>	<b>438,603</b>	<b>7.6%</b>	<b>32,659</b>	<b>455,290</b>	<b>7.2%</b>	<b>32,858</b>	<b>463,596</b>	<b>7.1%</b>

Source: ABS

**Table 8: City of Monash – Employment 2006-2011 by Selected Sector (2006 ANZSIC Classification)**

Industry of Employment (ANZSIC06)	2006			2011			2006-2011
	Monash	MSD	%	Monash	MSD	%	Monash Change (no.)
Manufacturing, nfd.	941	15,788	6.0%	816	17,941	4.5%	-125
Food Product Manufacturing	1,859	26,451	7.0%	1,430	28,619	5.0%	-429
Beverage and Tobacco Product Manufacturing	114	4,443	2.6%	115	4,943	2.3%	1
Textile, Leather, Clothing and Footwear Manufacturing	576	12,794	4.5%	453	10,058	4.5%	-123
Wood Product Manufacturing	194	6,381	3.0%	139	6,150	2.3%	-55
Pulp, Paper and Converted Paper Product Manufacturing	827	7,249	11.4%	555	6,492	8.5%	-272
Printing (including the Reproduction of Recorded Media)	1,747	12,041	14.5%	1,418	10,418	13.6%	-329
Petroleum and Coal Product Manufacturing	14	1,171	1.2%	9	1,129	0.8%	-5
Basic Chemical and Chemical Product Manufacturing	1,129	11,778	9.6%	1,054	11,595	9.1%	-75
Polymer Product and Rubber Product Manufacturing	1,219	15,005	8.1%	1,123	12,273	9.2%	-96
Non-Metallic Mineral Product Manufacturing	381	7,105	5.4%	404	7,273	5.6%	23
Primary Metal and Metal Product Manufacturing	289	10,201	2.8%	350	10,603	3.3%	61
Fabricated Metal Product Manufacturing	849	12,722	6.7%	740	10,940	6.8%	-109
Transport Equipment Manufacturing	2,385	32,093	7.4%	1,468	26,545	5.5%	-917
Machinery and Equipment Manufacturing	2,880	22,785	12.6%	2,401	22,959	10.5%	-479
Furniture and Other Manufacturing	637	11,146	5.7%	426	9,760	4.4%	-211
<b>Total Manufacturing</b>	<b>16,041</b>	<b>209,153</b>	<b>7.7%</b>	<b>12,901</b>	<b>197,698</b>	<b>6.5%</b>	<b>-3,140</b>
Construction, nfd	110	2,013	5.5%	106	2,339	4.5%	-4
Building Construction	2,002	29,540	6.8%	2,235	38,620	5.8%	233
Heavy and Civil Engineering Construction	369	7,041	5.2%	303	8,824	3.4%	-66
Construction Services	2,554	45,430	5.6%	2,860	58,720	4.9%	306
<b>Total Construction</b>	<b>5,035</b>	<b>84,024</b>	<b>6.0%</b>	<b>5,504</b>	<b>108,503</b>	<b>5.1%</b>	<b>469</b>



Industry of Employment (ANZSIC06)	2006			2011			2006-2011
	Monash	MSD	%	Monash	MSD	%	Monash Change (no.)
Wholesale Trade, nfd	502	6,123	8.2%	427	5,316	8.0%	-75
Basic Material Wholesaling	988	15,869	6.2%	734	15,952	4.6%	-254
Machinery and Equipment Wholesaling	3,229	21,599	14.9%	3,336	22,697	14.7%	107
Motor Vehicle and Motor Vehicle Parts Wholesaling	813	6,922	11.7%	669	7,263	9.2%	-144
Grocery, Liquor and Tobacco Product Wholesaling	728	12,447	5.8%	1,084	13,394	8.1%	356
Other Goods Wholesaling	2,266	26,497	8.6%	2,212	26,410	8.4%	-54
Commission-Based Wholesaling	30	1,026	2.9%	39	1,236	3.2%	9
<b>Total Wholesale Trade</b>	<b>8,556</b>	<b>90,483</b>	<b>9.5%</b>	<b>8,501</b>	<b>92,268</b>	<b>9.2%</b>	<b>-55</b>
Transport, Postal and Warehousing, nfd	51	1,189	4.3%	68	1,307	5.2%	17
Road Transport	1,673	33,731	5.0%	1,622	37,811	4.3%	-51
Rail Transport	38	3,394	1.1%	50	5,041	1.0%	12
Water Transport	10	1,172	0.9%	12	1,376	0.9%	2
Air and Space Transport	16	6,725	0.2%	18	7,547	0.2%	2
Other Transport	48	481	10.0%	80	791	10.1%	32
Postal and Courier Pick-up and Delivery Services	727	11,793	6.2%	927	13,084	7.1%	200
Transport Support Services	186	9,142	2.0%	169	11,964	1.4%	-17
Warehousing and Storage Services	289	4,903	5.9%	288	5,682	5.1%	-1
<b>Total Transport, Postal and Warehousing</b>	<b>3,038</b>	<b>72,530</b>	<b>4.2%</b>	<b>3,234</b>	<b>84,603</b>	<b>3.8%</b>	<b>196</b>
Total	32,670	456,190	7.2%	30,140	483,072	6.2%	-2,530

Source: ABS

## 6. INDUSTRY ENVIRONMENT - MANUFACTURING

Manufacturing is the largest employer amongst the four main industrial sectors accounting for 12,900 jobs across Monash in 2011. By comparison, the Wholesale trade, Transport and Storage and Construction sectors together accounted for 17,240 jobs. With Manufacturing accounting for 43% of total employment across these four sectors it is appropriate that its performance be reviewed in some detail to assist in determining the likely future level of demand for industrial land in Monash.

This section assesses the performance of the Manufacturing sector based upon a wider range of indicators than just total employment. In doing so, it highlights the benefits of industry restructuring with:

- A prolonged period of sales growth up until the onset of the GFC.
- On-going improvements in the profitability of the manufacturing sector.
- Consistent growth in the export value of manufactured goods.
- A shift towards higher skilled workers within the sector.

### 6.1 Performance Indicators

Industrial land uses encompass a wide range of activities across a number of industry sectors including manufacturing, wholesale trade, transport and storage, construction and industrial services. It follows that there is an equally wide range of factors influencing the level of demand for industrial land.

Although manufacturing is only one of these industry sectors it is often singled out to argue that there is declining demand for industrial land within Melbourne's inner and middle suburbs. Declining total employment, the relocation of traditional manufacturing offshore or the availability of more affordable industrial land in greenfield locations are commonly put forward as arguments for rezoning established industrial sites for alternative uses.

The suggestion that declining manufacturing employment reflects a contraction of the manufacturing sector contradicts the very nature of industry restructuring which is based upon improved productivity of all factors of production including labour.

It was always recognised by Australia's policy makers that a loss of manufacturing jobs would result from the micro economic reforms introduced during the 1980s and 1990s. The broader objective of these reforms however was to improve the efficiency of Australia's manufacturing sector in order to make it more internationally competitive and support its longer-term growth.

Similarly, while structural change is cited as being the reason for the decline in manufacturing employment, often there is little attention given to the growth of new industrial land uses that have emerged as a result of this restructuring. In many cases these new industrial activities would have once been undertaken as part of a 'manufacturing enterprise' but are now outsourced to specialist providers as part of the process of improving efficiency.

This restructuring process also exaggerates the decline in manufacturing employment due to the Australian Bureau of Statistics classifying a worker's 'industry of employment' as being that which their employer is primarily associated with. For example, if a manufacturer outsources its transport function to a specialist logistics operator this will be recorded as a loss of employment in the 'Manufacturing' sector and an increase in the 'Transport, Postal and Warehousing' sector. Similarly, outsourcing its payroll section results in a transfer of employment to the 'Administrative and Support Services' sector and again a decline in manufacturing employment.

It is for this reason that the analysis of employment undertaken in the previous section benchmarked Monash against other municipalities rather than analyse the absolute number of jobs.

## 6.2 Manufacturing Sector Performance

The first chapter of any introductory micro-economics textbook typically discusses the factors of production (land, labour, capital and management) and how these are combined in varying proportions to produce goods and services as efficiently and profitably as possible.

However despite this basic concept, many economic assessments supporting the rezoning of established industrial sites focus solely upon the declining level of employment in the manufacturing sector as a measure of the demand for industrial land. This assumes a constant relationship between labour and the other three factors of production which is contrary to what both economic theory and the realities of running a business dictate.

The connection between manufacturing employment and demand for industrial land is weakened by a number of factors including:

- Capital investment to replace labour as a means of increasing the productivity and profitability of local manufacturers.
- The outsourcing of non-core activities and as a result the 'statistical transfer' of employment from the manufacturing sector.
- Manufacturing being only one of a number of industries that generate demand for industrial land. For example, growth in the wholesaling, storage and distribution of the growing number of more affordable imported products which have replaced locally manufactured products also generates demand for industrial space.

It is therefore not surprising that there is often a negative perception of the manufacturing sector particularly when total employment has fallen by approximately 100,000 (or 10%) since the onset of the GFC. However even when Australia's manufacturing employment was relatively stable over the preceding decade the focus of many commentaries was still upon manufacturing's declining share of total employment.

Clarifying some of these trends paints a very different picture of the manufacturing sector with:

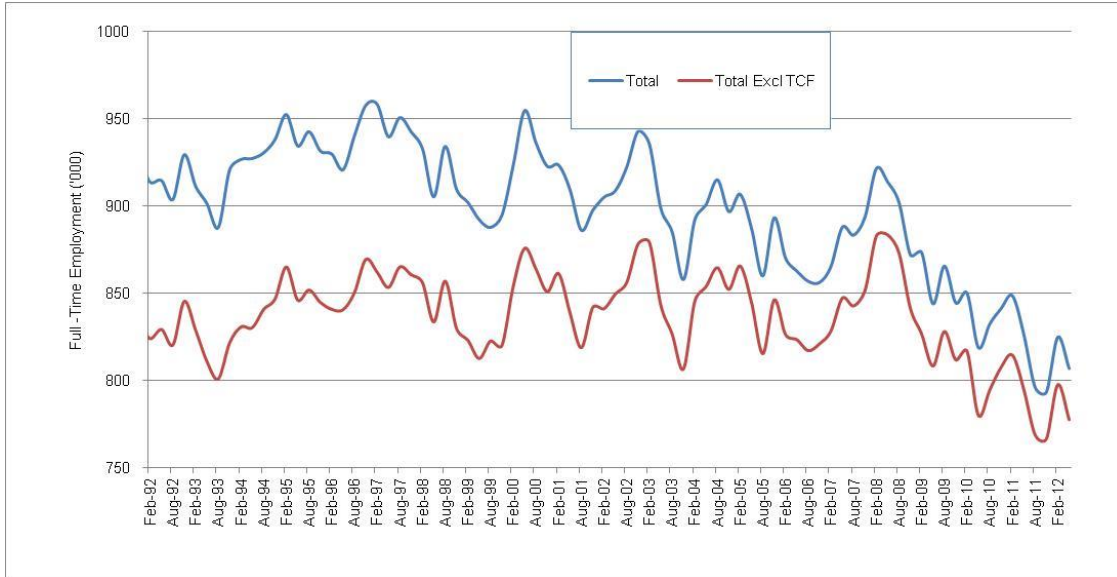
- The decline in employment over the past 15 years largely relating to lower skilled occupations such as machinery operators, drivers and labourers.
- The employment of higher skilled workers (managers and professionals) in the manufacturing sector increasing by 31% over this period.
- The volume of goods and services sold by the manufacturing sector doubling over the two decades leading up to the GFC.
- Gross operating profits within the manufacturing sector increased in real terms.

## 6.3 Manufacturing Employment Trends

The decline in total manufacturing employment over the decade leading up to the GFC was accounted for by the loss of jobs in the Textiles, Clothing and Footwear (TCF) sector. The figure below shows that when the TCF sector is excluded, manufacturing employment fluctuated between 800,000 and 875,000 nationally. Since the onset of the GFC however non-TCF manufacturing employment has declined significantly.

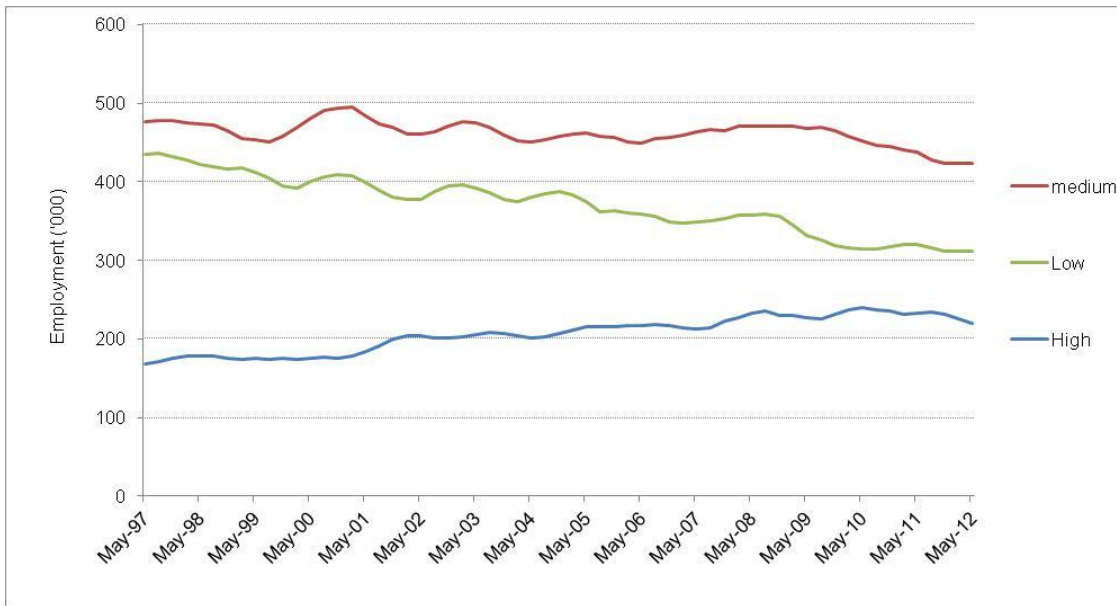
Caution is also needed when analysing employment trends for each of the sub-sectors of manufacturing. Employment classified as being within 'Manufacturing nfd (not fully defined)' now accounts for 64,000 workers compared to less than 1,000 prior to 2000.

**Figure 13: Australia - Manufacturing Employment Including and Excluding TCF Sector**



Source: ABS 6291.0.55.003

**Figure 14: Australia - Manufacturing Average Annual Employment by Skill Level\***



Source: ABS Cat. No. 6291.0.55.003

\* High skill includes managers and professionals. Medium skill includes technicians and tradespersons, community and personal service workers, clerical and administrative workers and sales workers. Low skill includes machinery operators and drivers and labourers.

The restructuring of Australia's manufacturing sector is also reflected in the shift towards higher skilled occupations (professionals and managers) with this group now accounting for 23% of total employment compared to only 16% in 1997. The total number of higher skilled employees grew from 168,000 to 236,000 over 1997-2008 before the impact of the GFC resulted in a fall back to 220,000 (refer above figure).

This shift to a higher skilled workforce has been driven by capital deepening, and the higher skill requirements of more sophisticated production processes and products including the provision of product related services.

This shift in the skills profile of the manufacturing sector's workforce also needs to be viewed within the context of the need to provide employment opportunities for an increasingly better educated workforce. Therefore even though manufacturing employment has declined, the mix of employment opportunities is better aligned with the skills profile of future generations of workers.

#### **6.4 Sales Activity, Profitability and Exports**

The performance of Australian's manufacturing sector is reflected in a number of readily available measures being:

- Volume of manufacturer's sales;
- Manufacturer's gross operating profits; and
- Value of exports.

The figure below indicates the volume of sales generated by the manufacturing sector based upon the 'chain volume measure' used by the ABS to remove the effect of price changes over time.

The manufacturing sector experienced steady growth in sales volumes over the two decades from the mid 1980's through to the onset of the GFS in 2008. The decline in sales volumes since 2008 reflects slowing domestic and international economic growth as well as a historically high Australian dollar which has reduced the international competitiveness of local manufacturers. As the world economy recovers and the value of the Australian dollar returns to more sustainable levels the volume of sales is also expected to return to its longer-term growth trend.

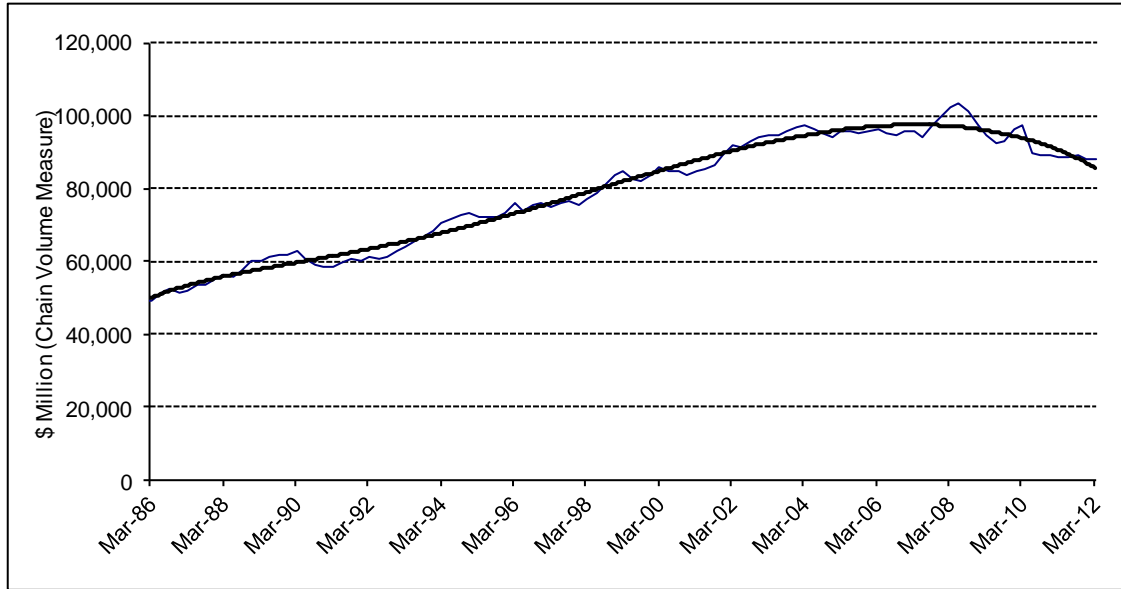
Across the manufacturing sub-sectors sales performance has varied significantly. While the textiles, clothing and footwear sector has experienced constant decline in sales volumes over the past 25 years, there are many other areas of manufacturing that experienced relatively strong growth up until the onset of the GFC.

Manufacturing employment in Monash is concentrated in six key areas of manufacturing which together accounted for 70% of total manufacturing sector employment in 2011. These sectors, their share of manufacturing employment in Monash and a summary of their performance at a national level are:

- Food product manufacturing (11%): relatively strong performer with annual growth in sales volumes of up to 5% but more recently around 2% per annum;
- Printing (11%): historically strong growth approaching 10% per annum up until 2001 before slowing to 3% over 2001-06 and -4% over last five years;
- Basic chemical manufacturing (8%): recorded continued strong growth albeit slowing over last five years;
- Polymer / rubber manufacturing (9%): a relatively strong performer averaging 6-8% per annum before recording -6% per annum over the past five years;

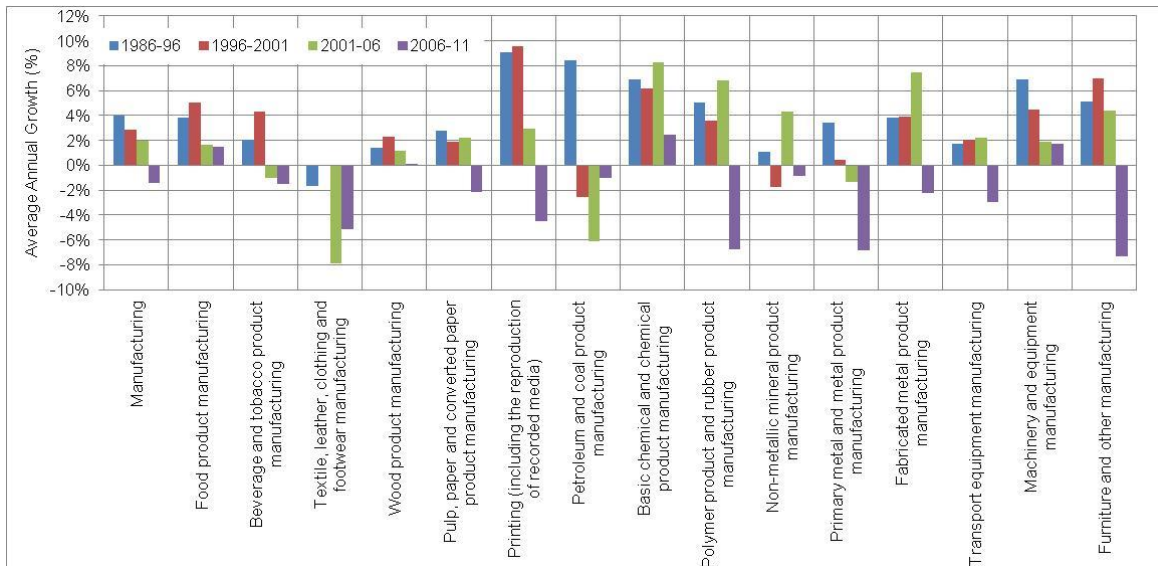
- Transport equipment manufacturing (11%): steady performer with growth of 2% per annum but has experience -3% growth over past five years; and
- Machinery and equipment manufacturing (19%): historically strong performer although growth has fallen to 2% per annum over the past decade.

Figure 15: Australia – Manufacturing Sales of Goods and Services (Chain Volume Measure)



Source: ABS

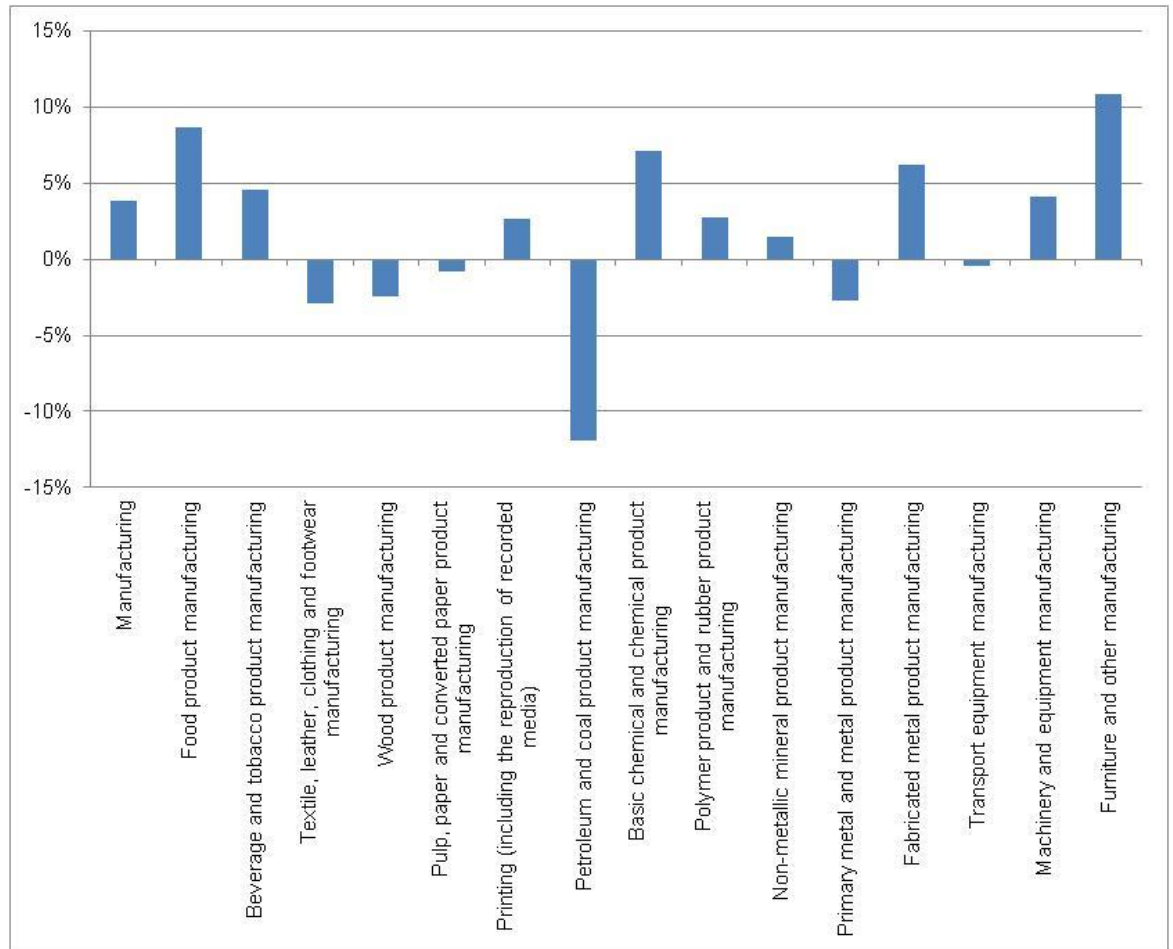
Figure 16: Australia –Sales of Goods and Services (Chain Volume Measure) by Sector



Source: ABS

The gross operating profit of businesses also varies considerably across various areas of manufacturing. The figure below shows the average annual growth in profits in nominal terms with a number of strong performers including manufacturers of food, beverages and tobacco, basic chemicals, fabricated metal products, machinery and equipment, and furniture. It is notable that higher profile manufacturing activities such as the TCF and automotive sectors (transport equipment) both recorded negative growth in profits over the period.

**Figure 17: Manufacturing Sector Gross Operating Profit (Current Dollars) – Average Annual Change 1995/98 – 2009/12**



Source: ABS Cat no.5676.0



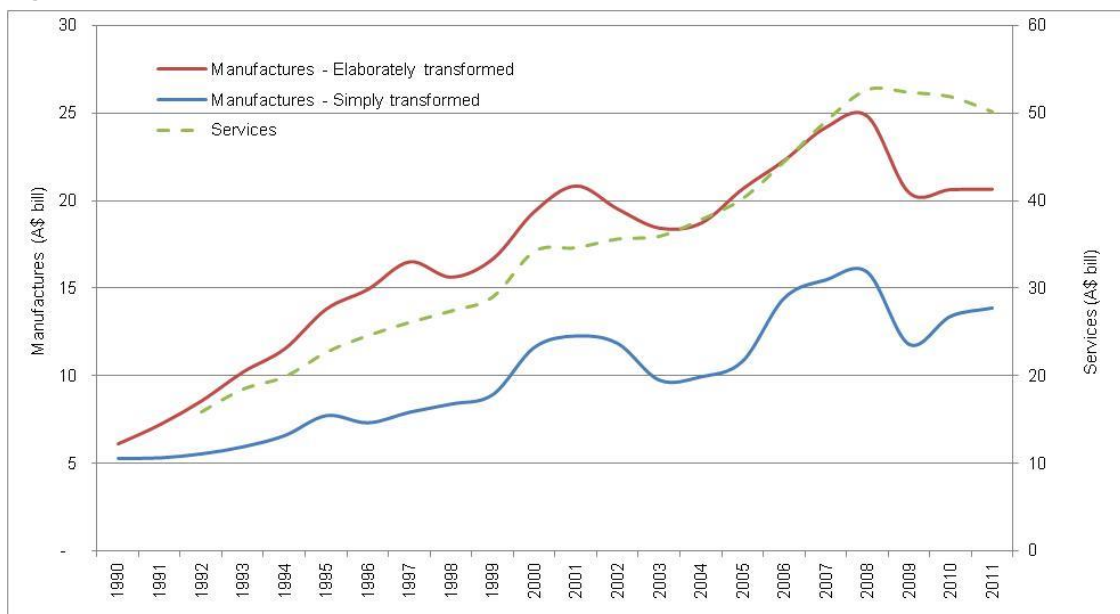
## 6.5 Export Performance

The value of locally produced manufacturing exports grew by an average of 7.3% over the period 1990-2008. The onset of the GFC and the appreciation of the Australian dollar however resulted in a sudden decline in 2009 and stabilisation over 2010 and 2011.

The figure below highlights a number of important aspects of the manufacturing sector's export performance being:

- Strong growth in Elaborately Transformed Manufactures (ETMs) over the period 1990-2001 averaging 11.8% per annum compared to 8% for Simply Transformed Manufactures (STMs).
- The value of ETM exports being closely comparable to that of the Services sector over the period 1992-2008. The GFC however had a more significant one-off impact upon the manufacturing sector in 2009.
- The transformation of the manufacturing sector towards more export orientated and higher value adding activities largely as a result of the micro economic reforms introduced during the 1980s and 1990s.

**Figure 18: Value of Manufactured Exports 1990-2011**

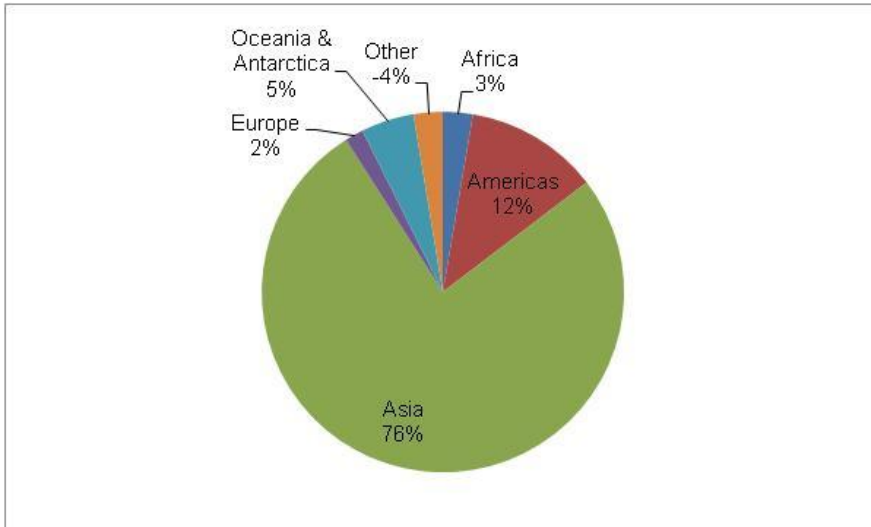


Source: Department of Foreign Affairs and Trade

The Asia region has been a key source of this growth in demand for manufactures, accounting for 76% of growth in the value of STMs exports and 45% of ETMs exports since 1990.

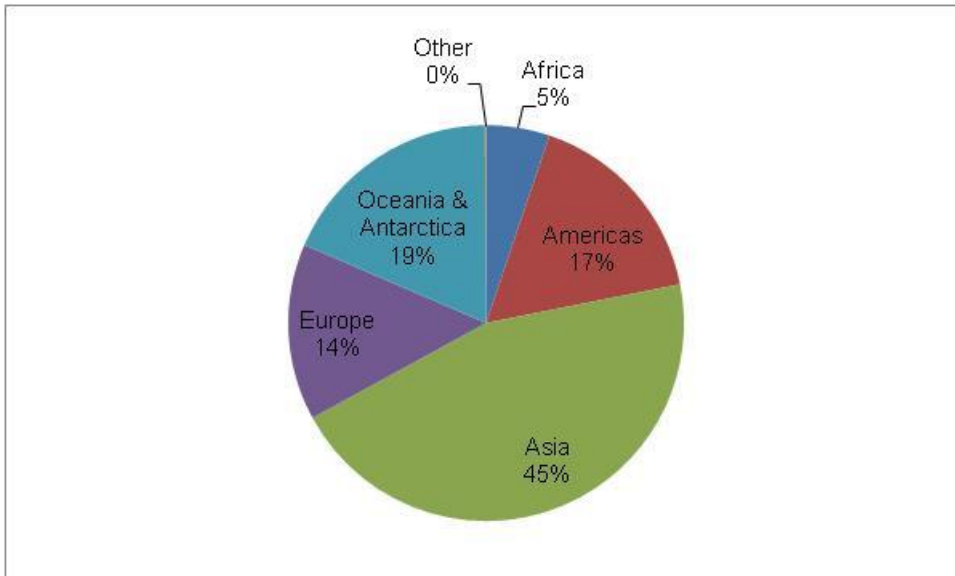
The growth in exports of STMs to Asia has been dominated by non-ferrous metals which accounted for 84% of the growth in export income. Exports of ETMs to Asia have been more broadly based with non-ferrous metals, pharmaceutical products, specialist machinery, and motor vehicles and parts being the main contributors. These products, together with scientific instruments also accounted for a larger share of growth in exports across all markets.

**Figure 19: Simply Transformed Manufactures (Australian Produced) - Sources of Export Growth 1990-2011**



Source: Department of Foreign Affairs and Trade

**Figure 20: Elaborately Transformed Manufactures (Australian Produced) - Sources of Export Growth 1990-2011**



Source: Department of Foreign Affairs and Trade

## 6.6 Conclusion

The decline in manufacturing employment over the last 30 years is entirely consistent with the intended restructuring of the sector. The indicators that have been analysed in this section tell a very different story to that suggested by a single indicator such as employment.

The micro-economic reforms introduced during the 1980s and 1990s have reformed Australia's manufacturing sector which was characterised by traditional manufacturing activities that relied upon industry protection. Protecting these activities represented a cost to other business and households in the form of higher prices.

While an expected consequence of these reforms was the loss of lower skilled jobs, Australia's manufacturing sector has become more resilient as a result of improved efficiency through capital investment, an enhanced skills base and increased exposure to international markets.

Australia's manufacturing sector continues to undergo its transition from being labour intensive, highly protected and domestically orientated to that of a capital and knowledge intensive, export orientated and economically sustainable sector. While total industry employment may continue to fall as a part of this process, higher skilled workers will play an increasing role in the growth of the sector.

The onset of the GFC has impacted heavily upon the manufacturing sector as a result of slowing economic growth combined with a higher Australian dollar reducing the competitiveness of exporters and increasing competition from imports. These events however have also impacted upon the services sector where exports have stagnated.

As the economic environment becomes both more certain and sustainable, the manufacturing sector would be expected to resume its historical growth trend which has been characterised by growth in:

- Sales of products and services by manufacturers;
- Exports of manufactured products particularly ETMs;
- Employment of skilled workers; and
- Profitability of manufacturers.

## 7. INDUSTRY ENVIRONMENT: OTHER INDUSTRIAL LAND USES

This section reviews the performance of the remaining three key industrial land users being Wholesale Trade, Transport and Storage, and Construction albeit in less detail than has been undertaken for the manufacturing sector. The car retailing and bulky goods retailing sectors, being two occupiers of industrial land are also reviewed

### 7.1 Wholesale Trade

Wholesale trade relates to wholesalers purchasing large quantities of goods from producers and reselling them in smaller quantities to other businesses. This enables the efficient transfer of goods by wholesalers acting as intermediaries in the process of bringing goods from producers to customers.

With manufacturing activities having been relocated offshore many local manufacturers have been transformed into wholesalers. Their awareness of the local market and retail networks, the ability to offer a range of alternative products, provide for the servicing and maintenance of products, and offer a local contact for retailers and other businesses are all key roles for wholesalers.

Given the growing importance of business relationships and technical expertise, it is not surprising that professionals and managers account for an increasing share of total employment within the sector. This is also reflected in the City of Monash's ability to maintain its share of total metropolitan employment with its central location and accessibility to businesses within both inner city commercial precincts and suburban industrial locations being a key factor.

#### 7.1.1 Sales Activity

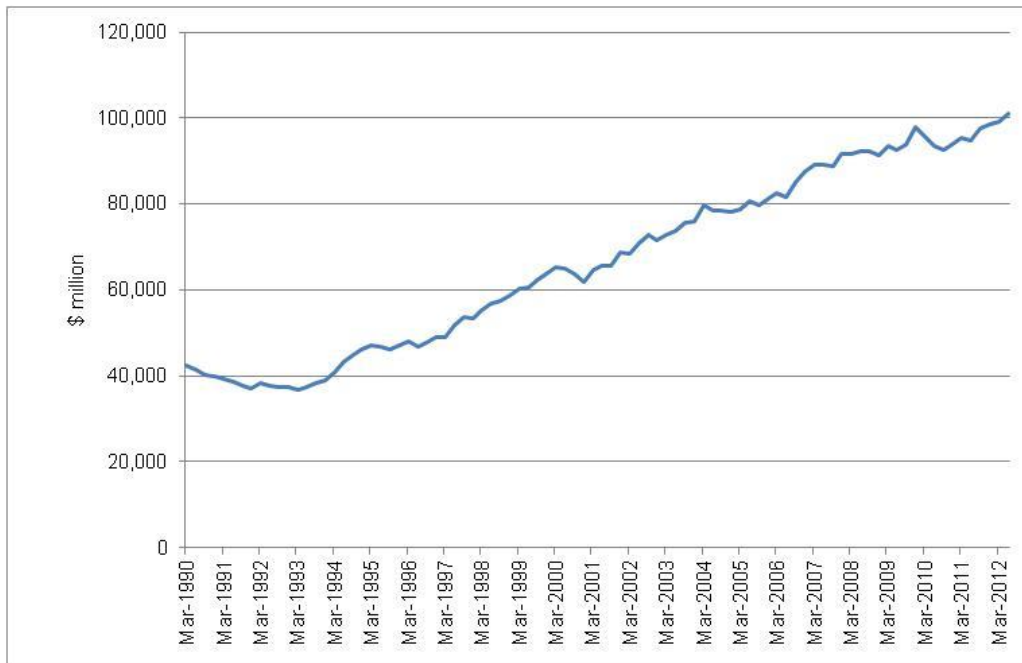
Sales volumes nationally have increased by 150% over the past two decades within the wholesale trade sector (refer figure below) which equates to an annual growth rate of 4.7% per annum. The level of activity within the wholesale trade sector is influenced by a number of factors including:

- Economic growth and the impact upon the consumption of goods.
- Exchange rate movements which shift demand between local and imported goods.
- A trend towards retailers dealing directly with manufacturers.

Unlike the manufacturing sector, wholesalers have benefited from the appreciation of the Australian dollar with imported goods becoming more affordable. Imported goods are most likely to be imported by a wholesaler, whereas locally manufacturers are likely to act as a wholesaler for their products. The shift towards online retailing has however connected consumers directly with wholesalers both within and outside Australia.

While it is difficult to quantify the impact of each of these trends, it is clear that there has been a significant structural change in the methods used to sell and distribute products. The growing range of products available to Australian consumers, combined with their increased affordability due to a stronger Australian dollar and the opportunity to bypass retailers, is likely to support demand for industrial space in a wide variety of locations.

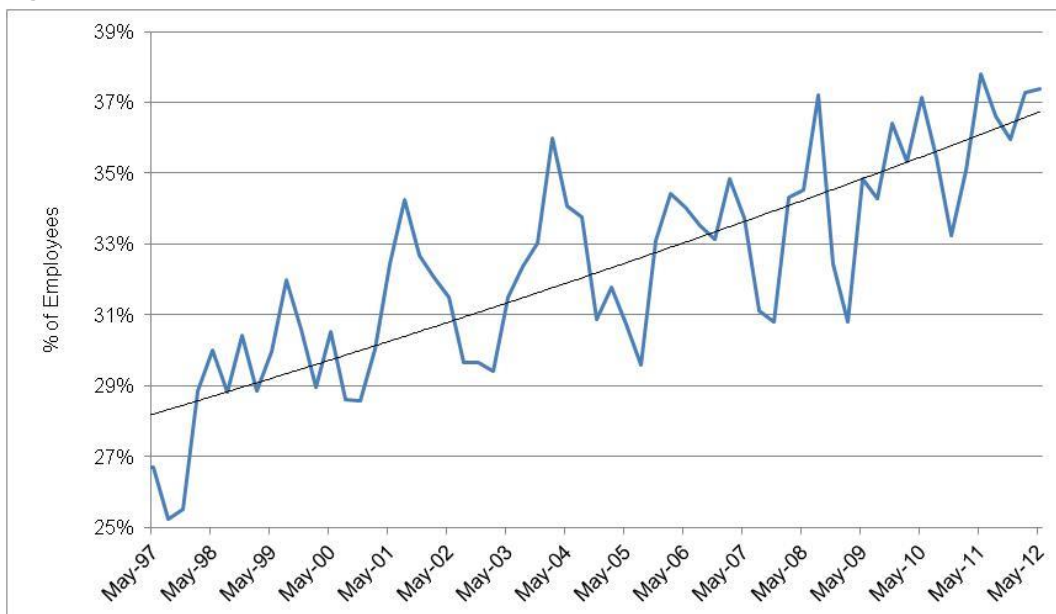
**Figure 21: Australia –Wholesale Trade Turnover (Chain Volume Measure)**



Source: ABS Cat No. 5676.0

The increasing sophistication of products and the associated need for ancillary services such as advisory and training services, maintenance and servicing activities has resulted in a growing number of skilled workers in this sector (see following figure). This has resulted in demand for an increasing amount of office floorspace, as well as a preference for higher amenity locations that are accessible for both customers and employees.

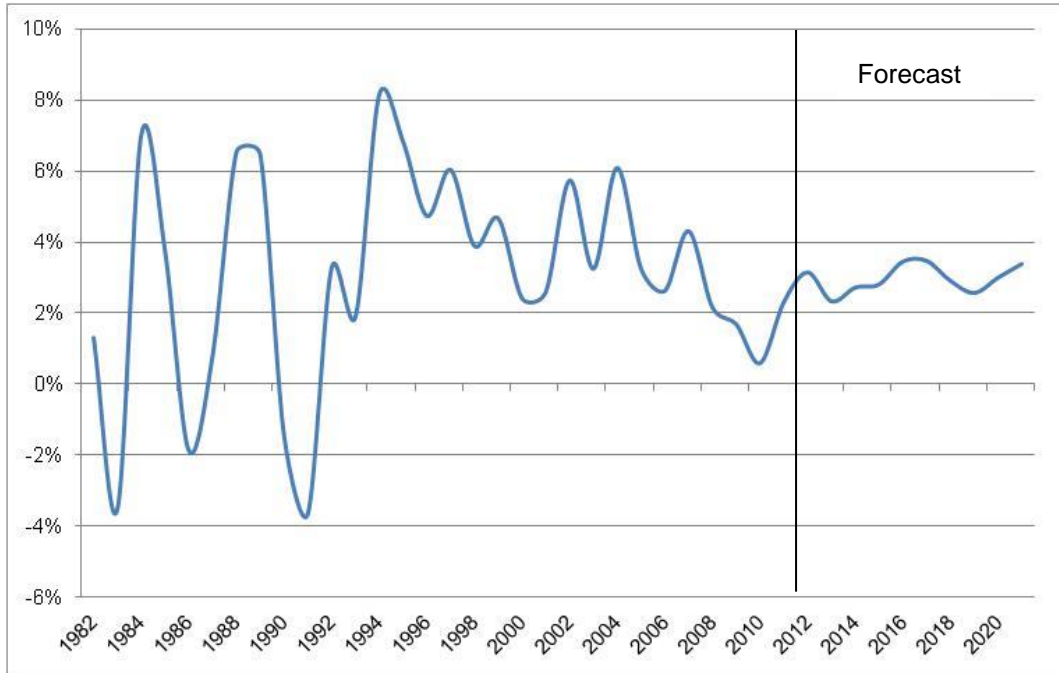
**Figure 22: Wholesale Trade Skilled Workers (Share of Total Workforce)**



Source: ABS

The wholesale trade sector is often grouped with the retail sector given their joint role in distributing products from manufacturers to consumers. The figure below shows historical year-on-year growth together with forecasts prepared by Deloitte Access Economics at a national level. Output is forecast to grow by 2-4% per annum over the next decade which is notably lower than that recorded over recent decades.

**Figure 23: Wholesale and Retail Trade Output (Year on Year Growth)**



Source: Deloitte Access Economics

**7.2 Transport and Storage**

Transport and storage activities are often identified as being a key driver of demand for greenfield industrial land located close to major road infrastructure. An example of this occurring in a Melbourne context is the emergence of logistics precincts in Melbourne’s western and northern regions resulting in the absorption of a considerable amount of industrial land.

These large scale logistics activities however only represent one segment of the transport and storage industry. Considerably more intensive activities such as Courier Services, Transport Support Services (such as customs and freight forwarding) which in some cases are more likely to be located in an office rather than an industrial facility.

These examples highlight the diversity of activities that make up the sector as well as the risks associated with relying upon employment trend data alone to identify the changing demand for industrial space.

Section 5.2.2 highlighted the strong growth in employment Monash over 2006-2011 within the ‘Postal, Courier Pick-up and Delivery Services’ sector. This growth not only reflects Monash’s central location relative to businesses and households across the metropolitan area, but also a number of structural changes that have occurred and will continue in the future. These include the outsourcing of these activities by businesses, the growth of internet retailing, and economic growth generally.

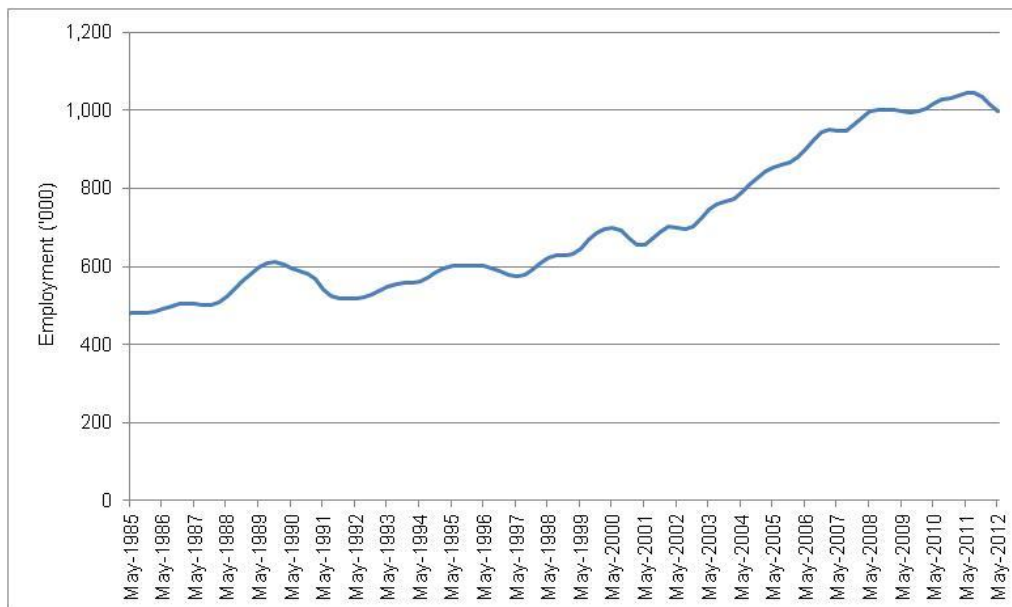
### 7.3 Construction

The construction industry comprises a diverse range of activities ranging from self-employed tradespersons through to large publicly listed companies. While the level of activity within the construction sector is typically more cyclical than other sectors it is underpinned by long-term population growth. Furthermore, unlike manufacturing this sector is not impacted upon by overseas competition.

The construction sector is also characterised by a wide range of activities ranging from the construction of detached housing through to major infrastructure projects. As a result, the sector is not only impacted upon by property market cycles but also the lumpiness associated with major projects.

Employment in the construction sector (refer figure below) increased noticeably over the period from 2002 through to the onset of the GFC, after which it has stabilised.

**Figure 24: Australia Construction Employment**



### 7.4 Motor Vehicle Retailing

While motor vehicle showrooms and car yards may not occupy a significant amount of industrial land in the City of Monash, they do occupy a number of strategically significant sites in high profile locations that may support more intensive development.

Although car ownership has increased with a growing population and spurred on by new cars becoming more affordable, there are a number of factors that impact upon the commercial viability of the traditional large car yard format.

This format has traditionally relied upon local car manufacturers such as Holden, Ford, Toyota, and, up until 2008, Mitsubishi. The Federal Chamber of Automotive Industries summarises the state of this segment of the market as follows. *“In 2001, almost 30% of total domestic demand was served by domestic vehicle production. This figure has halved, with just under 15% of total domestic demand served by domestic vehicle production in 2010. The implication of declining*



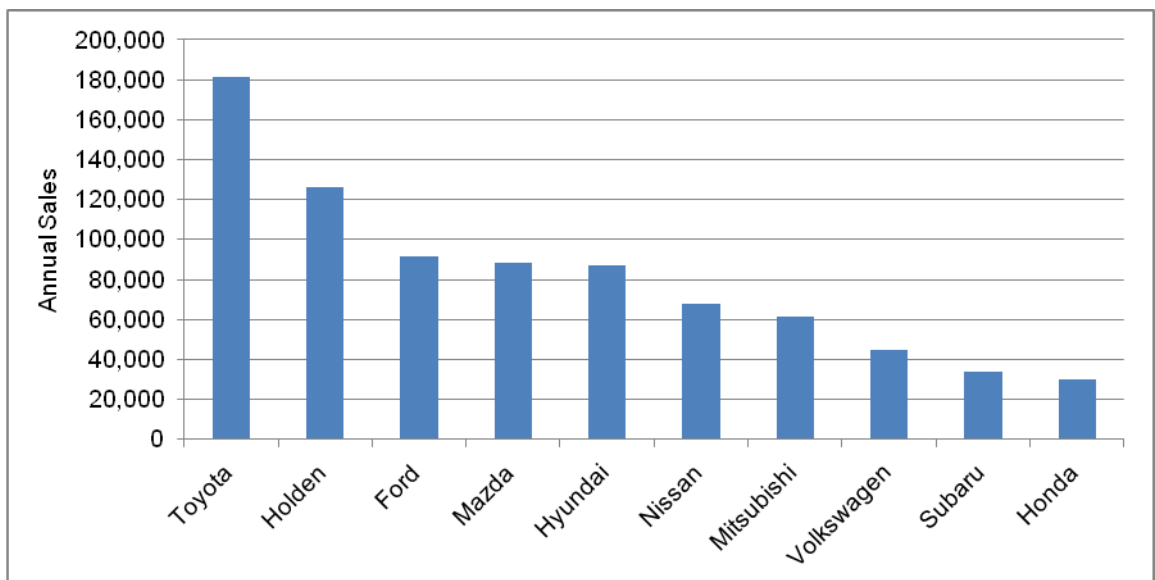
*domestic production set against increased domestic demand has been an increase in importation of vehicles to fill the gap”.*<sup>8</sup>

With domestic producers losing market share, the car retailing market has become much less concentrated as consumers now have a much wider choice of imported cars. The implication of this is that the large ‘car yard format’ retailer has adapted to these changing market conditions by diversifying across a number of brands, or alternatively they have been replaced by smaller car show rooms.

However, even if car retailers are able to diversify in order to maintain the number of sales, the declining real value of cars may result in sales revenues continuing to decline. The larger car yard format has also come under pressure from a number of other fronts including:

- The increasing value of high exposure sites for a range of alternative uses which increases the opportunity cost of operating as a car yard.
- An increasingly sophisticated market combined with growing competition necessitating a higher quality showroom format.

**Figure 25: Australia: Domestic Motor Vehicle Sales by Brand 2011**



Source: Federal Chamber of Automotive Industries Annual Report 2011

## 7.5 Bulky Goods Retailing

Bulky goods retailing has also been a key source of demand for sites along highways and major arterial roads given their ease of access and high exposure to attract expenditure from across a wide trade area.

Strong growth in bulky goods retail turnover during the decade to the mid-2000s prompted the development of both large homemaker centres and bulky goods showroom precincts. The sector however has largely stagnated over the past five years with increasing competition from online retailing particularly for small, higher valued goods such as electrical goods, and slowing housing construction resulting in reduced demand for household goods and furnishings.

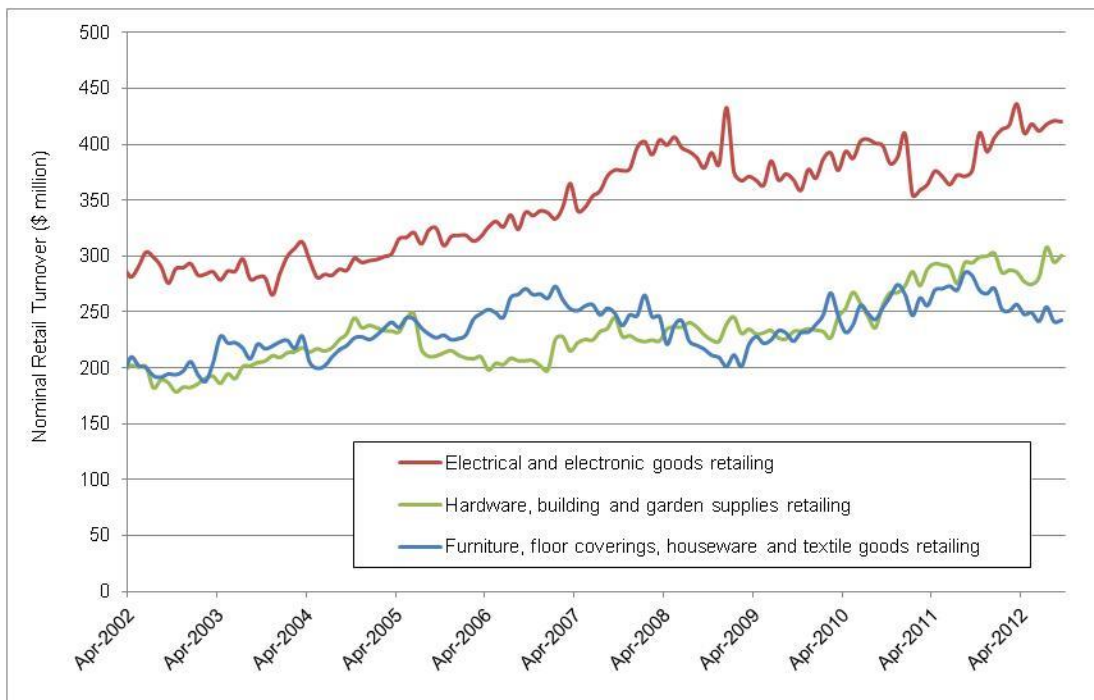
<sup>8</sup> Federal Chamber of Automotive Industries (2011) The Australian Automotive Industry and a Changing Competitive Environment

At the same time the pipeline of speculatively built bulky goods centres combined with declining tenant demand has made new developments in established residential areas increasingly difficult to support.

The figure below shows retail turnover (current dollars) for each of the three key components of the bulky goods sector across Victoria. Sales of electrical goods are only marginally above their 2008 peak while furniture, floor coverings, houseware and textile goods retailing is below its 2007 peak. The hardware, building and garden supplies sector is the only component to show any noticeable growth with turnover increasing by around 20% over the past five years.

When the effects of population growth and inflation are taken into account real per capita expenditure has been negative over the past five years which has resulted in store closures and the postponement of proposed new bulky goods centres. Given the level of increasing competition from on-line retailing, continued uncertainty in the economy and a weakening in the residential housing sector there is not expected to be any significant pressure for bulky goods development in established urban areas such as the City of Monash within the foreseeable future.

**Figure 26: Victoria: Bulky Goods Retail Turnover (Current Dollars) 2002-2012**



Source: ABS

**7.6 Conclusion**

The above analysis and discussion provides an overview of industry conditions that will influence industrial land use opportunities within Monash in the future. It is also possible to draw connections between these conditions and anecdotal evidence of the performance of these sectors within Monash.

For example, the redevelopment of large industrial sites for smaller of office / warehouses is partly a result of increasing demand from wholesalers and the construction sector for a combination of office space for administration and warehouse space for products and equipment. Conversely, the number of non-retail businesses in the Wareca showrooms (Princes Highway,

Clayton) reflects the weakening of conditions within the bulky goods retail sector. Within the car retailing sector, the marketing of the New Oak Ford site in Oakleigh may partly reflect the shifting market for new cars.

Looking forward, this analysis further supports the potential for Monash to continue to attract more intensive industrial activities through the redevelopment of larger industrial sites. There may also be the opportunity for a number of high profile sites that would otherwise be occupied by bulky goods retailers or car showrooms becoming available for other forms of development.

## 8. INDUSTRY RESTRUCTURING

The previous sections have discussed those elements of restructuring that have occurred at an industry level. This section continues this theme but with a focus upon what it means for the spatial distribution of industrial activity across metropolitan Melbourne. In doing so, Monash's role as an industrial location at a regional and metropolitan level begins to be revealed in greater detail.

### 8.1 Industry Restructuring – A Bitter Pill for the Industry Protection Hangover

The outsourcing of non-core activities is not new and households have been doing it for thousands of years. Households outsource to farmers to grow our food, to hairdressers to cut their hair or to carpenters to build their homes. Similarly, at an international level countries focus on what they are most efficient at doing based on their natural resources or how cost effective they are at producing a particular product. What they are unable to produce efficiently may then be imported from those countries that can.

So why has Australia been producing products such as clothing and footwear when other countries can produce them cheaper. The reason is that industry protection measures such as tariffs to make imported goods more expensive, and subsidies to reduce the cost of local production. The intention of industry protection was that one day, when local industry was better established, it would be able to compete with imported goods and this protection could be removed. Unfortunately in many cases this did not eventuate, and instead local consumers of these products were left paying higher prices which impacted upon their disposable income. Where these goods were inputs for other products the competitiveness of businesses was impacted.

The restructuring of Australian industry has addressed the inefficiencies created by industry protection and refocused attention upon those segments of industry for which Australia has a comparative advantage over other countries.

With industry protection being reduced, businesses have also had to focus on what they also do most efficiently and outsource those remaining activities. Similarly, those sectors that provide inputs to industry have also had to restructure as the requirements of their customers has changed. For example, educational institutions have refocused their programs in order to meet the future needs of industry. The property sector has also had to restructure through redeveloping properties to also cater for the changing accommodation needs of businesses.

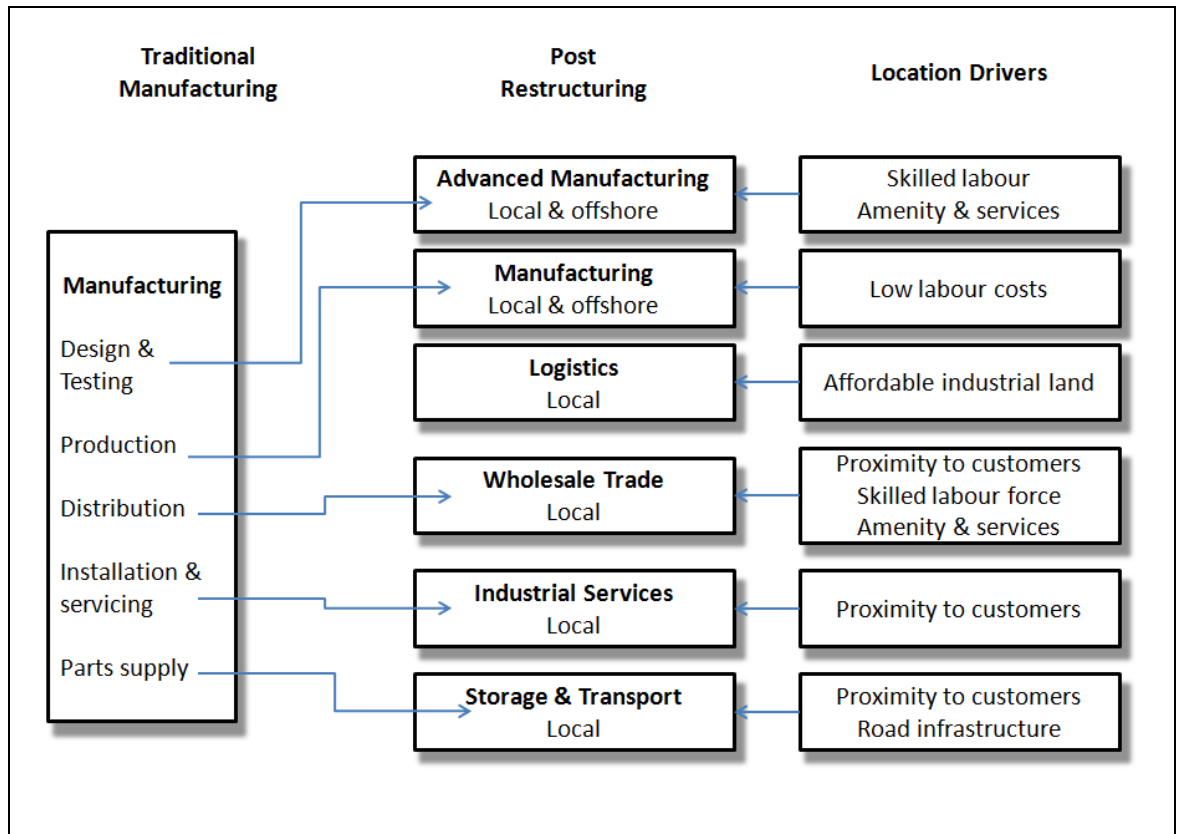
### 8.2 Impact on Businesses Location and Accommodation Needs

The figure below shows that whereas manufacturers may have once undertaken a range of processes in-house and most likely in one location, many of these activities are now being outsourced to either local or overseas based firms. Each of these more specialised businesses also has more specific location and accommodation requirements that enable them to be as cost efficient as possible.

The impact of this restructuring process upon the distribution of industrial activity has been for businesses to locate where they can operate most efficiently with respect to the more specialised activity that they are now undertaking. For example, the Transport and Logistics sector has primarily concentrated in locations serviced by Melbourne's Principal Freight Network such as Laverton North, Craigieburn and Dandenong. Alternatively, some former manufacturers may undertake all their production off-shore. In which case they may only have a corporate office in the Melbourne CBD from where they manage their international operations.

With businesses having the opportunity to outsource less intensive non-core components their floorspace and land requirements may have been significantly reduced. This has resulted in large multi-purpose industrial facilities becoming increasingly obsolete, and being replaced by smaller office warehouse style facilities for more intensive activities.

**Figure 27: Restructuring of the Australian Manufacturing Sector**



Source: Charter Keck Cramer

**8.3 Industrial Precincts Restructuring to Meet Business Needs**

Restructuring has resulted not only in businesses becoming more specialised in what they do, but also industrial locations appealing to particular types of activities reflecting their key attributes. For example, as the figure above indicates, those locations where industrial land is most affordable (e.g. greenfield industrial estates) will appeal to logistics providers, whereas those close to skilled labour, good amenity and services (e.g. inner and middle suburbs) are more likely to attract higher value adding activities such as advanced manufacturing or wholesaling. These location preferences will influence property market conditions and reinforce the geographic distinction between these two groups of industrial activities.

The impact of this process upon traditional industrial precincts has been for a transfer of demand for industrial land previously used for less intensive uses such as transport and storage to those industrial areas serviced by Melbourne’s Principal Freight Network (refer figure below).

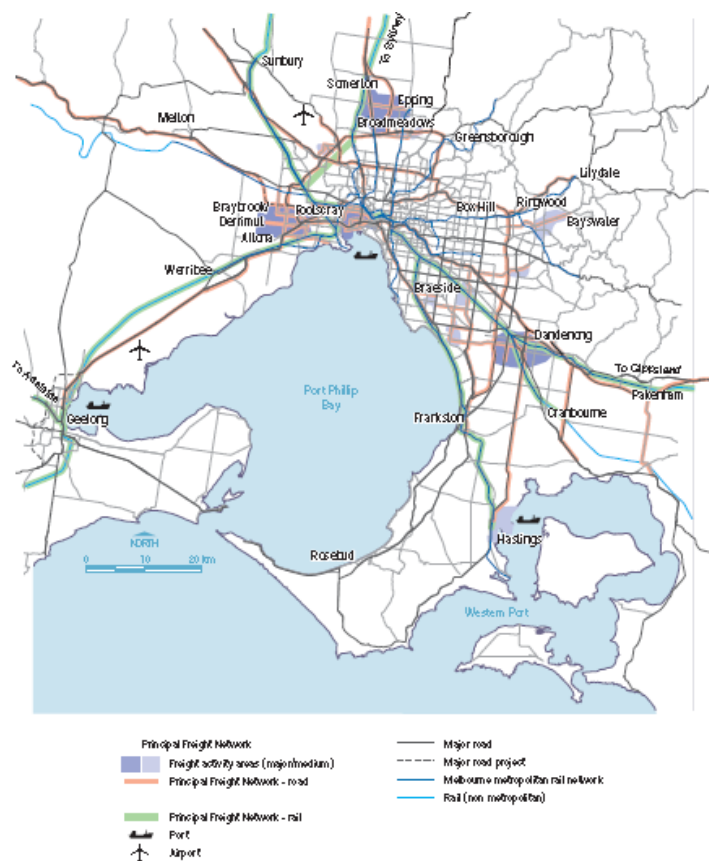
At the same time, there is the opportunity for traditional industrial precincts to attract more intensive and higher value adding industrial activities. Their location within established urban areas allows businesses to not only provide industrial related services to the resident population and other businesses, but also draw upon an increasingly skilled workforce required for higher

value adding activities. Furthermore they are also located closer to the Melbourne CBD than newer industrial precincts thereby enabling them to service corporate clients.

From a land use planning perspective, managing this transformation of traditional industrial areas must take account of:

- The net level of demand for industrial zoned land as a new generation of more intensive activities replace large scale industrial facilities.
- The ability of traditional industrial areas to generate their own level of internal amenity in order to attract businesses that are engaged in higher value adding activities and wishing to present a positive image to both customers and employees.
- The extended time period over which large industrial sites may be redeveloped based upon the level of demand for more intensive industrial facilities, and the potential for vacant sites to create urban blight, particularly when located near residential areas.

**Figure 28: Melbourne’s Principal Freight Network**



Source: Freight Futures Victorian Freight Network Strategy

This process of business restructuring has resulted in location and property decisions increasingly being based upon the needs of a single specialist activity. The relocation of traditional manufacturing activities offshore is the most obvious example of this process having occurred. This is largely due to the loss of employment and the creation of large redundant sites in established industrial locations.

However as Figure 27 indicates, the physical production of goods is only one aspect of the manufacturing process, with many of the remaining components such as the local and interstate

distribution, installation and servicing, product design and testing are often still undertaken locally.

The net impact of this restructuring process within the manufacturing sector upon established industrial areas reflects two largely opposing forces being:

- The relocation of low value adding production processes to lower cost countries offshore, and transport and storage functions to outer suburban industrial areas where they are performed by a specialist logistics firms on more affordable industrial land.
- Increasing demand for contemporary inner and middle suburban industrial facilities for those remaining activities requiring proximity to customers or a skilled workforce.

#### **8.4 Conclusion**

Industry restructuring and the increasing specialisation of businesses has also resulted in industrial locations also becoming more specialised based upon their locational attributes and what these mean for business efficiency.

For the City of Monash this has meant that large scale manufacturing and warehousing functions have been progressively relocated either offshore or to outer industrial areas close to Melbourne's freeway network in order to better distribute goods.

With higher valued industrial activities now being uncoupled from these less intensive functions they now have the flexibility to locate in areas such as Monash which offers high amenity industrial environment, access to the CBD and a pool of highly skilled workers.

Industry restructuring has occurred over a number of decades and been characterised by structural unemployment, a changing focus for education institutions and the emergence of new industries. Similarly, the restructuring of Monash's industrial areas is a longer-term process that is still occurring as it shifts its focus from traditional large scale industrial activities to more specialised and higher value adding activities.



## 9. MELBOURNE’S INNER CITY INDUSTRIAL MARKET

Melbourne’s inner city industrial areas provide an important insight into the response of traditional industrial areas to industry restructuring. Industrial locations such as Port Melbourne which was once populated by traditional heavy industry have been transformed into corporate industrial locations. The nomination of a portion of this area as a future residential area however now offers the opportunity for The City of Monash to reinforce its status as a preferred location for technology and higher value adding industrial activities.

### 9.1 Fishermans Bend Urban Renewal Area

The State Government’s recently announced that the Capital City Zone will be extended to include 240 ha of industrial land in Port Melbourne to facilitate new housing development. As a result, the total amount of zoned industrial land in the area has been halved from 335 ha to 161 ha. This loss of industrial land is expected to result in a spill-over of demand for industrial land in the City of Monash in the future given that both currently cater for similar industrial users

As a highly valued corporate industrial precinct, Fishermans Bend has attracted significant new industrial development as well as new businesses seeking an inner city location close to the Melbourne CBD and Melbourne’s freeway network which enables it to attract workers from across the metropolitan area.

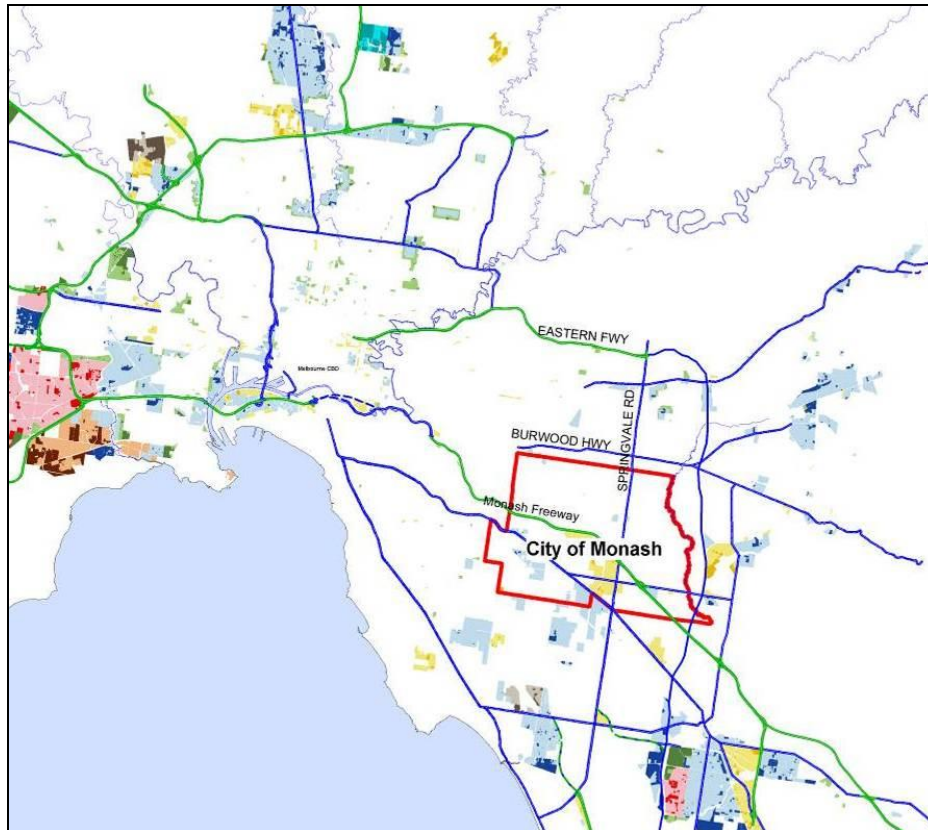
Figure 29: Fishermans Bend Urban Renewal Area



Source: DPCD

The following figure highlights the lack of alternative industrial locations to Fishermans Bend / Port Melbourne within the inner south east region. While industrial locations within the western region may appeal to transport and logistics activities, Monash will be a preferred location for businesses requiring a corporate location with access to higher skilled workers.

**Figure 30: Industrial Zoned Land 2010**



Source: DPCD Urban Development Program

The area identified to be incorporated into the Capital City Zone accounts for the majority of industrial land in the City of Melbourne and the City of Port Phillip. Over the period since 2001 the total value of building permits issued for new industrial buildings, extensions or alterations in these two municipalities has been \$264 million compared to \$164 million in Monash. While there will still be the opportunity for development to occur within the City of Melbourne portion of the Port Melbourne industrial area, available development sites will be exhausted over time with a likely spill over of demand into the City of Monash.

The following figure provides examples of the form of development that has occurred which includes corporate style head office / warehousing, business parks and smaller office / warehouses/

**Figure 31: Fishermans Bend / Port Melbourne – Industrial Development**





## 9.2 Inner City Industrial Areas: Response to Industry Restructuring

Melbourne's inner city industrial market provides an interesting case study given the significant restructuring of industrial activity which has occurred over the past decade. This has been reflected in the redevelopment of larger sites for more intensive industrial facilities and the diverse mix of businesses that now occupy these premises.

Many of these redeveloped sites are unable to accommodate larger transport vehicles yet they have attracted strong demand from a variety of businesses. Also, the underlying land value of many of these Industrial sites is much higher than alternative sites located near the Metropolitan Ring Road or within Melbourne's nominated industrial nodes.

The continued investment in inner city industrial properties however contradicts the argument that businesses by necessity prefer outer suburban industrial locations based upon a need to accommodate larger vehicles and the availability of more affordable land. This highlights the diversity of industrial activities and the associated demand for an equally diverse supply of industrial land.

Melbourne's inner industrial market also provides an indication of the potential future demand for industrial land in the City of Monash. There is likely to be a future spill over of demand to locations such as Monash given that it is one of the closest alternative locations within the eastern and south-eastern region. This will result from the already limited supply of inner city industrial land, combined with the state government proposal to extend the Capital City Zone resulting in the loss of industrial zoned land.

## 9.3 Demand Context

With the relocation of larger scale industrial land uses elsewhere, Melbourne's established inner city industrial areas are becoming increasingly characterised by new higher value adding activities. A key driver for these businesses locating in inner city locations is the ability to access both customers and skilled employees from across the metropolitan area.

Some examples of activities locating in inner industrial precincts include:

- Printers offering design and distribution services to corporate clients;
- Office equipment suppliers;
- Building maintenance services; and
- Food distributors servicing cafes and restaurants.

With many of the customers of these businesses likely to be located in the Melbourne CBD and inner city commercial precincts there is often a need for businesses to locate nearby where they can easily service them at short notice.

The transformation of Port Melbourne into a highly valued corporate style industrial precinct highlights one aspect of the underlying demand for inner city industrial facilities. Similarly, Melbourne's inner north industrial areas have also attracted a range of food manufacturers and distributors needing to access cafes, restaurants and hotels in the CBD and inner suburbs.

Monash is typically seen as being a middle suburban residential location given the availability of housing much closer to the Melbourne CBD. As an industrial location however it is considered much more centralised given the limited availability of industrial land within central Melbourne, combined with the additional focus upon servicing businesses in outer locations such as Greater Dandenong and Knox.

There are a number of factors that will continue to generate demand for inner and middle suburban industrial space including:

- The continued shift towards higher value adding activities requiring increasingly skilled workers.
- The provision of technical services in association with the distribution of products.
- Increasingly closer relationships between businesses and their customers.

All of these factors highlight the increasing reliance of many businesses upon having close access to both skilled workers and customers.

Future commercial and residential growth within inner Melbourne will also generate demand for industrial facilities. For example, new office and apartment buildings will require on-going building maintenance, and an expanding inner city workforce and residential population will generate demand from cafes and restaurants for food supplies.

New businesses within the retail, hospitality and business services sector will require a range of services including warehousing and showrooms for retailers, food supplies, archival services and business equipment maintenance services.

#### 9.4 City of Melbourne Census of Land Use and Employment

The City of Melbourne's Census of Land Use and Employment provides a detailed time series of land use and employment at a small area level. As such it provides a valuable indicator of not only market demand for inner city industrial floorspace but also the drivers of this demand.

The table below from the City of Melbourne's 2010 CLUE Report highlights the significant growth in commercial and residential activity within the City of Melbourne over the period 2002-2010. In general there has been an increase of around 30-35% in the level of business activity within the City of Melbourne over this eight year period which equates to approximately 3.5% per annum.

**Table 9: City of Melbourne: Business Capacity Indicators**

Key Indicators	2002	2010	Change (no.)	Change (%)
Business locations	12,130	15,958	3,828	32%
Employment	319,730	428,709	108,979	34%
Built Space (sqm)	21,760,816	28,651,012	6,890,196	32%
Let Office Space (sqm)	4,159,045	5,216,262	1,057,217	25%
Let Retail Space (sqm)	669,261	854,073	184,812	28%
Top Employer: Business Services	47,946	70,555	22,609	47%
Top Commercial Built Space User: Other Services (sqm)	1,748,525	2,206,356	457,831	26%

Key Indicators	2002	2010	Change (no.)	Change (%)
<b>Capacity Measures</b>				
Bar/Tavern/Pub (persons)	27,214	77,217	50,003	184%
Cafe/Restaurant/Bistro (indoor seats)	102,384	136,903	34,519	34%
Cafe/Restaurant/Bistro (outdoor seats)	11,886	29,634	17,748	149%
Child Care Centre (places)	1,203	2,394	1,191	99%
Commercial Accommodation (rooms)	11,077	13,465	2,388	22%
Conferences and Meetings (persons)	80,008	99,998	19,990	25%
Educational Institution (student places)	102,604	137,975	35,371	34%
Food Court (indoor seats)	3,591	7,623	4,032	112%
Residential Parking (spaces)	20,785	38,773	17,988	87%
Commercial Parking (spaces)	55,022	64,964	9,942	18%
Private Parking (spaces)	60,395	78,473	18,078	30%
Residential Dwellings	30,530	53,412	22,882	75%

Source: City of Melbourne CLUE Report 2010

Each business, worker or resident generates demand for a range of industrial services ranging from property maintenance services through to the supply of food for cafes and restaurants. Similarly, the dependence of businesses upon the timely delivery of goods and services requires industrial suppliers to be in an inner city location from where they can easily service customers.

Importantly, there are now many businesses that may have predominantly office based operations, but also have a smaller storage requirement. An example of this is some engineering consulting firms which require warehouse space to store equipment or undertake testing. As a result they are no longer able to be accommodated in traditional office buildings but still require an inner city location. Another example, are distributors of high value added products such as pharmaceuticals or specialised equipment for which a large proportion of space is required for office uses such as marketing and administration, but there is also a need to store products on site.

At the same time as there has been an expansion in business activity across the City of Melbourne there has also been substantial growth in industrial activity in the Port Melbourne industrial precinct.

The amount of floorspace used for storage and wholesaling activities in Port Melbourne has increased by 65,700 sqm over 2002-2010 which more than offsets the reduction in manufacturing floor space of 53,900. While there has been an increase in office space, the majority of this would be ancillary to industrial activities and typically within an office/warehouse development.

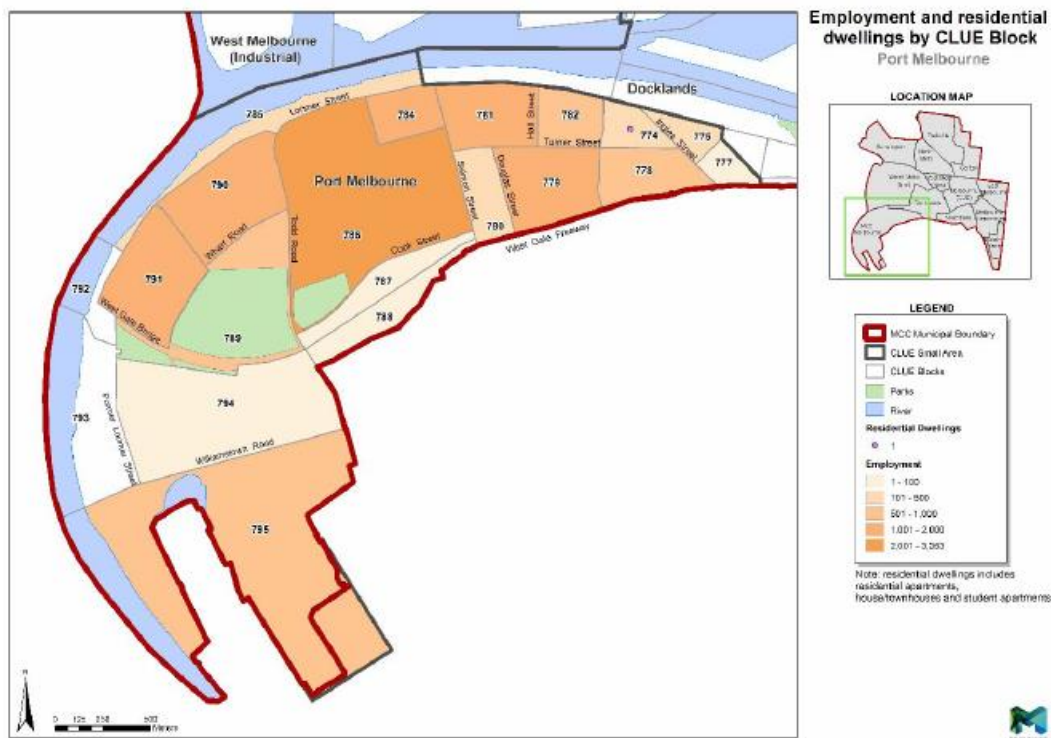
**Table 10: Port Melbourne Industrial Area: Structure of Built Space (sqm)**

Space Use	2002	2004	2006	2008	2010	Change 2002-10
Office	105,016	127,422	168,913	189,999	197,080	92,064
Storage/Wholesale	305,889	288,823	331,642	337,588	371,599	65,710
Manufacturing	547,795	523,742	547,177	535,681	493,888	-53,907

Source: City of Melbourne CLUE Report 2010



Figure 32: Port Melbourne Industrial Area



Source: City of Melbourne

The Wholesale Trade and Transport, Storage and Transport sectors have also accounted for 60% of employment growth in the Port Melbourne industrial area with the combined increase of 1,339 jobs far exceeding the loss of 752 jobs in the manufacturing sector (refer table below).

Table 11: Port Melbourne Industrial Area: Employment by Industry

Industry	2002	2010	Change
Wholesale Trade	1,464	2,146	682
Transport, Postal and Storage	1,240	1,897	657
Business Services	729	1,294	565
Admin and Support Services	67	395	328
Construction	235	463	228
Retail Trade	152	316	164
Information Media and Telecommunications	534	671	137
Public Administration and Safety	813	920	107
Rental and Hiring Services	7	83	76
Food and Beverage Services	80	152	72
Other Services	125	158	33
Finance & Insurance	23	46	23
Real Estate Services	43	66	23
Health Care and Social Assistance	0	10	10
Agriculture and Mining	8	14	6

Industry	2002	2010	Change
Arts and Recreation Services	42	40	-2
Electricity, Gas, Water and Waste Services	12	0	-12
Education and Training	100	31	-69
Manufacturing	5,822	5,070	-752
<b>Total</b>	<b>11,496</b>	<b>13,772</b>	<b>2,276</b>

Source: City of Melbourne CLUE Report 2010

The growth in industrial activity within the Port Melbourne industrial area as measured by employment and occupied floor space highlights an increasing demand for inner city industrial space. This contrasts with the argument that businesses prefer outer suburban locations offering more affordable industrial land and better access for large transport vehicles and that as a result demand for inner city industrial land is declining.

Port Melbourne's experience highlights the diverse nature of demand for industrial land with the location preferences of businesses ranging from traditional inner city industrial precincts through to outer suburban green field locations. It also highlights the dangers of assuming that 'one size fits all' with respect to location, building form or access requirements.

## 9.5 Inner City Industrial Developments

The following profiles of three recent industrial developments, selected on the basis of their inner city location and constrained access, provide an indication of the form of development and type of businesses that they can accommodate.

All the sites were of significant size with two being approximately 1 ha and the third site just over 6 ha, which in itself indicates significant underlying demand given that all are now fully developed. It also highlights the commercial viability of this form of development.

### 9.5.1 Midway Business Estate, 11-77 Stubbs Street, Kensington

Website: [midwayestate.com.au](http://midwayestate.com.au)

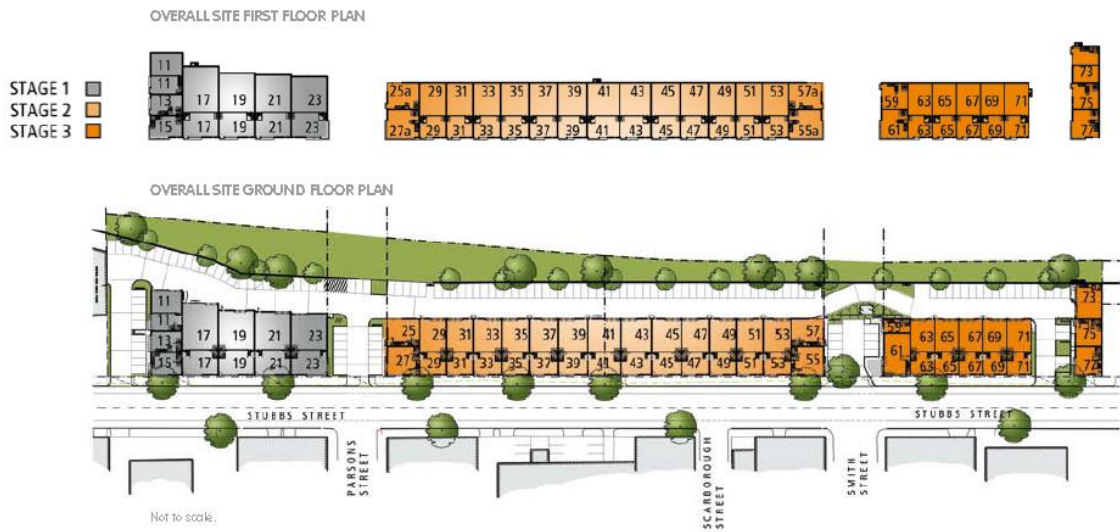
Developers: SMA Projects / VicTrack Property Group

Site Area: 10,750 sqm

The Midway Business Estate is a staged development undertaken on former VicTrack land adjacent to CityLink. The estate comprises a mix of office / warehouses (210-400 sqm) and offices (80-200 sqm). A distinguishing feature of this development is its limited depth of approximately 30 metres and the location of all car parking at the rear of the site.

A key attraction of the estate is its proximity to the CBD and CityLink. Racecourse Road also offers a range of retailers and cafes for workers within the development. These features have attracted a large number of businesses offering professional and technical services, or distributing niche products. This includes marketing related services, building services catering for the needs of inner city properties, and engineering related services. The ability to service customers located in the Melbourne CBD, attract skilled workers and have the capacity to store equipment and products on site will have been a key factor supporting demand.





**Table 12: Occupants**

Name	Website	Activity
Audion	audio-mm.com	Distributor of audio, video and multimedia accessories
Cellcorp	cellcorp.biz	Graphic design and marketing
Picwal Aust.		
Midnite Express	mnx.com	Logistics services
Dominant	dominant.com.au	Chemical supplies
Opposite Lock	oppositelock.com.au	Four wheel drive accessories
IER	ier.com.au	Business services
Muscart		Art studio / gallery
Bella Beauty Essential	bellabeautyessential.com.au	Product distributor
Regent Elevators	regentelevators.com.au	Elevator designers / suppliers
Oz Awnings	ozawnings.com.au	Awnings suppliers
ACS Laboratories	Aauslab.com.au	Laboratory

Name	Website	Activity
DI Office Design	diofficedesign.com.au	Office Designers
IGO Direct Group	igodirect.com.au	Marketing
S&G	soilandgroundwater.com.au	Soil and groundwater consulting
	aust-education.com.au	
Goldstein Eswood	goldsteineswood.com.au	Machinery supplies
Direct Systems	directsystems.org	Borehole Surveying Technology
Georg Fisher	georgefischer.com.au	Piping systems
DoAbility	doability.com.au	Health supplies
Shoe Scene		Footwear wholesaling
Fullfitment Gym		
Mach Communications	machcommunications.com.au	Wireless network provider
LRM Global	lrmglobal.com.au	Liability & risk management consulting
Tarapath	tarapath.com.au	Industrial supplies
Federation Family Day Care		
Barben	barben.com.au	Architectural hardware supplies

### 9.5.2 City Gateway Business Estate, 50-60 Lloyd Street, Kensington

Website: <http://www.bancogroup.com.au/industrial/kensington-50-60-lloyd-street.aspx>

Site Area: 6.35 ha.

Developer: Banco

The City Gateway Business Estate has been progressively developed since 2006 with 56 properties constructed to date over five stages with a total floorarea of 17,624 sqm. This equates to an average of 11 properties per stage each with a floor area of 315 sqm. Office / warehouses in the current Stage 7 generally range in size from 270-340 sqm including a mezzanine level.

The estate has appealed to both owner occupiers and tenants with a range of industrial related businesses. However, despite being located in an inner city location, the estate is not well serviced by retail facilities and offers a generally lower level of amenity than other industrial precincts such as the Midway Business Estate which is less than 1 km to the north. This has been reflected in a fewer number of more service orientated industrial activities as well as generally lower property values.

While the estate is located close to CityLink, accessibility to the estate is not particularly well suited to larger vehicles. This highlights the focus of this and other inner city industrial areas on meeting the requirements of smaller businesses that are engaged in either providing industrial related services or the distribution of higher value products. Despite being located close to the Port of Melbourne there is no noticeable presence of port related activities within the estate.



# CITY GATEWAY BUSINESS ESTATE

OFFICE FACTORY WAREHOUSE



**Table 13: Sales Analysis**

Lot No	Street Address	Ground Floor (sqm)	Mezzanine (sqm)	Total sqm	Car Parks	Sale Price	Value Rate (psm)
1	Bakehouse Rd	253	84	337	5	Sold	-
2	McClure Road	250	83	333	5	\$670,000	\$2,012
3	Bakehouse Rd	207	64	271	4	\$552,000	\$2,037
4	McClure Road	204	63	267	3	\$490,000	\$1,835
5	Bakehouse Rd	207	64	271	4	\$552,000	\$2,037
6	Bakehouse Rd	409	74	483	7	\$925,000	\$1,915
76	Bakehouse Rd	222	40	271	4	Leased	-
77	Bakehouse Rd	228	51	279	4	\$568,000	\$2,036
78	Bakehouse Rd	228	51	279	4	\$568,000	\$2,036
79	McClure Road	230	70	300	4	\$610,000	\$2,033
80	Bakehouse Rd	231	69	300	4	\$640,000	\$2,133
81	McClure Road	231	69	300	4	\$610,000	\$2,033
82	Bakehouse Rd	230	70	300	4	\$640,000	\$2,133

Source: Banco, Charter Keck Cramer

**Table 14: Occupants**

Name	Website	Activity
Above Left Distributors and Agencies	aboveleft.com.au	Design, marketing and supply of flooring products
Solomon Brothers Apparel	solomonbros.com.au	Corporate clothing supplier
Culligan Water	culliganwater.com.au	Water filtration suppliers
United Commercial Projects	united.net.au	Commercial fitout services
F Mayer Melbourne	mayers.com.au	Food importers
First Intevention	firstintervention.com.au	First aid equipment
A&D Mercury	andmercury.com.au	Weighing equipment suppliers
O'Donnell Griffin	odg.com.au	Electrical & communications suppliers
SecondBite	secondbite.org	Surplus food coordination
Urban Products	urbanproducts.com.au	Importers
Invicium Print Management	invicium.com.au	Printing and distribution services
1X Pty Ltd	1x.com.au	Communications equipment supplier
Filcon Safety Group	filconsg.com.au	Traffic management & security services
Renew Skincare	renewskincare.com	Skin care products
Wishart Auto tech	wishartautotech.com.au	Automotive services
Abacus Rent It	abacusrentit.com.au	Computer rentals
Electrical Xpress	electricalxpress.com	Electrical product suppliers
Polyseal Group	polyseal.com.au	Construction Chemicals and Systems
Major Media	majormedia.com.au	Corporate signage
Kascor	kascor.com.au	Shop fitting & commercial fitouts
Device Technologies Australia	device.com.au	Medical equipment supplier



Name	Website	Activity
CD's Heating & Cooling	-	Domestic air conditioning
Environmental Refrigeration Services		Air conditioning installers
Sub Terra	subterra.com.au	Construction
AB Property Services	abprop.com.au	Property services
Auscut - Concrete Drill & Sawing	auscut.com.au	Concrete Drilling & Sawing
Languages Direct		Library Equipment & Supplies
Stylecraft		Commercial furniture supplies
Renz Masterbind	renz.com.au	Importers and distributors

**9.6 306 Albert Street Brunswick**

Developer: Banco Group

Site Area: 9,847 sqm

This development was undertaken by the Banco Group on a former Council depot site in Albert Street Brunswick. The 9,847 sqm site was subdivided into 20 allotments ranging from 190 sqm – 613 sqm with parking for 95 cars.

This development has attracted a range of high quality occupants including Impact Digital and the Plumbing Industry Climate Action Centre which occupy the two larger front units. The nature of other activities generally reflects the development’s inner city location and includes business and property services, building services and product distributors.



**Table 15: Occupants**

<b>Name</b>	<b>Website</b>	<b>Activity</b>
Plumbing Industry Climate Action Centre	picac.com.au	Industry training
Curves		Gymnasium
Australian National Institute of Business and Technology (ANIBT)	anibt.vic.edu.au	Hospitality training
Impact Digital	impactdigital.com.au	Printing
Di Bella Coffee	dibellacoffee.com.au	Coffee supplier
Gelati Sky	gelatisky.com	Food manufacturing / supply
INCI Corp.	inci-corp.com	Property services
Botani	botani.com.au	Health products supplier
MBR Group	mbrgroup.com.au	Business services
Pizzezy Streetscapes	pizzezystreetscapes.com.au	Construction
Legendary Skin Diving Equipment	legendary.com.au	Retailing
Paul McSweeney Electrical		Electrical contractors
3 Core Technologies	3ct.com.au	Electrical contractors
CMR Coffee machine Repairers	cmrservice.com.au	Coffee machine servicing

## 9.7 Conclusion

The above analysis and discussion of the experience of Melbourne's inner city industrial areas is particularly relevant to the City of Monash in light of the State Government's extension of the Capital City Zone into the Port Melbourne industrial area.

With Monash being the best alternative for businesses seeking a high profile inner city location, there would be expected to be a notable increase in demand for higher quality industrial space. This may take the form of corporate style headquarters with associated warehousing which may seek a location within the Monash Technology Precinct. Alternatively, demand from smaller businesses for office / warehouse accommodation may drive opportunities for the renewal of more traditional industrial areas such as Clayton, Oakleigh and Huntingdale.

Finally, the case studies of more intensive industrial development highlight the ability of traditional industrial areas to adapt to the needs of a wide range of small businesses which do not require large vehicle access.

## 10. PROPERTY MARKET REVIEW

It is critical that property market conditions be taken into account in framing an industrial strategy as this is a key determinant of the opportunities for sites to be redeveloped for contemporary industrial facilities.

It is often argued that industrial sites should be rezoned to allow alternative land uses on the basis that there is limited demand for industrial properties in Melbourne's inner and middle regions. The most common reason put forward to support this argument is that sites no longer meet the needs of users with outer locations near new road infrastructure are preferred. The analysis and case studies presented in the previous section however indicates that this may not always be the case

Building obsolescence is an expected occurrence in the industrial property sector and requires on-going capital investment or the redevelopment of properties in order to meet the accommodation requirements of businesses. This should be distinguished from locational obsolescence whereby a site's location is the reason for a lack of demand from industrial users.

This section reviews the dynamics of the industrial property market in order to allow an understanding of how industrial precincts evolve in response to the industry restructuring and to enable them to continue to meet the needs of businesses.

### 10.1 Physical Characteristics of Industrial Properties

An argument often relied upon to support the rezoning of industrial sites for alternative uses is that sites are no longer able to meet the needs of businesses and therefore difficult to lease as a result of:

- Sites being unable to accommodate larger vehicles such as B-doubles;
- Ceiling heights being insufficient to accommodate modern racking systems;
- Insufficient office space relative to warehouse area; or
- An inability to meet occupational health and safety requirements.

These factors combine to make many older industrial properties functionally obsolete and as a result less able to attract tenants. This functional obsolescence is a natural occurrence for many larger industrial properties which were constructed as purpose built facilities and hence less adaptable to the needs of other businesses. It is also reflected in property market fundamentals with higher income yields compensating landowners for the higher risk of obsolescence and the need to redevelop properties in order to maintain their functionality in the future. This process is discussed in more detail below.

Smaller industrial properties however are generally less susceptible to obsolescence due to their ability to accommodate a wider range of users, the majority of which do not rely upon larger vehicles or contemporary storage systems.

These properties typically cater for a range of businesses that rely upon smaller vehicles and place greater value upon being able to easily access other businesses and households across Melbourne's inner and middle suburbs. Some examples of these businesses include trade supplies, maintenance services and wholesalers.



## 10.2 Investment Returns

The three main non-residential property sectors (retail, office and industrial) all deliver comparable overall (rental income and capital growth) investment returns. This is due to investors moving funds between each property class resulting in a form of equilibrium within the market.

However the distribution of total returns between rental income and capital growth varies. Industrial properties typically have higher rental income yields given their higher rate of obsolescence and the need for landowners to update buildings to meet the requirements of tenants. This higher rental income provides the necessary funding to redevelop a site for more contemporary industrial facilities.

Industrial buildings have needed to adapt to new innovations such as higher racking systems or demand for larger office areas. In contrast, the physical specification of retail premises has remained relatively unchanged. As a result, a smaller portion of total returns is required to be in the form of rental income to regularly upgrade retail premises, and as a result rental yields for retail properties are generally lower.

The value of new industrial properties is primarily determined by the building component which often accounts for more than half of their value. By comparison, the value of retail properties largely reflects their locational attributes with buildings accounting for as little as 15% of total value.

For retailers, location is the primary determinant of their performance given their connection to the surrounding trade area and other retailers within a centre. The importance of location is also reinforced by land use policies which limit excessive competition from new centres. The risk of retail premises becoming obsolete is therefore relatively low.

Industrial and retail properties also differ in terms of the strength of tenancies and hence security of rental income. Typically, retailers are small businesses and on average more likely to break a lease than other businesses as a result of facing financial difficulties. Tenants of industrial properties however are often backed by larger businesses offering greater security.

The figure below shows income returns relative to the 10 year bond rate over the past five years and the past 12 months. As the 10 year bond rate represents a risk free investment, the income return premium measures the additional return for investing in riskier property assets. Over the past five years, income returns for Industrial properties have been 1.2% per annum higher than retail properties (2.7% vs. 1.5%).

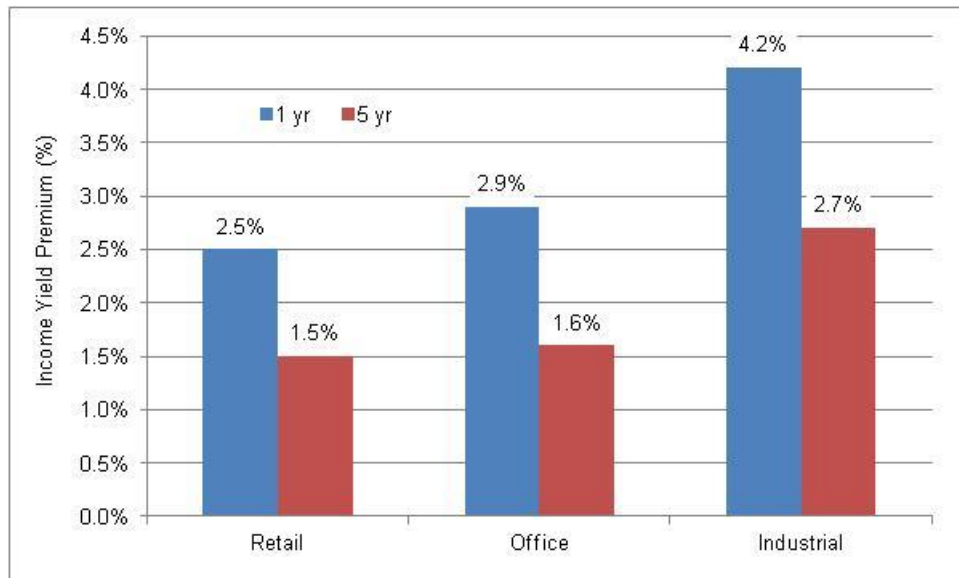
If the life of an industrial building is conservatively assumed to be 30 years, this income return premium of 1.2% p.a. equates to 43% of the initial value of the property<sup>9</sup>. This broadly represents the building component of an industrial property.

A similar comparison of investment returns by the Westpac Bank<sup>10</sup> identified that over a period of 24 years income accounted for 87% of total returns for industrial properties compared to only 64% for retail properties.

Therefore industrial properties offer not only more secure tenants but also higher income yields which provide compensation for the greater risk of buildings becoming functionally obsolete.

<sup>9</sup> Exponential growth of 1.2% per annum over 30 years

<sup>10</sup> [http://www.westpac.com.au/docs/pdf/cb/Commercial\\_property\\_-\\_Over\\_correction\\_or\\_fair\\_value.pdf](http://www.westpac.com.au/docs/pdf/cb/Commercial_property_-_Over_correction_or_fair_value.pdf)

**Figure 33: Income Return Premium to 10 Year Bond Rate (Australia)**

Source: IPD, Charter Keck Cramer

The tax system also allows building structures to be depreciated over time thereby reducing the net income upon which tax is assessed. This recognises that there is a cost to the landowner associated with the progressive obsolescence of buildings.

The redevelopment of industrial sites therefore not only represents an important mechanism for ensuring that the accommodation needs of businesses are met, but also a process which is anticipated by both the tax system and property markets.

### 10.3 Redevelopment of Industrial Properties

The redevelopment of under-utilised sites represents an important source of industrial land for more intensive industrial uses. While not monitored by the Urban Development Program, anecdotal evidence from across Melbourne's inner and middle suburbs indicates that this is becoming increasingly significant.

Determining whether there is a sufficient amount of land within under-utilised sites to accommodate more intensive industrial uses would require a detailed analysis of each site in terms of their size and suitability of building improvements. Even if this information were available it would not be able to account for those properties for which the value of improvements may be minimal yet are still utilised for less intensive uses such as storage. These properties are satisfying a demand for industrial space and in doing so both generating an investment return of the owner and employment opportunities. Again, the diverse range of businesses requiring industrial space limits the ability to quantify the extent of this demand.

The rate of redevelopment of existing industrial properties is also limited by the relatively low underlying value of industrial land combined with the depreciated value of buildings. This creates a situation where not only is it commercially viable for properties to be utilised for low value adding uses such as storage, but owners are able to land bank properties in the hope of sites being rezoned in the future. As a result, there may be a limited number of under-utilised sites available for redevelopment at any point in time.

The presence of under-utilised older-style industrial properties should therefore not necessarily be interpreted as a sign of limited market demand. Rather it may be due to a combination of factors including:

- the need for sites to be redeveloped for more contemporary industrial premises financed by the higher income yield and past tax allowances for building depreciation;
- speculative land banking by owners; or
- demand for low cost storage making otherwise redundant industrial buildings commercial viable in their current form.

Considering the redevelopment of existing industrial sites adds a further level of complexity to determining an appropriate supply of industrial land. Yet within the City of Monash such sites represent the main opportunity for accommodating future industrial land users. Given the complexities associated with quantifying the demand and supply situation for industrial land, the experiences of recently redeveloped industrial properties provides a valuable insight into current market conditions.

Three recent developments have been profiled below and indicate a diversity of development formats and locations ranging from small industrial units in Oakleigh through to larger industrial facilities in Clayton and Mount Waverley. These developments not only demonstrate the commercial viability of redeveloping existing industrial sites, but also the form of accommodation required to attract businesses.

#### **Space: 6-8 Railway Avenue Oakleigh**

Development Details:

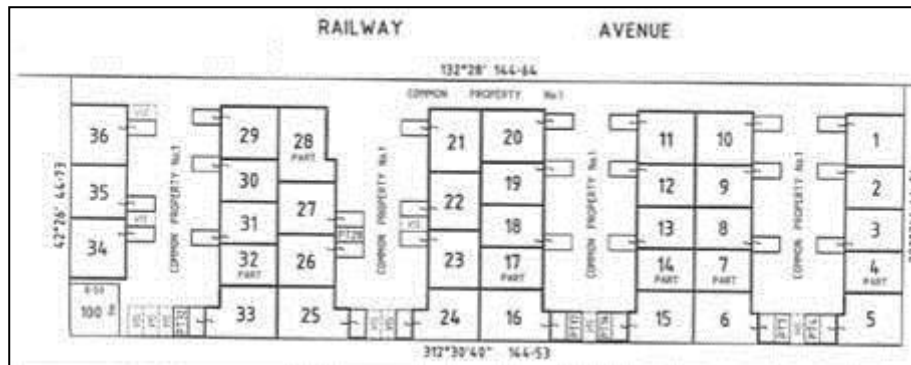
- Site Area: 6,475 sqm
- Zoning: Industrial 1
- Development site sale details: Sold December 2010 for \$2.4 million (\$370 per sqm).
- Development status: Stage 1 under construction (as at Sep 2012).

To be completed over two stages this development comprises 36 units. Units in Stage 1 are 70-105 sqm. It is located immediately adjacent to Huntingdale railway station within an older style industrial precinct.

Charter Keck Cramer valued this project for the financier in June 2012 at which time ten units had been sold off the plan. An analysis of sale contracts at the time of this valuation indicated that purchasers were predominantly from Melbourne's middle eastern suburbs.



In valuing this project Charter Keck Cramer prepared a financial feasibility assessment to determine a project related site value. This value represents the maximum amount that a developer could afford to purchase the site and still achieve an Entrepreneurial Margin for Profit and Risk of 15%. This assessment identified a project related site value notably higher than the purchase price of this site in late 2010.



Source: Charter Keck Cramer

### **239-251 Ferntree Gully Road Mount Waverley**

Development Details:

- Site Area: 4.1 ha
- Zoning: Business 3
- Development status: Completed

This development comprises five showrooms fronting Ferntree Gully Road and ten Office/Warehouses ranging in size from 522 sqm to 5,500 sqm with a total gross lettable area of 23,000 sqm<sup>11</sup>.

The site is located adjacent to residential dwellings immediately to the west but forms part of a major industrial precinct to the east. The site offers frontage to Ferntree Gully Road of approximately 100 metres.



<sup>11</sup> [\\vanadium\archive\Michael\\_Long\Melbourne\\_Industrial\\_MIR\\_-\\_Autumn\\_2010.pdf](#)



Occupant	Website	Activity
Australia Sedy	<a href="http://sedy-hardwaretoolswholesale.com.au">sedy-hardwaretoolswholesale.com.au</a>	Distribution agency for imported hardware products
Blum Australia	<a href="http://blum.com/au/en/">blum.com/au/en/</a>	Distributor of cabinet hardware
Abacus Graphics	<a href="http://abacusgraphics.com.au/">abacusgraphics.com.au/</a>	Large format printers
Ferag Australia	<a href="http://ferag-australia.com/">ferag-australia.com/</a>	Printing equipment suppliers
Solco	<a href="http://Solco.com.au">Solco.com.au</a>	Distributor of solar energy systems
Royal Canin Australia	<a href="http://royalcanin.com.au">royalcanin.com.au</a>	Distributor of pet food
Fire Protection Technologies	<a href="http://fire-protection.com.au">fire-protection.com.au</a>	Supplier of special hazard products, technical and engineering services
Changhong Electric	<a href="http://changhong.com.au">changhong.com.au</a>	Distributor of Chinese produced televisions
Australian Fabric Wholesalers		Distributors of textile products
Guests Group		
Daiwa Food Corporation	<a href="http://www.ichibajunction.com.au/en/aboutus.html">http://www.ichibajunction.com.au/en/aboutus.html</a>	Japanese food importer and distributor for retail, catering and hospitality industries

### **24-30 Winterton Road Clayton**

This 10,500 sqm site was recently redeveloped for four contemporary industrial buildings ranging in size from 1,258 sqm – 2,334 sqm. Each building offers high clear-span warehouses designed to accommodate a 10 tonne gantry crane. Tenants include a number of multi-nationals such as Electrolux, Integra Neurosciences (distributor of specialist medical devices) and Besam (a subsidiary of Assa Abloy).



## 10.4 Property Market Conditions

While a limited supply of industrial land across Melbourne's inner region reinforces the importance of Monash as an industrial location, there is also vacant or under-utilised land available within the adjoining municipalities of Kingston, Greater Dandenong and Knox. This section investigates the extent of this supply and the degree to which it represents an alternative location for businesses.

If businesses are indifferent to locating in Monash or these alternative locations there would be no loss of economic development opportunities within the south-east region. If however businesses choose to locate outside the south-east region, Melbourne or even Victoria as a result of a reduced availability of sites within Monash, then there will be an economic impact of rezoning industrial sites for other uses. The strategic importance of Monash is therefore determined by how unique Monash is as an industrial location.

The supply and consumption of vacant industrial land is monitored by the Department of Planning and Community Development's Urban Development Program (UDP) on an annual basis. A number of observations may be drawn from data contained in the program's latest annual report for 2010 with respect to the supply and consumption of industrial land.

Kingston, Greater Dandenong and Knox represent the most likely alternative industrial locations to Monash given their adjacent location. Together with Monash the total supply of vacant zoned industrial land across these three municipalities is 1,183 ha which is equivalent to 18 years of supply based upon the average annual consumption rate of 67 ha recorded over 2005-2010.

This indicates that there is sufficient vacant industrial to meet demand until 2028. Beyond this any additional land will be located within proposed major industrial areas at Pakenham and Cranbourne West. Any further expansion in the supply of industrial land beyond this would require an extension of the Urban Growth Boundary

**Table 16: Supply and Consumption of Vacant Industrial Zoned Land 2010**

Municipality	Supply of Vacant Industrial Land (ha.)	Average Annual Consumption (ha.) 2005-2010	Years of Supply
Monash	21.4	1.4	15.3
Greater Dandenong	953.6	48.5	19.7
Kingston	114.4	9.0	12.7
Knox	94.0	8.3	11.3
Total	1,183	67	17.6

Source: DPCD Urban Development Program (2010)

As discussed elsewhere in this report there has been diverging trends in the demand for industrial land with demand for greenfield sites on one hand occurring at the same time as the redevelopment of sites in established industrial areas across Melbourne's inner and middle regions. This highlights the risks associated with treating all industrial land as being the same when attempting to determine an appropriate level of future supply.

Assuming that industrial land within Melbourne's industrial nodes may be directly substitutable for land in inner or middle industrial areas would be naive, just as it would be to assume that businesses will not relocate from traditional industrial precincts to green field locations.

This further highlights the fact that the complexities of the industrial property market limit the ability to forecast the requirement for industrial land based upon statistical data. Instead there is a need to focus upon development opportunities at a local level which take account of the success of recent industrial development projects and a location's underlying strategic attributes.

## **10.5 Conclusion**

Property market conditions and property developers play a key role in ensuring the ongoing role of Monash's industrial precincts through the redevelopment of sites for contemporary facilities that meet the needs of businesses. The case studies presented above highlight the diversity of businesses occupying new developments including major corporations.

Importantly, Monash's unique market position dictates that a statistical based analysis of supply and demand for industrial land would most likely be misleading given the key strategic differences between Monash and other municipalities as industrial locations.



## 11. ASSESSMENT CRITERIA

Assessing the future role of Monash's industrial precincts for industrial or alternative land uses requires a set of criteria against which each precinct may be judged. While this is largely a subjective exercise (due to the lack of reliable objective measures for many of these criteria) it provides the context within which each precinct is evaluated.

This set of criteria reflects the discussion presented in earlier sections of this report relating to the changing nature of demand for industrial land as a result of industry restructuring, and the capacity for industry precincts to evolve in response to these changes. Importantly, this criteria also considers the commercial viability of precincts in terms of on-going demand for either existing properties or for new industrial accommodation through the redevelopment of sites.

It also recognises that industrial precincts also represent a source of land for non-industrial uses and the achievement of broader strategic planning objectives relating to urban renewal, economic development and the provision of new housing.

### a) Demand for Industrial Land

There is a need to distinguish between industrial sites that would better meet market demand through the redevelopment of existing buildings, and those for which demand is limited by off-site factors such as access or surrounding land uses.

As has been discussed in Section 10, the industrial property market reflects the potential obsolescence of industrial buildings and the need to be redeveloped in order to meet the changing nature of demand. There is ample evidence of this occurring both within the City of Monash and across the wider metropolitan area.

Underutilised industrial sites may represent a future supply of land for more intensive industrial development just as green field industrial zoned land being used for agricultural activities represents a future supply of land for less intensive industrial activities. The market value of each of these development sites ultimately reflects the holding costs and future development profits associated with each.

Within the City of Monash there is little, if any, evidence of insufficient market demand over the next 15-20 years to support the existing supply of industrial land where sites are actively redeveloped to meet this demand. There are however a limited number of precincts which may be considered secondary industrial locations, and which may face difficulties attracting demand due locational constraints thereby making the redevelopment of sites unlikely (refer 'Redevelopment Potential' below).

### b) Accessibility, Infrastructure and Amenity

Industry restructuring has resulted in a shift from large scale manufacturing to more intensive, higher value adding activities. Associated with this has been a shift in demand from larger industrial properties to smaller office warehouse style accommodation across Melbourne's traditional industrial areas.

This has had the effect of reducing the need for large transport vehicles that would have once serviced large manufacturers. However higher value industrial activities generally prefer higher amenity locations offering supporting facilities such as retailing, cafes and take-away food outlets. This may be catered for through businesses parks incorporating food outlets or alternatively industrial areas being located close to activity centres.

#### c) Redevelopment Potential

A key criterion for assessing the on-going role of industrial precincts is their ability to meet the future needs of industrial activities. This requires that either the existing industrial properties are able to, or alternatively that sites are able to be redeveloped to provide more appropriate accommodation.

Some sites may be constrained in a way that impacts upon their ability to attract businesses regardless of offering contemporary industrial facilities, thereby making it commercially unviable to redevelop them. For example, very large sites in compromised locations may take an extended period of time to redevelop for more intensive industrial facilities. This may make the redevelopment of these sites unviable when holding costs are accounted for, which when combined with perhaps the impact of underutilised sites upon the amenity of the surrounding area and limited employment on the site may justify an alternative land use being considered.

#### d) Alternative Land Uses

Industrial land also represents an opportunity to implement other strategic objectives relating to non-industrial land uses. For example, the development of medium density housing close to key infrastructure, more intensive employment associated with office development or new retail development. The strongest pressure for land use change will be for residential development.

The rezoning of industrial land for residential uses will have an economic cost in the form of lost economic development opportunities either now or in the future. Any residential development on existing industrial land should therefore deliver outcomes that are unable to be achieved elsewhere within the municipality.

For example, sites should only be rezoned for apartment developments which would be difficult to accommodate within residential areas due to their scale or because there is the opportunity to locate apartments close to an activity centre or railway station. Townhouse style developments represent an under-development of existing industrial zoned sites given that this form of housing is able to be easily accommodated within existing residential areas.

Any alternative land use needs to be shown to be commercially viable in the event that industrial sites were to be rezoned. This includes undertaking an environmental audit to determine whether non-industrial development is commercially viable.

#### e) Economic Development

Economic development outcomes may take a number of forms including the generation of employment opportunities; strengthening the profile of precincts as a business location; and ensuring a range of accommodation options for businesses.

#### f) Urban Renewal

The opportunity may exist for industrial areas to stimulate urban renewal through key strategic sites being redeveloped. Where such opportunities exist, encouragement should be given to directing industrial activity towards these precincts. Similarly, the gentrification of residential areas may be achieved through industrial sites or precincts being redeveloped for non-industrial uses to provide a catalyst for new development within an existing residential area.

#### g) Amenity Impact

There has been a significant reduction in the likelihood of industrial activities impacting upon sensitive land uses such as housing due to industry restructuring and the reduction in traditional

manufacturing activity. There is however still the potential for businesses to generate off-site impacts which may result in restrictions being placed upon their operations. For example, the redevelopment of sites for more intensive industrial uses may generate increased vehicle movements and demand for on-street parking which may impact upon the amenity of nearby residential areas.

In determining the future role for a precinct there will be a need to recognise the potential for either an increase or decrease in land use conflicts under various land use zonings and development outcomes.

## 12. PRECINCT ASSESSMENTS

A key component of any industrial strategy is determining the future role of existing industrial precincts for industrial activities, or alternatively for other land uses to achieve non-industrial strategic objectives.

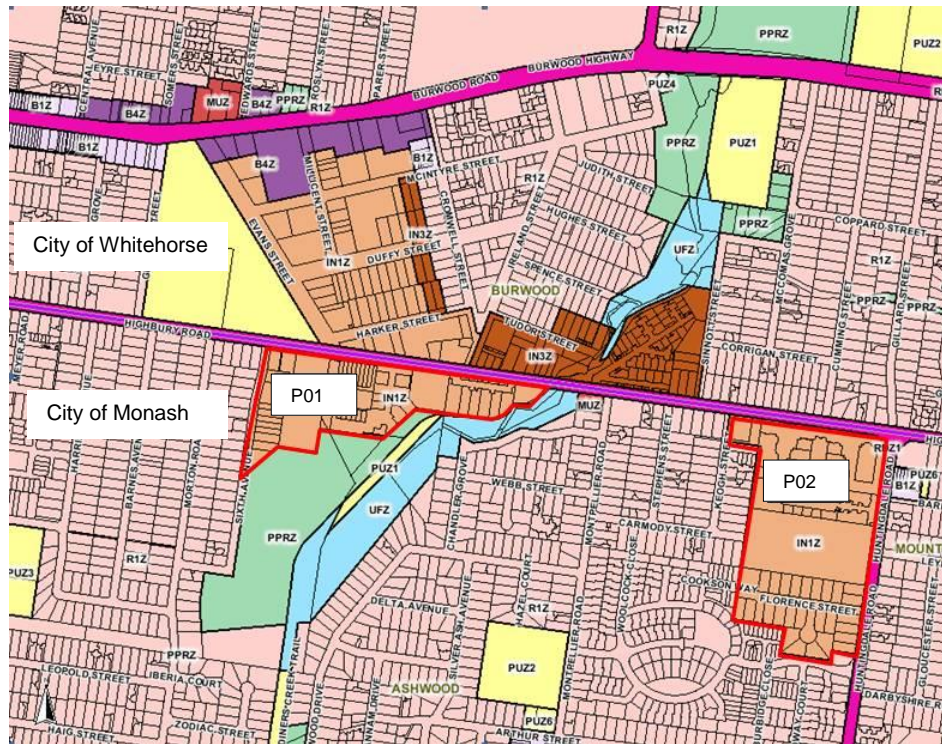
The Monash Technology Precinct has already been assessed as being of particular significance for technology, research and development and other commercial activities that contribute to economic development. This is reflected in the Monash Planning Scheme with specific policies relating to the precinct. For this reason, the precinct is not assessed for the purpose of this Strategy.

Each of Monash's Industrial 1 zoned precincts have been assessed together with the four Business 3 zoned precincts that lie outside the Monash Technology Precinct based upon the set of criteria discussed in the previous section. The relevant criteria have been used as a basis for determining appropriate future development opportunities for each precinct. A Vision and Strategic Direction for each precinct has been established together with a recommended land use zone in line with the reformed planning zones introduced by the State Government via Amendment VC100 in July 2013.

### 12.1 Precinct P01 (Burwood Road) and P02 (Huntingdale Road)

These two precincts together form part of a significant industrial area on Monash's northern boundary with the City of Whitehorse. The combined area of this industrial area including that within the City of Whitehorse is 25 hectares with a mix of both older style industrial premises and a number of recently developed business parks. The City of Whitehorse Industrial Strategy identifies an on-going role for the adjacent industrial area north of Highbury Road.<sup>12</sup>

Figure 34: Precincts P01 and P02 Location Map



<sup>12</sup> City of Whitehorse Industrial Strategy (2011) p.89



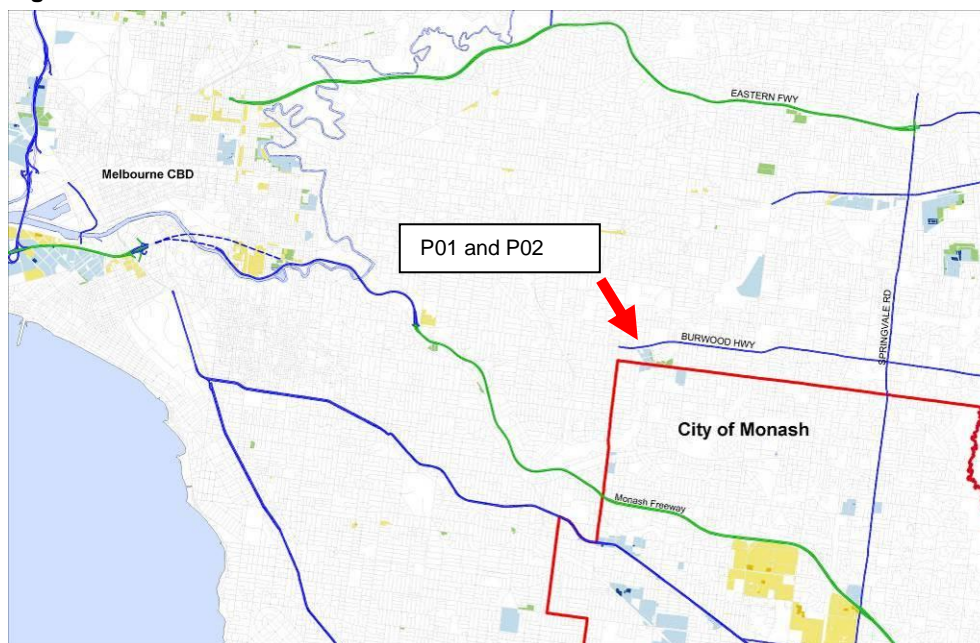
Source: DPCD

The figure below shows the location of this industrial area within the City of Monash but more importantly relative to the Melbourne CBD and other industrial areas. The key strength of these two precincts is undoubtedly their ability to attract high value activities through being centrally located within Melbourne's eastern region. Their proximity to the Melbourne CBD, accessibility to Melbourne's freeway and arterial road network, and most importantly the ability to attract skilled workers is reflected by the profile of businesses choosing to locate there.

While these precincts are not located as close to the freeway system as for example the Monash Technology Precinct, this would not be expected to be a significant disadvantage given that businesses are typically smaller and hence not reliant upon attracting a large number of employees.

There is a noticeable lack of competing industrial precincts within the surrounding area with the exception of the Clarice Road industrial precinct in Box Hill South approximately 3 km to the north-east. That precinct has undergone significant industrial renewal with the redevelopment of larger industrial sites for modern office / warehouses, which further highlights the locational strengths of the inner east region in attracting small and medium sized industrial activities.

**Figure 35: Location of Precincts P01 and P02**



The two precincts differ significantly with respect to the form of industrial development that currently exist and the availability of potential future development sites.

Precinct P01 fronting Highbury Road comprises older style industrial properties across a range of lot sizes up to more than 1 ha. Precinct P02 however is largely fully developed with the Adamco and Hallmarc business parks and Florence Street further to the south all being intensively developed.

The former Gordon and Gotch site (2.4 ha) on Huntingdale Road is only partially developed with buildings covering approximately 50% of the site. At the time of this study being undertaken the property (comprising 3,600sqm office, 2,000sqm warehouse and over 300 car parks) was being refurbished to accommodate Silcar (silcar.com.au) owned by Siemens and Theiss. The remainder of the site will be redeveloped for 13 small office warehouses.

In addition of the former Gordon and Gotch site, the potential to support the redevelopment of larger sites for more intensive industrial activity is highlighted by the Hallmark and Adamco business parks as well as the more recently developed Burwood Business Park on the former Craftman Press site on the northern side of Highbury Road in the City of Whitehorse. The floor area occupied by businesses within each of these developments is around 300-400 sqm.

These business parks accommodate high value adding businesses which provide significant employment opportunities for skilled workers. Businesses include those undertaking engineering design, scientific testing, distribution of technology products and high end printing solutions. Profiles of these business parks are provided in Appendix A (Section 13.1).

The Penfold Mitsubishi Service Centre site (11,500 sqm) located on the corner of Highbury Road and Evans Street represents a potential future development site. Given its location it also offers the opportunity for smaller industrial units of around 100 sqm to cater for businesses requiring off-site storage space. It may also offer the opportunity for office suites or industrial showrooms along its main road frontage which would also raise the overall profile of the precinct.

- **Vision and Strategic Direction**

These two precincts are expected to continue to offer strong opportunities for industrial activity. Their proximity to the Melbourne CBD combined with limited competition from other industrial precincts will support more intensive development with a high office component. This form of development will cater for high value adding businesses across a wide range of activities but with a common requirement for a high amenity industrial setting.

Council may play an active role in facilitating the redevelopment of sites through working with existing landowners to achieve development outcomes that caters for market demand. This may include co-ordinating the development of sites to avoid any potential over-supply of industrial space at any point in time, and ensuring a high quality of design and construction which reinforces the profile of the wider industrial area.

- **Recommended Zoning**

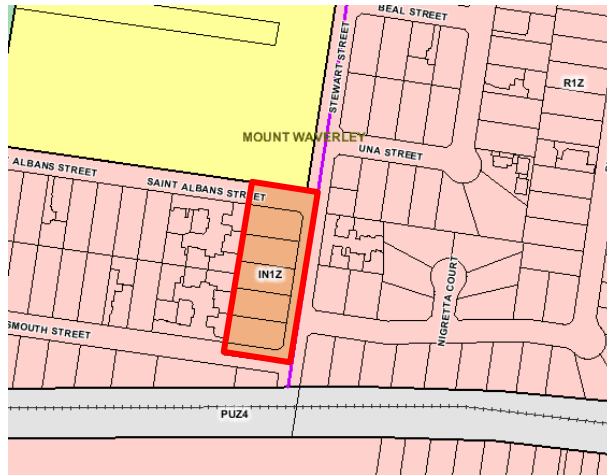
It is recommended that the existing Industrial 1 zoning be retained.

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## 12.2 Precinct P03 (Stewart Street Mount Waverley)

These five industrial zoned lots appear to be a historical anomaly given their location within an otherwise residential area and lot sizes of approximately 700 sqm.

**Figure 36: Precinct P03 Location Map**



Source: DPCD

The benefits to the community of encouraging the redevelopment of these sites for residential uses would be expected to outweigh their continued use for industrial activities given that:

- One of the sites is currently vacant and therefore not performing any industrial function while the remaining sites are not supporting any significant level of activity.
- The potential exists for amenity impacts upon the surrounding residents from future industrial uses.
- It offers an opportunity for increased housing within walking distance of a number of key facilities including Mount Waverley railway station, primary and secondary colleges and parklands.



The potential for more contemporary industrial facilities upon these sites is considered unlikely given the constraints that may be placed upon businesses by their proximity to residential uses. This will limit the uses that may operate on the sites thereby increasing the market risks associated with any redevelopment of the sites for industrial uses. The availability of better located industrial sites elsewhere will also limit the likelihood of these sites being redeveloped.



▪ **Vision and Strategic Direction**

It is envisaged that these sites will provide the opportunity for new medium density housing to be delivered within this residential area of Mount Waverley. The loss of industrial land would have limited impact upon the level of business and employment activity given the likely constraints upon future industrial activity on these sites.

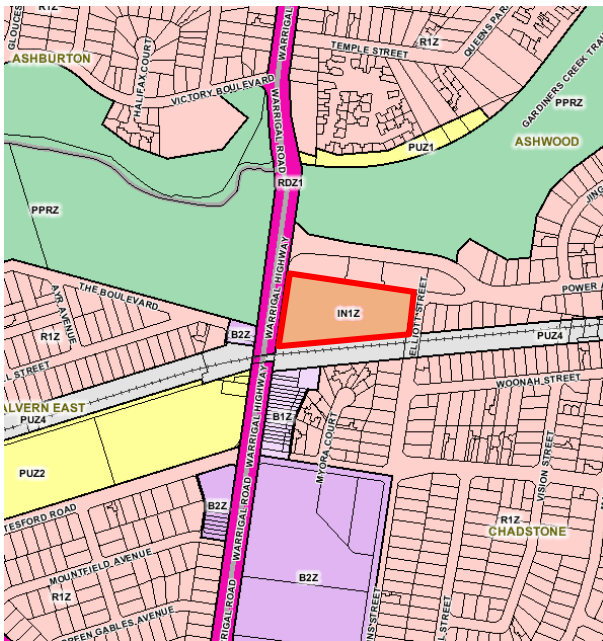
▪ **Recommended Zoning**

It is recommended that these sites be rezoned to an appropriate residential zone to allow redevelopment for residential uses to be consistent with the surrounding residential area.

**12.3 Precinct P04 (Warrigal Road Homesglen)**

This precinct is accounted for by a single site of 1.5 ha fronting Warrigal Road immediately north of the railway line with additional access via Elliott Street to the rear. Four businesses operate on the site (refer table below) which is owned by Oceanic Foods.

**Figure 37: Precinct P04 Location Map**



**Table 17: Current Business Activity**

Business	Floor Area	Activity
STM	1,332 sqm	Manufacturer and Distributor of Lubricant Dispensing Equipment and Diemould Components.
Mitch Dowd	2,422 sqm	Clothing design and manufacturing.
Pryde Measurement	1,144 sqm	Instrument distribution and servicing
Oceanic Foods	3,836sqm	Seafood wholesaling

A range of facilities and urban infrastructure are within walking distance of the precinct including:

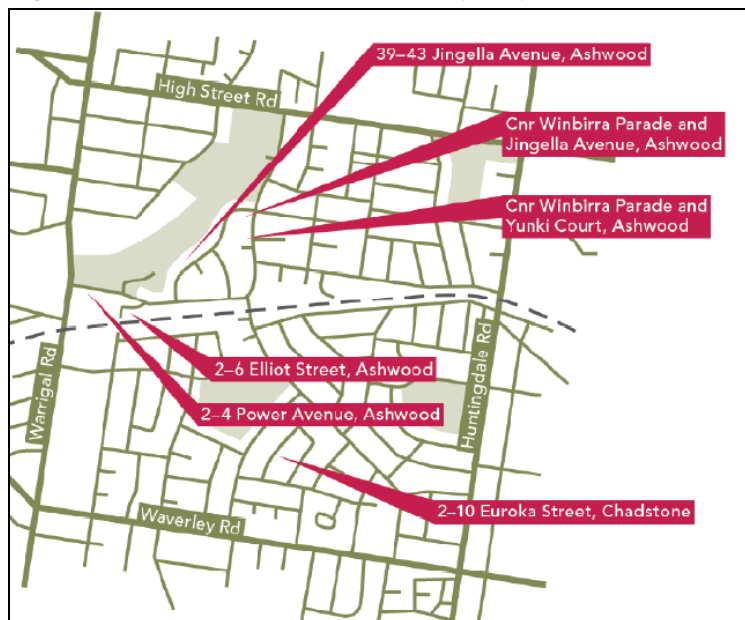
- Homesglen railway station;
- Homesglen (Chadstone Campus);
- Homesglen Neighbourhood Activity Centre;
- Malvern Valley Golf Course;
- Gardiners Creek / Ashwood Reserve; and
- The Matthew Flinders Hotel.

The Chadstone Principal Activity Centre is also located approximately 2km to the south while the Ashwood Neighbourhood Activity Centre is located approximately 1 km to the north. The Monash Freeway is also approximately 1 km to the south.

The surrounding residential area which is characterised by former public housing is undergoing significant renewal through the redevelopment of individual dwellings as well as investment in new social housing.

The Ashwood Chadstone Gateway Project is being implemented by the Port Phillip Housing Association to deliver a significant amount of new affordable (both community and private) housing within the surrounding area. This includes 2-4 Power Street immediately to the north of this precinct where three buildings each of 4-7 levels which are currently under construction and will deliver 131 community housing dwellings and 38 private housing dwellings. A further 70 community housing dwellings will be provided via a five storey apartment project to the rear of the precinct at 2-6 Elliott Street.

**Figure 38: Ashwood Chadstone Gateway Project - Development Sites**





*Looking north to the subject site*



*Subject Site*



*Ashwood Chadstone Gateway Project  
(Power Avenue)*



*View to the west over Malvern Valley Golf Course*



Source: Reshape Development

*Ashwood Chadstone Gateway Project  
(Rare Apartments)*



Source: Jager Developments

*Ashwood Chadstone Gateway Project (Jingella Avenue)*

The considerable amount of urban infrastructure and services available within the immediate area is a key attribute of this precinct. While there is the potential for the site to be redeveloped for more intensive industrial uses, this would not leverage off these unique attributes to the degree that commercial or residential uses would.

From an industrial land use perspective, this site benefits from its relatively inner location and proximity to the Monash Freeway. However due to its size and isolation and does not represent a well recognised industrial precinct. Similarly, given the scale of residential development to the north and east of the site there is the potential for amenity conflicts which would discourage the redevelopment of the site for industrial uses.

Proximity to rail services, recreational facilities and Holmesglen would provide strong support for residential development upon the site consistent with that which has already occurred on adjacent sites. The opportunity for residents to trade off the private open space offered by traditional housing for more convenient access to facilities will be a key driver of demand for apartment living in the precinct. The site also benefits from the opportunity for views over the Malvern Valley Golf Course immediately to the west. Through the precinct being in a single ownership there is also the opportunity for a wholesale change of land use.

The site's frontage to Warrigal Road and location adjacent to retail facilities, Holmesglen and a railway station may provide some opportunity for office uses either in the form of office suites or corporate offices for either a private or public sector organisation. Demand for office space will however be limited in comparison to the overall size of the site and hence would need to be incorporated into a mixed-use development which comprises predominantly residential uses.

While the site is located immediately to the north of the Holmesglen Neighbourhood Activity Centre it is isolated from the centre by the railway line. Any retail activity upon the site would need to be a destination in its own right rather than rely upon visitors to the existing centre.

The potential for a supermarket upon the site will be limited by physical barriers such as the railway line, Gardiners Creek and Monash Freeway which will limit its trade area, as well as competition from supermarkets at Ashwood Activity Centre (Woolworths) and the Chadstone PAC (Coles, Woolworths, Aldi).



- **Vision and Strategic Direction**

This site offers the opportunity for a mixed use development that consolidates demand for higher density residential into a location which offers excellent access to a range of urban infrastructure and services. Office uses may be encouraged along the Warrigal Road frontage to leverage off its main road exposure as well as the precinct's location adjacent to an activity centre, railway station and Holmesglen.

A mixed use development upon this site would further strengthen the profile of the surrounding precinct particularly given that it would consolidate the higher density residential development currently under construction with the adjacent activity centre.

- **Recommended Zoning**

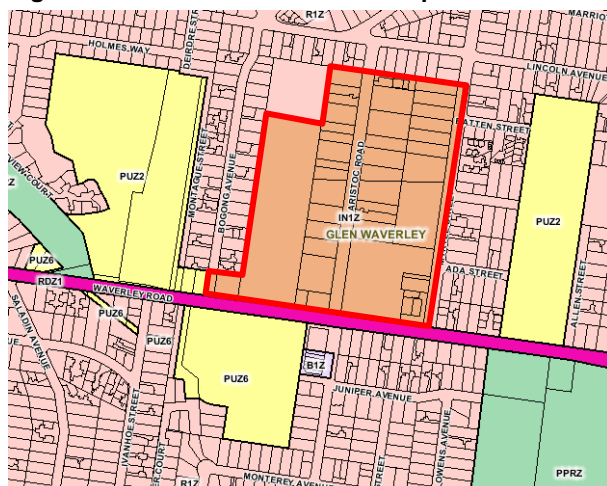
It is recommended that this site be rezoned to a Mixed Use zone to provide the opportunity for offices to be incorporated into any future redevelopment of the site for residential apartments.

## 12.4 Precinct P05 (Waverley Road Glen Waverley)

Totalling 10.3 ha of Industrial 1 zoned land fronting Waverley Road approximately 500 metres west of Springvale Road this precinct is located close to:

- Monash Aquatic and Recreation Centre immediately opposite the precinct.
- Holmesglen Institute located to the west of the precinct, separated by only one street of residential dwellings.
- Central Reserve to the east of the precinct on the south-west corner of Waverley and Springvale Roads.
- The Glen Waverley Principal Activity Centre located approximately 1 km to the north-east<sup>13</sup>.
- A number of government (Glen Waverley Secondary College) and private (Wesley, St. Leonards) schools within the surrounding area.

**Figure 39: Precinct P05 Location Map**



<sup>13</sup> Based upon the straight line distance from Glen Waverley Railway Station to the precinct's Waverley Road frontage.

The Monash Freeway is accessible via Blackburn Road and approximately 1.75 km by road and Springvale Road is within 500 metres. Hence the precinct is centrally located within Melbourne's eastern region and offers convenient access to other commercial and industrial precincts across the region.

The precinct encompasses a mix of industrial sites ranging from smaller lots of around 1,000-3,000 sqm (accounting for approximately half of the total area of the precinct) together with two larger land holdings being the former Funtastic Toys site (635 Waverley Road) of 2.8 ha and the Dulux site (corner Waverley Road and Myrtle Road) totalling 2.2 ha. Dulux acquired this site via a takeover of Freeworld Coatings in 2011 while the former Funtastic site was sold in December 2009.

This precinct is one of only a few industrial areas located between the Monash Freeway and Burwood Highway and as a result has attracted businesses servicing local households such as motor mechanics and smash repairers.

In addition, there are also a number of businesses servicing national markets including:

- Nicholson Wholesale Imports ([nicholsonimports.com.au](http://nicholsonimports.com.au)): National headquarters and showroom of this silk flower importing business which has been operating since 1974 and has offices in all the mainland states.
- Advance Anti-Slip Services ([advanceantislip.com.au](http://advanceantislip.com.au)): Manufacturers of anti slip stair nosing, ladder covers & safety surfaces, supplying a range of high profile companies including BHP Billiton, Rio Tinto Worley, Amcor, BP Australia, Qantas, Melbourne Airport GMH, Toyota, Cadbury Schweppes and Nestle.
- Hurll Nu-Way ([hurll.com.au](http://hurll.com.au)): National office for the Hurll Group, a sales and service company of combustion and process machinery, with operations in Australia and New Zealand to service Australasia and the South Pacific Island territories for process machinery and additionally, South East Asia for combustion equipment.

The precinct is generally well occupied with no notable vacancies, presents particularly well with a relatively high level of amenity and is generally consistent with the quality of other industrial precincts within Monash. Despite the strong presence of automotive trades, the majority of properties have some form of landscaping and there is a notable absence of chain wire fencing which would typically be expected in estates of this era. The quality of building improvements ranges from older style premises that may require some form of redevelopment in the future through to contemporary office warehouse facilities constructed in the past few years.

This precinct will continue to have an on-going role for industrial activities undertaken by small and medium sized businesses. Such activities are easily accommodated within the precinct given their reliance upon smaller transport vehicles and will continue to benefit from a central location from which they may service other businesses and households.

The distance of the precinct from the Glen Waverley Activity Centre is approximately 400 metres at its nearest point being from the north-eastern corner of the precinct to the southern end of the Kingsway retail precinct. The straight line distance from the mid-point of the precinct to the Glen Waverley railway station however is approximately 850 metres which is twice the distance (400 metres) typically considered to be walkable by most people.

▪ **Property Market Conditions**

An insight into property market conditions and the implications for any land use change within this precinct may be gained from a number of recent property sales. These include two older style industrial properties in Aristoc Road and one residential development site in Myrtle Road immediately adjacent to this precinct.

The residential development site (40 Myrtle Road) which is located on the corner of Myrtle and Batten Street is of comparable size to an older style industrial property at 7a Aristoc Street which was also recently sold. This provides a direct comparison of the value of sites for industrial and residential land uses. It should however be noted that the Myrtle Road property is a corner site and therefore would attract a market premium.

The land value rate of these two sites is comparable at \$1,161 per sqm for the industrial site and \$1,248 per sqm for the residential development site. This indicates that rezoning smaller industrial sites offering functional accommodation would be very unlikely to result in any redevelopment for residential uses. This is because residential developers would firstly need to compete with investors and owner / occupiers intending to use properties for an industrial use, and secondly the level of amenity offered by an industrial precinct would be much less than that offered by a residential area.

**7a Aristoc Road, Glen Waverley**

Older style industrial premises leased to Waverley Service Centre under new four year lease.

Sold: July 2012 \$950,000

Land Area: 818 sqm

Building Area: 445 sqm

Annual Rent: \$76,000 p.a. plus GST (net of outgoings)

Land Value Rate: \$1,161 / sqm



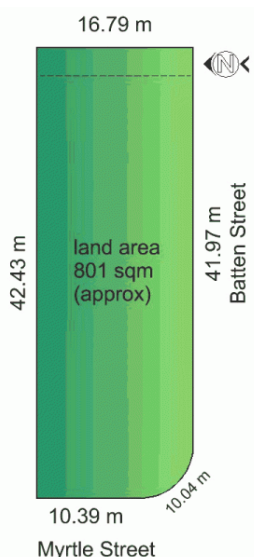
**40 Myrtle St Glen Waverley**

Residential zoned corner development site with existing three bedroom dwelling currently being developed for two townhouses.

Sold: February 2012 \$1 million

Land Area: 801 sqm

Value Rate: \$1,248 / sqm





**4 Aristoc Road**

Older style office/warehouse constructed in the mid 1970s with additions during mid-1990s.

Sold: December 2011 \$1.95 million

Site Area: 2,650 sqm

Building Area:

Office (26% of GLA)	442 sqm.
Warehouse	1,286 sqm.
<b>Total</b>	<b>1,728 sqm.</b>

Land Value Rate: \$735 / sqm



▪ **Development Opportunities**

The two larger properties (Funtastic and Dulux) will require redevelopment at some stage in order to meet market requirements given their size and limited segment of the market that they appeal to. Smaller sites may offer opportunities for redevelopment for more contemporary industrial facilities although this will be dependent upon the existing buildings reaching the end of their economic life. Given the attraction of the precinct to the automotive trades there would be expected to be on-going demand for the existing buildings given the less discerning requirements of these users.

The recent development of an office warehouse at 45 Myrtle Street provides an indication of the quality of development that may be supported within the precinct. This development comprises a 732 sqm warehouse together with a 270 sqm mezzanine office and 14 car parking spaces.

The precinct would normally be considered to be a secondary location for either commercial offices or apartments given the distance to public transport and an activity centre. Locations along Springvale Road or within a business park environment would also be preferred by office users. However despite this, a significant owner-occupied office development located on the corner of Waverley Road and Bogong Avenue may act as a catalyst for similar forms of office development in the future. For owner occupiers, the choice of location rests with the business owner as the occupier of any office development rather than that of developers and investors who must ensure that office locations appeal to a wide range of potential tenants.



45 Myrtle Street



631-633 Waverley Road (Cnr. Bogong Ave.)

- **Former Funtastic Site: Redevelopment Opportunities**

Following the sale of this property in 2009 a proposal was put to Council for the site to be rezoned to allow the development of townhouses. An economic assessment commissioned in early 2011 supported this proposal on the basis that while there would be demand for a small number of office / warehouses as a part of the redevelopment of the site, the market would not be capable of absorbing the 40 units that may be physically developed upon the 2.8 ha site<sup>14</sup>.

This suggestion is inconsistent with anecdotal evidence of recent developments of an equivalent scale which have been undertaken in arguably lesser preferred locations such as:

- the Burwood Business Park (refer Section13.1) which delivered 51 office / warehouses each of 300-400 sqm; and
- the 'Space' development in Railway Avenue Oakleigh currently under construction which will deliver 36 units.

Similarly, both the demand for larger contemporary industrial facilities and the physical capacity to be developed upon the Funtastic site is demonstrated by two recent developments (profiled in Section10.3) at:

- 239-251 Ferntree Gully Road Mount Waverley (4.1 ha) for five showrooms and ten office / warehouses; and
- 24-30 Winterton Road Clayton (10,500 sqm) developed for four industrial buildings ranging in size from 1,258 sqm – 2,334 sqm.

Both of these developments have attracted high value adding industrial activities that would be expected to have created significant employment opportunities for skilled workers within Monash.



*Former Funtastic Site*

From a developer's perspective the most profitable use for the site is likely to be for a townhouse development given the overall size of the site and the availability of better located apartment sites closer to public transport and activity centres.

There will however also be significant competition from other townhouse sites across the Glen Waverley area in the form of larger residential allotments over 700 sqm which are suitable for redevelopment. This is highlighted by the number of allotments between this precinct and the Glen Waverley Activity Centre that have already been redeveloped for townhouses and villa units.

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<sup>14</sup> Essential Economics (2011) 635 Waverley Road, Glen Waverley Economic Assessment of Potential Change in Land Use

A key issue in determining the future role for this precinct is whether the redevelopment of this site for townhouses is a justifiable outcome given:

- the loss of potential employment opportunities that would otherwise result from the site being redeveloped for more intensive industrial uses; and
- the opportunity for townhouses to be developed within existing residential areas given the availability of larger residential lots.

Given the potential for townhouse development to occur in equal or better locations elsewhere within Monash, together with the opportunity cost associated with a loss of industrial land capable of supporting more intensive industrial development, residential development is considered inappropriate.

A mixed use development incorporating office suites along the Waverley Road frontage with town houses behind may provide a means of maintaining employment opportunities upon the site while also allowing residential development to occur. Demand for office suites is likely to be limited by strong competition from better located developments as well as the general depth of demand for office space within a single project. As a guide a maximum of 8-10 office suites would be considered supportable with a total floor area of around 1,500-2,000 sqm.

This office component may however impact upon the market appeal of any townhouses within the development and as a result the overall commercial viability of a mixed use form of development. For this reason a mixed use zoning for the site will most likely result in a dedicated residential development.

#### ▪ **Vision and Strategic Direction**

The above discussion highlights a number of key considerations influencing the vision and direction for this precinct being that:

- The highest and best use for smaller properties will continue to be for industrial uses.
- The precinct is considered secondary location for both commercial offices and apartments and hence it is unlikely to be commercially viable for larger sites such as the former Funtastic site to be redeveloped for these uses.
- From a private developer's perspective the highest and best use for these larger sites is likely to be for residential townhouses, however from a planning perspective any demand for such housing may be easily satisfied through the redevelopment of existing residential dwellings closer to the Glen Waverley Activity Centre thereby avoiding any loss of industrial land.
- A mixed use zoning for larger sites would be likely to result in a dedicated residential development given that this use will represent the highest and best use. In addition incorporating non-residential uses along the Waverley Road frontage may reduce the profitability of any redevelopment of the site.
- The redevelopment of larger sites for more intensive industrial premises would be supported by the market based upon anecdotal evidence of such development occurring both within Monash and elsewhere and current market conditions. This would generate employment opportunities consistent with the skills of local residents.

The vision for this precinct is for it to continue to perform its industrial role through accommodating a range of businesses within the existing smaller industrial premises, as well as through the redevelopment of larger industrial sites (Funtastic and Dulux sites) for more intensive industrial premises.

Residential development should be actively discouraged given that this will be most likely limited to townhouses which may be better facilitated in existing residential areas closer to the Glen Waverley Activity Centre without any loss of industrial development opportunities.

- **Recommended Zoning**

It is recommended that the existing Industrial 1 zoning be maintained for this precinct

## 12.5 Precinct P06 (Springvale Road Glen Waverley)

This precinct comprises a total area of 5.1 ha with frontage to Springvale Road as well as Wilson Road on its northern boundary. At its closest point the precinct is approximately 400 metres from the Glen Waverley Activity Centre although a more indicative measure would be approximately 800 metres being the distance from the centre of the precinct to the Glen Waverley train station.

This precinct offers a 300 metre frontage to Springvale Road which provides additional development opportunities over other precincts. The importance of a Springvale Road address also offers an attraction for larger corporations.

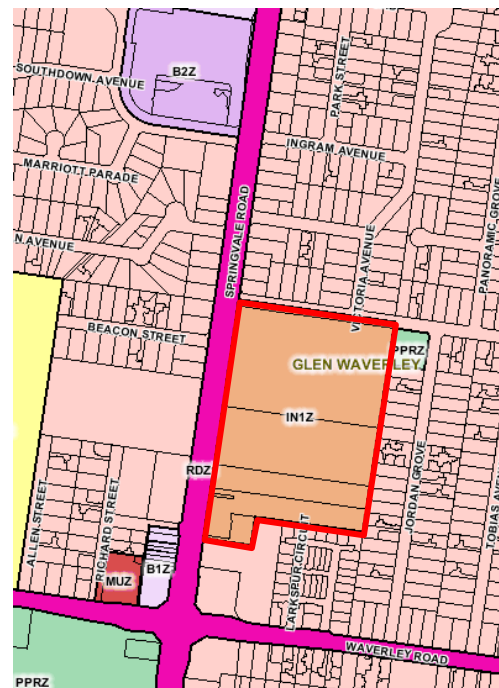
The precinct is surrounded by residential land uses to the north and east, and a funeral home to the south. Immediately opposite the precinct on the western side of Springvale Road is the Quest Glen Waverley serviced apartments together with a convenience retail centre and Lane Toyota showroom.

The precinct comprises three sites occupied by the following businesses:

- Wilson Transformer Company (3.9 ha);
- Officeworks (6,508 sqm); and
- Waverley Nissan / Renault car dealership (5,734 sqm).

The Wilson Transformer Company (WTC) which accounts for the majority of the precinct has operated on its current site since the early 1950s. The company employs 550 people including 50 professional engineers with sales of \$250 million annually across its two locations at Glen Waverley and Wodonga. Exports to more than 12 countries account for more than \$30 million per annum.<sup>15</sup>

Figure 40: Precinct P05 Location Map



<sup>15</sup> Company website [www.wtc.com.au](http://www.wtc.com.au)



*Wilson Transformers*



*View of precinct from the north*

The presence of a well established business upon the main site is the key strength of this precinct as an industrial location. Therefore as long as WTC continues to operate upon this site there will be an on-going role for the precinct as an industrial location. Recent investment in new buildings by WTC indicates a commitment by the company to continuing to operate on the site. This being the case, any assessment of future development opportunities is largely hypothetical.

Should WTC cease operations on its site it is most likely that the existing industrial premises will be unsuitable for other businesses. At this time it may be necessary to consider the redevelopment of this site for a mix of uses that leverage off its key locational attributes.

The key strength of this precinct is not only its frontage to Springvale Road but also the potential for a wholesale change of land use through the redevelopment of the WTC site in the unlikely event that the company cease its operations in the future.

While this precinct does not offer the same level of access to the Monash Freeway as some other precincts, this is compensated for by access to public transport and retail facilities at the Glen Waverley Activity Centre.



*Quest Serviced Apartments*

#### ▪ **Development Opportunities**

The presence of a number of car dealerships together with Officeworks highlights the role, albeit limited, of the surrounding area as a location for peripheral retailing. The proximity of the precinct to the Glen Waverley Activity Centre also reinforces the opportunities for these activities.

The opportunity may also exist for a small homemaker centre upon the WTC site which may be complemented by the existing Officeworks immediately to the south. The nearest significant homemaker precincts are located in Nunawading (Whitehorse Road), Chadstone (Warrigal Road) and Clayton (Princes Highway) each of which are 5-7 km from this precinct. Alternatively, there may be the opportunity for a single large format retailer such as a Masters hardware store.

However, as discussed earlier in this report, the demand for bulky goods has weakened considerably in response to not only economic conditions but also the growth of online retailing.



These conditions are expected to persist well into the foreseeable future, and as a result any form of bulky goods retailing is unlikely to be supportable.

The precinct's Springvale Road address and relative proximity to the Glen Waverley Activity Centre would also be expected to provide strong support for office development. The existing depth of demand for office space within the City of Monash (which has been largely focused upon the Monash Technology Precinct), together with a growing preference for locations close to public transport, will generate key opportunities for corporate office development within this precinct. The recent decision by MYOB to relocate its head office from the Tally Ho Business Park to Centro's office in The Glen Shopping Centre is one example of this occurring.

Given the size of sites within the precinct and its proximity to the Glen Waverley Activity Centre there will be the opportunity for a mixed use form of development which may incorporate a residential component in the form of lower rise apartments. There may also be the opportunity to include serviced apartments to cater for visitors to businesses within Monash. This will also reinforce Glen Waverley's role as a location for short-term accommodation given the existing higher profile hotels (Novotel, Ibis) and serviced apartments (Quest) located nearby.

- **Vision and Strategic Direction**

This precinct will continue to fulfil its role as an industrial precinct through the expected on-going presence of WTC. Any change in land use should therefore be considered as being a longer-term outcome and hence should not be anticipated for the purpose of this strategy. In the meantime WTC will continue to make a significant contribution to the Monash economy through creating employment opportunities for skilled workers.

Over the longer term and subject to the intentions of WTC there may be the opportunity for more intensive mixed use development to occur. This may include a mix of office and residential uses including serviced apartments. The necessary planning mechanisms to achieve such an outcome should only be considered at that time.

- **Recommended Zoning**

It is recommended that the existing Industrial 1 zoning be maintained.

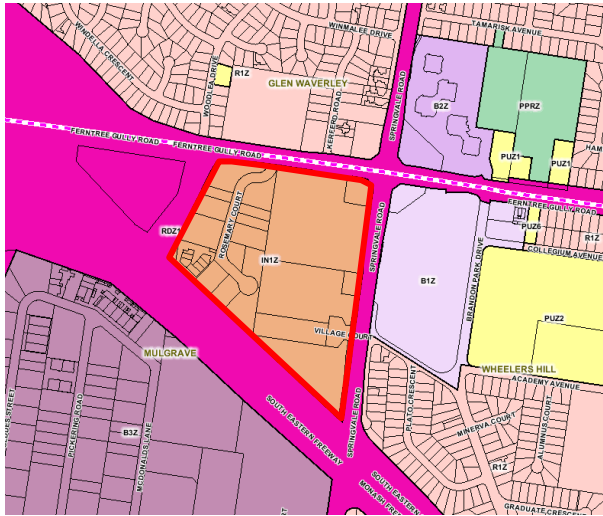
## 12.6 Precinct P08 Village Green

This represents one of Monash's most strategically important precincts given its location immediately adjacent to the Monash Freeway, key arterial roads being Springvale Road and Ferntree Gully Road, and the Centro Brandon Park Shopping Centre.

It comprises a total area of 11.8 ha across three distinct sub-precincts being:

- Village Green Hotel (3.7 ha) on the corner of Springvale Road and Ferntree Gully Road;
- Showroom sites fronting Springvale Road (4 ha) between the Village Green and Monash Freeway; and
- Rosemary Court industrial area (3.9 ha).

The potential for each of these sub-precincts to support new more intensive development will vary reflecting the unique attributes of each.

**Figure 41: Precinct P08 Location Map**

### Village Green

The Village Green Hotel site is owned by the ALE Property Group and leased to the ALH Group for a period of 65 years commencing in 2003. ALH holds redevelopment rights for the site subject to approval by ALE. The property was extensively refurbished approximately ten years ago.

The ALH Group's core business relates to ensuring the on-going operation and profitability of the Village Green Hotel rather than extracting value from the site through developing under-utilised portions of the site.

As a result, it is unlikely that any redevelopment of the frontages to Springvale or Ferntree Gully roads will occur given the potential impact upon the hotel's exposure and as a result trading performance.

### Springvale Road Showrooms

The showroom sub-precinct comprises only five properties occupied by Barloworld (car sales), Carpet Call (carpets), Carpet Call Timber and two remaining properties currently being refurbished.

Freedom Furniture and Snooze were previously located in this precinct but have since relocated to the Homeplus Homemaker Centre (Chadstone) and the Ikea Homemaker Centre in Clayton. This highlights the difficulty that this precinct encounters as a location for homewares retailing with an insufficient number of retailers to establish itself as a retail destination combined with strong competition from larger homemaker centres.

With the bulky goods retail sector now experiencing declining sales and increased competition from recently developed homemaker centres, the development of a more contemporary homemaker centre in this precinct is unlikely to be supported.

The size of the Barloworld site (2.1 ha) reflects the period during which this facility was developed in the late 1970s. By comparison the Glen Waverley Subaru showroom in Rosemary Court was developed in the early 2000s over two levels on a site of only 3,200 sqm (or 15% of the size of the Barloworld site). The latter also represents a more contemporary showroom as opposed to the older style 'car yard' format that characterises the Barloworld site. There will be strong



opportunities for the Barloworld site to be redeveloped in the future with a smaller and more efficient car showroom format with surplus land being made available for other land uses.

### Rosemary Court

Rosemary Court is an older but relatively high amenity industrial precinct with a variety of sites ranging in size from 1,200 – 4,500 sqm that may be potentially redeveloped in the future for more intensive uses. The street offers frontage to Ferntree Gully Road with immediate access to the Monash Freeway while the relatively high quality Subaru showroom provides a landmark for the precinct.



- **Development Opportunities**

This precinct's locational attributes (close to the Monash Freeway, Centro Brandon Park, Village Green Hotel, the Monash Technology Precinct and to a lesser extent Monash University) offer significant opportunities for a mixed use employment / residential precinct to be created.

While this precinct lacks the same level of access to public transport services and the activity centre environment offered by the Glen Waverley Activity Centre, it is compensated to some extent by the attributes mentioned above.

The precinct's Springvale Road frontage would be expected to support the development of corporate style offices similar to that which has occurred within the Monash Technology Precinct along Ferntree Gully Road. Similarly, Rosemary Court also offer the opportunity for more intensive office warehouses to be developed which better reflect the precincts locational attributes. The relatively high amenity offered by Rosemary Court would enable such development to occur progressively over time while existing industrial activities continue to operate.

The opportunity exists for Council to provide direction for the redevelopment of the precinct through preparing a structure plan for the precinct which aims to provide the necessary amenity to support its role as an employment precinct.



- **Vision and Strategic Direction**

This precinct represents a key strategic development opportunity given its proximity to a number of key activity nodes. Its Springvale Road frontage offers the opportunity for corporate style office development between the Village Green Hotel and the Monash Freeway giving way to higher quality office warehouses within Rosemary Court.

- **Recommended Zoning**

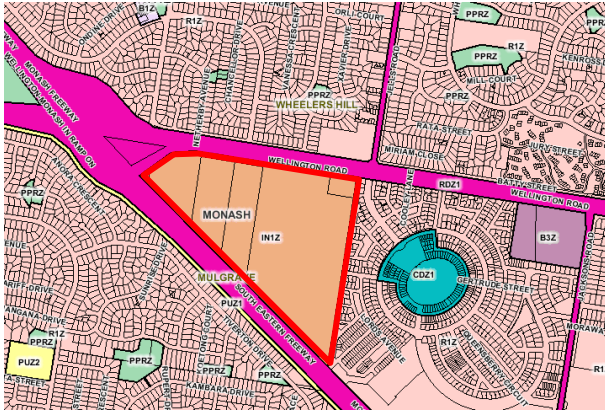
It is recommended that a Commercial 2 zone be adopted for the showroom precinct for facilitate office development while the existing Industrial 1 zoning be maintained for properties in Rosemary Court.

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## 12.7 Precinct P09 (Waverley Park)

This precinct comprises a total of 30 hectares of Industrial 1 zoned land fronting Wellington Road in Mulgrave. It is also bounded by the Monash Freeway to the south and Mirvac's Waverley Park residential precinct to the east.

**Figure 42: Precinct P09 Location Map**



The majority of this precinct is accounted for by the Woolworths distribution centre (19 ha). A recent \$14 million upgrade to this facility has enabled it to expand from servicing 160 stores across the former Safeway supermarket network to now having the capacity to distribute products to over 800 stores nationwide. The facility now also has the capacity to increase throughput volumes by up to 80% and to service over 1,000 stores a week by 2020.<sup>16</sup>

Ensign Laboratories occupy a further 7.3 ha from which it manufactures and distributes a diverse product range including gases, liquids, creams, lotions, ointments, gels, waxes and foods. Initially locating to the site in 1969 from Brunswick, the company expanded in 2006 through the acquisition of an adjoining site.<sup>17</sup>

The remaining 4 ha site is occupied by Renold Australia, a designer and manufacturer of mechanical power transmission and chain products. Renold Australia and New Zealand are wholly owned subsidiaries of Renold PLC which is listed on the London Stock Exchange. It is one of the world's largest suppliers of mechanical power transmission and chain products with 15 factories in 7 countries, operations in 17 countries and distributors in over 70 countries.<sup>18</sup>

The recent investment by two of these companies in expanding their operations demonstrates a commitment to this precinct. This is understandable given that its proximity to the Monash Freeway would support their logistics functions. Similarly, it also enables high value adding businesses such as Ensign and Renold to attract workers from a wide area.

Should any of the existing businesses relocate or reduce the scale of their operations there may be the opportunity for more intensive employment activities within the precinct. Its location adjacent to the Monash Freeway may support demand for office space from a range of businesses including larger corporations. The growing importance of public transport to larger office users may however impact upon the potential attraction of this precinct given that it is not serviced by rail.

<sup>16</sup> <http://www.dematic.com/ap/Information-Portal/Case-Studies/Woolworths-Mulgrave/page42131.htm> (accessed 19/11/12)

<sup>17</sup> [www.ensignlab.com.au/](http://www.ensignlab.com.au/) (accessed 19/11/12)

<sup>18</sup> <http://www.renold.com.au/Company/Company.asp> (accessed 19/11/12)

- **Vision and Strategic Direction**

This precinct will continue to perform its role as a highly accessible location for the existing industrial activities reflecting its immediate proximity to the Monash Freeway. Any redevelopment of sites will most likely occur in the longer term and will offer the opportunity for the incorporation of office uses into the precinct.

- **Recommended Zoning**

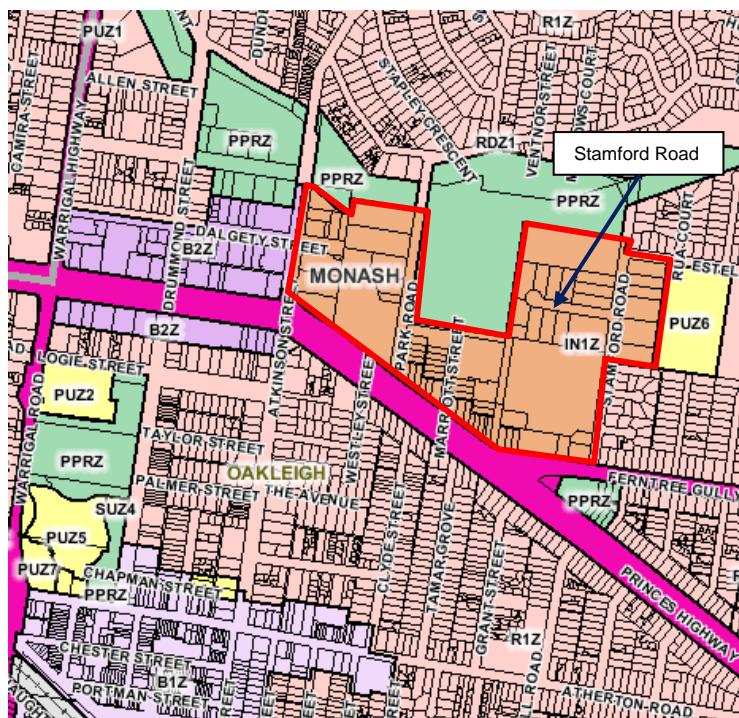
It is recommended that the existing Industrial 1 zoning be retained.

## 12.8 Precinct P10 (Oakleigh North Industrial Precinct)

The two industrial sub-precincts, each performing very different roles, make up this precinct. These two are:

- Princes Highway / Ferntree Gully Road car showroom precinct; and
- Stamford Road being a contemporary industrial precinct.

**Figure 43: Precinct P10 Location Map**



The Stamford Road precinct offers a high amenity location for a mix of high value adding industrial related businesses including:

- Applied Industrial Technologies (formerly SKF Bearing Supplies);
- Mgt LabMark (Environmental Laboratory); and
- Radixon (communications, monitoring and surveillance technologies).



The Stamford Road precinct is expected to remain a viable industrial precinct into the foreseeable future with higher profile businesses attracted by the high amenity environment, functionality of the existing buildings, relatively inner city location and proximity to the Monash Freeway and arterial road network.

**Figure 44: Stamford Road Precinct**



The Car Showroom Precinct which fronts Princes Highway and Ferntree Gully Road differs from the Stamford Road precinct through:

- Its high exposure location offering opportunities for commercial activities.
- Its location adjacent to a significant recreational precinct to the north comprising Brickmakers Park, Oakleigh Recreational Centre, Oakleigh Tennis Club, Oakleigh Public Golf Course and the Scotchmans Creek bike trail.
- Large, relatively under-utilised sites currently occupied by uses such as car retailing and self-storage offering the opportunity to be redeveloped for more intensive land uses.

A 7,300 sqm site at the northern end of Marriott Street has been recently partially redeveloped for strata titled office / warehouses. This development demonstrates confidence in the on-going role of this precinct as an industrial location. It may however also be seen as a lost opportunity to

establish a major new residential apartment precinct given the car showroom precinct's proximity to recreation facilities.

A key issue that needs to be considered is whether the redevelopment of sites for new industrial premises would be more beneficial if it were to occur in locations such as the Oakleigh / Huntingdale Industrial Area where it may act as a catalyst for the redevelopment of other under-utilised sites. In doing so, this would also enable this precinct to evolve into a unique residential apartment precinct that is unlikely to be achieved elsewhere within the City of Monash.

If this were to occur there would be a loss of 9 ha of industrial zoned land within this precinct which represents approximately 10% of the land within the Oakleigh / Huntingdale Industrial area.

An indication for the potential for the car showroom precinct to evolve into a residential apartment location may be gained from the Kingston Park Apartments in Highett. Currently under construction at 1148 Nepean Highway in Highett this development is located immediately adjacent to the William Fry Reserve offering 8 hectares of parklands. It is also around the same distance from Highett station as the Oakleigh car showroom precinct is from Oakleigh station. The development, which is being undertaken by Hallmarc, will comprise 134 apartments across three buildings of 5-6 levels. One bedroom apartments are priced from \$390,000 and two bedroom apartments from \$490,000.



Kingston Park Apartments (Highett)

#### ▪ **Vision and Strategic Direction**

It is envisaged that the Stamford Road sub-precinct which includes Kingston Town Close will continue to accommodate high value adding industrial uses.

The remainder of the broader precinct offers the opportunity for the creation of a high profile mixed use precinct to complement the Oakleigh Town Centre. Rather than competing with that centre this precinct will offer an alternative location for:

- Office activities where businesses are seeking a Princes Highway location that offers a higher level of exposure to that available within the Oakleigh Town Centre.
- Medium and higher rise apartment developments that will leverage off the amenity and recreational facilities offered immediately to the north.

The opportunity exists for Council to play an important guiding role in facilitating this transition through a combination of rezoning sites, preparing a structure plan for the precinct and economic development initiatives which redirect demand for industrial land to the Oakleigh / Huntingdale Industrial area.

▪ **Recommended Zoning**

It is recommended that the Stamford Road sub-precinct which includes Kingston Town Close retain its existing Industrial 1 zoning.

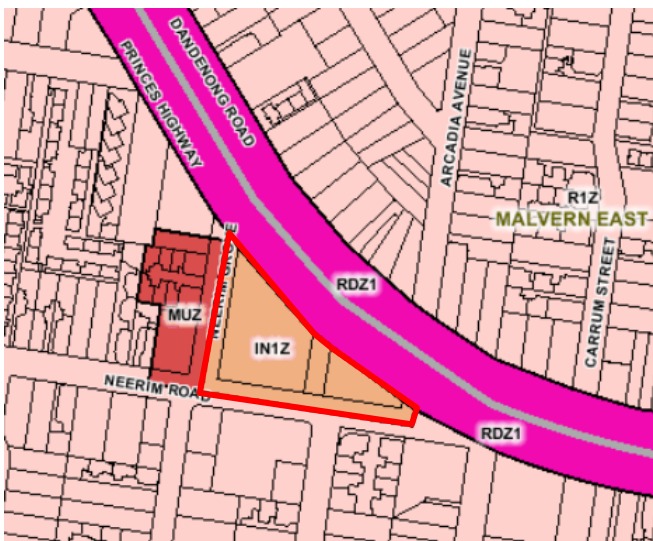
In order to balance the opportunities offered by the car showroom sub-precinct’s exposure to the Princes Highway as well as local recreational facilities, a Mixed Use Zone is recommended. This will promote more intensive development outcomes that leverage off this infrastructure and facilities to deliver outcomes that are less likely to be achieved elsewhere within the municipality.

**12.9 Precinct P11 (1354-1360 Princes Highway Hughesdale)**

This precinct comprises three properties fronting Dandenong Road to the west of Warrigal Road in Hughesdale which together form an island site. The Chadstone Principal Activity Centre is located 400 metres to the north while the Oakleigh Activity Centre is approximately 1 km to the south-east.

The combined area of the three properties is 5,859 sqm with Chadstone Mitsubishi accounting for the majority of the precinct (refer table below).

**Figure 45: Precinct P11 Location Map**



**Table 18: Business Mix**

Occupant	Site Area
Chadstone Mitsubishi / Kia	4,190 sqm
Solomons Carpet / Carpet Court	539 sqm
Manic Fitness	1,130 sqm
<b>Total</b>	<b>5,859 sqm</b>



The surrounding area is dominated by residential uses albeit with a notable lack of open space. The nearest open space is Warrawee Park approximately 600 metres to the south-east, adjacent to the Oakleigh Activity Centre. Punt Hill Serviced Apartments are located to the east of the precinct on the corner of Warrigal Road and Dandenong Road. To the west of the precinct there have been a number of apartment developments that are either completed or currently under construction.



The key strength of this precinct is its frontage to Princes Highway which has enabled it to attract a small number of restricted retail uses, as has also occurred along Princes Highway further to the east. Another key attribute of the precinct is its three street frontage which enhances accessibility to each of the individual sites as well as the opportunity to redevelop the sites for a mix of uses.

The overall size of the precinct however limits the opportunity for a strong showroom precinct to be supported, and as a result represents a secondary location for these uses. The employment intensity of the existing businesses is relatively low particularly within the context of the nearby Chadstone PAC and the Oakleigh Activity Centre.

The opportunity for more intensive employment uses such as offices may be limited by relatively poor access to public transport and supporting facilities such as retailing, cafes and take away food outlets for employees. The Oakleigh Activity Centre and Business 2 zoned sites east of Warrigal Road would offer a stronger attraction for office users. These locations also offer the necessary sites (or existing office buildings) to support a well recognised office precinct.

Although not well serviced by open space, the precinct will be able to leverage off its proximity to Chadstone Shopping Centre as well as its accessibility to the freeway system and major arterials which provides linkages to key employment nodes.

The capacity to support traditional industrial activities may be constrained by the precinct’s proximity to residential uses to the west and south. As a result, the precinct will most likely continue to attract restricted retail uses that benefit from the exposure offered by the precinct.

- **Development Opportunities**

Based upon the above assessment the strongest and most appropriate longer-term development opportunities for the precinct lie with residential apartments. Recent residential apartment projects within the surrounding area, including those fronting Princes Highway, have typically been three level developments comprising 10-20 dwellings.

**Table 19: Recent Apartment Developments**

<p><b>1344 Dandenong Road Hughesdale</b>                  Site Area 1,268 sqm                  Zoning: Residential 1                  Levels:                  No. Apartments: 25                  Stage: Marketing</p>	
<p><b>1312 Dandenong Road Hughesdale</b>                  Site Area 937 sqm                  Zoning: Residential 1                  Levels: 2                  No. Apartments: 10                  Stage: Completed</p>	
<p><b>1314 Dandenong Road Hughesdale</b>                  Site Area 772 sqm                  Zoning: Residential 1                  Levels: 4                  No. Apartments: 10                  Stage: Completed</p>	

- **Vision and Strategic Direction**

The future direction for this precinct is for its redevelopment for residential apartments. The scale of development would be expected to be low rise and consistent with recently completed developments nearby. Based upon the apartment yield of these developments the precinct may be expected to accommodate approximately 75-100 apartments.

- **Recommended Zoning**

It is recommended that this precinct be rezoned to a Mixed Use Zone to allow the flexibility for either residential or non-residential uses reflecting the development opportunities associated with the precinct's location.

### 12.10 Precinct P12 (104-106 Ferntree Gully Road Oakleigh East)

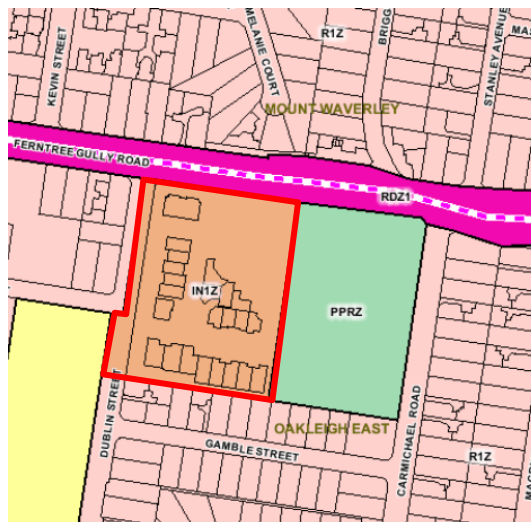
This precinct relates to the Waverley Gate Business Park being a strata titled development constructed in the late 1980s and comprising 21 office / warehouses and two office suites.

The business park is well occupied and there are no obvious concerns about its on-going viability. Businesses comprise a mix of higher end industrial service providers including engineering and construction consultants.

Being strata titled with properties in separate ownership, any redevelopment of the precinct in the future is unlikely and hence will continue to function in its current form.



**Figure 46: Precinct P12 Location Map**



- **Vision and Strategic Direction**

The Waverley Gate Business Park will continue to perform its role as a location for businesses requiring smaller scale office / warehouses. It is not envisaged that there will be any pressures for redevelopment within the precinct with individual properties offering the flexibility to be adapted to a range of businesses.

- **Recommended Zoning**

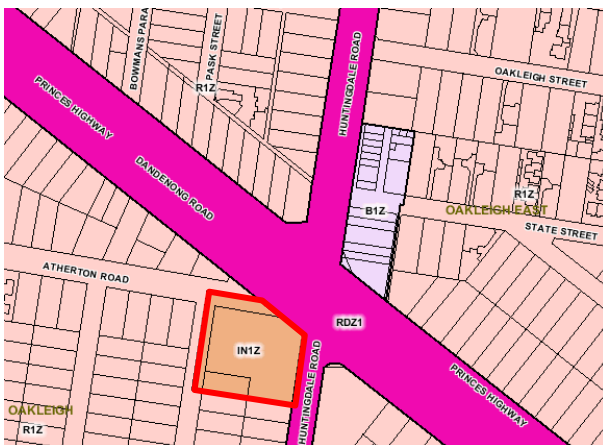
It is recommended that the existing Industrial 1 zoning be retained.

### 12.11 Precinct P13 (Atherton Road, Huntingdale Road and Dandenong Road)

This precinct is accounted for by a single site of 4,638 sqm site which is currently operated as a car showroom for Bib Stillwell BMW. The site offers immediate frontage to Atherton Road and Huntingdale Road but also has exposure to Dandenong Road.

The surrounding land uses are predominantly detached residential dwellings albeit with a recent apartment development immediately to the east of the precinct. The Oakleigh Activity Centre is located 1.2 km to the west and Huntingdale railway station is a similar distance to the south. A small local centre is located on the northern side of Princes Highway and includes an independent supermarket, pharmacy and a number of take away food outlets.

**Figure 47: Precinct P13 Location Map**



This precinct is also not sufficiently large to support a critical mass of businesses to enable it to support a contemporary showroom precinct. This acts to outweigh the benefits associated with its excellent exposure to Dandenong Road. It is therefore reliant upon the attraction of individual businesses such as the current BMW dealership.

The opportunities for more intensive employment uses such as retailing or office activities are similarly limited by either its size or the availability of better located opportunities within or closer to the Oakleigh Activity Centre.

While the precinct is currently zoned Industrial 1 it is unlikely that the precinct will attract traditional industrial related activities given its proximity to residential uses which may limit the types of activities that may operate upon the site. More importantly however, the value of the site for the existing showroom type uses will exceed that of industrial uses reflecting the benefits of its exposure to Dandenong Road.

The potential for medium density residential development to occur is demonstrated by the apartment development immediately to the east of the precinct. This development was completed in 2006 and comprises 43 apartments within four separate buildings on a Residential 1 zone site of 2,781 sqm. As a guide the same density of development within the precinct would deliver 72 apartments.

The precinct's frontage to Dandenong Road will still provide the opportunity to incorporate showroom uses into any redevelopment of the site. This will be supported by the three street frontages which will allow dedicated entrances for a mix of uses.

- **Vision and Strategic Direction**

The current role for this precinct for employment uses is limited to car showrooms given the value of the building improvements. Such uses typically generate relatively little employment, with some activities such as the servicing of cars potentially better located within traditional industrial precincts.

Encouragement may also be given to free-standing car showrooms to relocate to showroom precincts within Monash in order to support the performance of these businesses but also to allow more intensive development upon sites.

The vision for this precinct is for medium density apartments with the potential for either offices or ground floor showrooms to be incorporated into any future development.

- **Recommended Zoning**

A Mixed-Use zoning for this precinct will offer the opportunity for apartment development to occur while still providing the flexibility for street level uses such as showrooms. There is also the potential for a small office component to be incorporated into any redevelopment of the site.

## **12.12 Precincts P14-P20 (Oakleigh / Oakleigh South / Huntingdale Industrial Area)**

This Industrial Area represents a contiguous collection of individual precincts which together distinguishes it as one of Monash's largest industrial areas accounting for 88 ha of industrial zoned land. Before evaluating each of the individual precincts it is worthwhile reviewing those factors that characterise the industrial area as a whole.

As the map below indicates, a significant portion of the area is within walking distance of either the Oakleigh or Huntingdale activity centres / railway stations. Together with the availability of a significant number of larger sites suitable for redevelopment there is the longer-term potential for this area to support more intensive land uses in the future.



While not offering the same level of access to the Monash Freeway as the Monash Technology Precinct, this industrial area is still able to access the freeway in an outbound direction approximately 2.7 km to the north along Huntingdale Road or both inbound and outbound at Warrigal Road.

This industrial area is characterised by a mix of lot sizes including a notable number of larger properties of 1-2 ha which are under-utilised, falling into disrepair and generally impacting upon overall amenity. This in turn may discourage the redevelopment of nearby sites for contemporary industrial facilities which would ideally include a significant office component and therefore require a reasonable level of amenity.

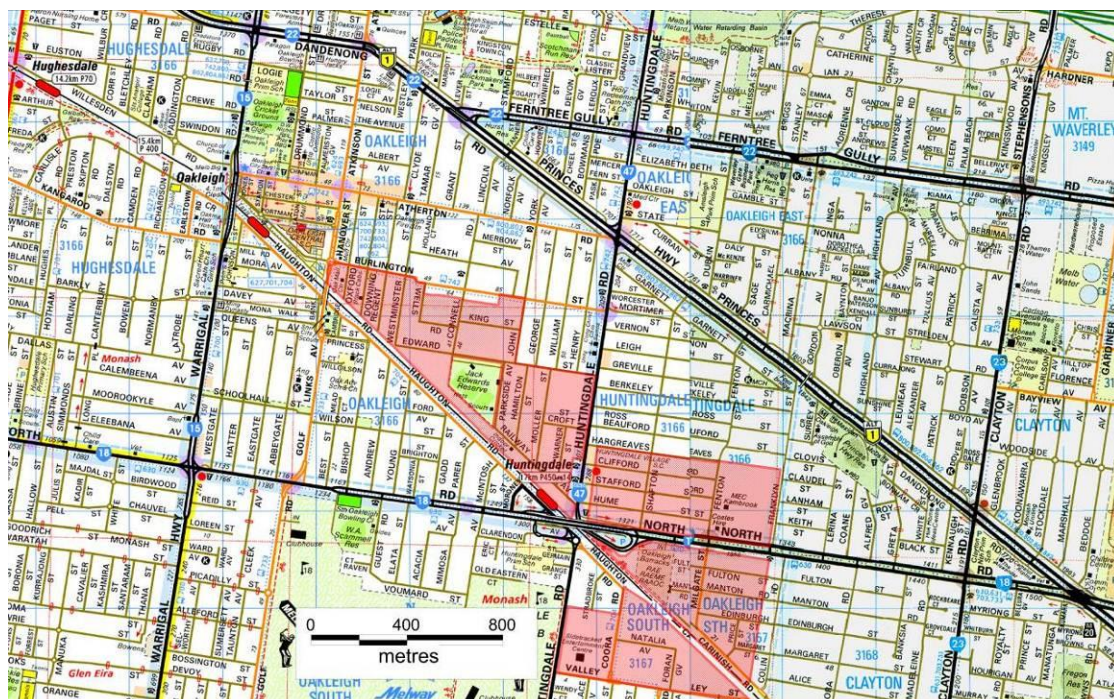
As any new development within this precinct will to some degree compete with the Monash Technology Precinct, improving the overall amenity of this industrial area will be particularly important to attracting new investment.

There is however evidence of industrial renewal already underway with a number of larger sites being redeveloped for more intensive industrial facilities. This has been most prevalent in Precincts 15 and 18 which are located adjacent to the Huntingdale activity centre and railway station.

Particularly significant is Assa Abloy's redevelopment of its national headquarters and manufacturing facility in Huntingdale Road with almost 90% of the 5.4 ha site being transformed. The completed facility incorporates a Centre of Design Excellence for research and development, premium manufacturing facility, 200 seat auditorium, new training centre, function rooms, corporate offices, trade demonstration area, state of the art commercial catering facility and new 5,000 sqm distribution centre.<sup>19</sup>

Each of the precincts that comprise this area is now assessed below.

**Figure 48: Oakleigh / Oakleigh South / Huntingdale Industrial Area**



<sup>19</sup> ASSA ABLOY locks in future for Oakleigh with \$16m investment - Assa Abloy Press Release 30 August 2006.

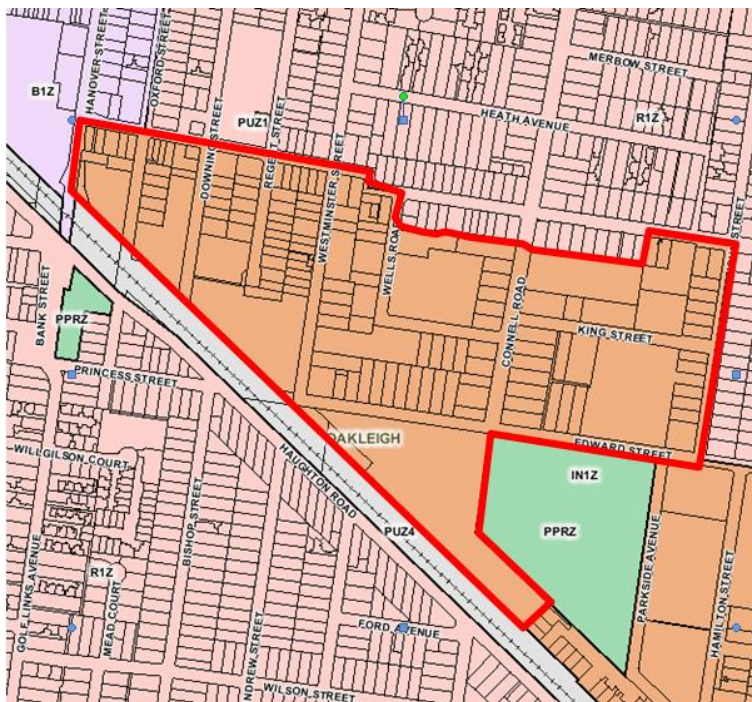


### 12.13 Precinct P14: (Oakleigh South Industrial Area)

Located immediately east of the Oakleigh Activity Centre and comprises a mix of smaller industrial sites this precinct is predominantly occupied by automotive services, particularly within those streets immediately adjacent to the centre.

This is complemented by a number of larger sites, which are either vacant or under-utilised, that back onto the railway line that runs along the precinct's southern boundary. The exception to this however is the former Finewrap site which Amcor recently acquired through its takeover of the Aperio Group.

**Figure 49: Precinct P14 Location Map**






While the precinct interfaces with residential land uses along its northern boundary the opportunity for residential development within the precinct is limited by:

- The small size of individual sites which would require a number of sites to be amalgamated in order to accommodate apartment developments.
- The high underlying value of smaller industrial sites with functional building improvements being comparable to that of residential development sites in higher amenity locations.

Table 20 below provides details of recent property sales which demonstrate that smaller industrial properties typically occupied by motor repairers or small distributors have sold for the equivalent of around \$1,200 per sqm with a larger property on 1,565 sqm sold for the equivalent of \$913 per sqm. These value rates are similar to residential properties within Oakleigh.

**Table 20: Recent Industrial Property Sales**

		
<p>40 Oxford St Oakleigh                      Site Area: 440 sqm                      Sale Price: \$530,000 (May 2011)                      Land Value Rate: \$1,204 psm</p>	<p>59 Westminster Street Oakleigh                      Site Area: 330 sqm                      Sale Price: \$415,000 (Aug 2011)                      Land Value Rate: \$1,257 psm</p>	<p>27 Connell Road Oakleigh                      Site Area: 1,565sqm                      Sale Price: \$1.43 mill (June 2011)                      Land Value Rate: \$913 psm</p>

The likelihood of larger sites closest to the Oakleigh Activity Centre being redeveloped for non-industrial uses such as medium density housing or office uses is also limited by a number of factors including:

- The lack of amenity as a result of their location between the railway line and automotive related uses such as mechanics and panel beaters.
- The possible contamination of sites which may impact upon the commercial viability of sites being redeveloped for sensitive residential uses.

There may however be the opportunity for the redevelopment of smaller sites by owner occupiers for offices. The rationale behind owner occupied properties differs from those which are developed for the investment market and must appeal to as wide a segment of the market as possible. Owner occupiers that may initiate their own development will however account for a small segment of the market.

The western portion of the precinct may offer some redevelopment potential through the consolidation of smaller sites with an adjacent larger site to create a larger development site with frontage to Burlington Street. This however would require considerable time and effort on behalf of a developer to consolidate sites, as well as the financial resources required to undertake a staged development. While Council may support a rezoning to facilitate the redevelopment of these sites once consolidated, any rezoning prior to this occurring would not necessarily guarantee that this process of consolidation and redevelopment will occur.

Most importantly, there are significantly more attractive locations nearby offering greater amenity and more suitably sized sites for apartment and office developments. This includes Atherton Road which offers an existing residential amenity that apartment and office developments may leverage off while also being located adjacent to the Oakleigh Activity Centre.

The potential for the redevelopment of larger sites adjacent to the railway line for more intensive industrial uses will be limited by generally lower amenity of the area. These larger sites may however still play a role in accommodating less intensive uses such as the car servicing functions of larger car dealerships. These activities are increasingly being separated from the car showroom component as land values in showroom locations increase. Alternatively, they may be developed for small storage units for various trades, with an example of this format currently under construction at 6-8 Railway Avenue in Huntingdale (refer Section 10.3).

The eastern portion of this precinct from Connell Road to John Street offers a significantly higher level of amenity with wide tree lined streets as well as higher quality industrial premises. This has resulted in a greater diversity of businesses with many 'cleaner' industrial activities such as wholesalers and distributors which also contributes to the attractiveness of this portion of the precinct.

A number of larger sites offer the opportunity for more intensive office warehouse style facilities to be developed. In particular a 1.4 ha site at 29 Edward Street offering additional access via King Street and John Street represents a key strategic site given its significant frontage to Edward Street and location opposite the Jack Edwards Reserve. Similarly, 26-30 Connell Road (7,254 sqm) which is currently occupied by Noirot Heaters also offers the opportunity for a small, higher quality industrial park to be developed in the future. An example of this form of development already occurring is 29-35 Connell Street where a site of 3,300 sqm site has been redeveloped for five office / warehouses.



*Contemporary office-/ warehouses  
29-35 Connell Street*

The central portion of this precinct largely relates to Wells Road which provides a connection from Connell Street to Burlington Street. The key opportunity within this street is the future development of a vacant site of 9,300 sqm at 6-14 Wells Street. As is the case for the other identified development sites, there will be the opportunity for a more intensive form of industrial development such as office / warehouses upon the site. While the amenity offered by this street is somewhat limited, the size of the site offers the opportunity to create some level of amenity within the site.

This central portion also includes the Amcor site to the south of Edward Street. While there is no indication that Amcor is intending to relocate, there may be the opportunity for this site to also be redevelopment for more intensive industrial uses in the future.

Given the number of potential development sites within this precinct any transformation from traditional large-scale industrial activities to a more intensive office-warehouse form of development will occur over an extended time frame. In the meantime the precinct will continue to provide affordable accommodation for less intensive uses such as storage and wholesaling related activities.

The pace of any redevelopment of sites will be largely dependent upon a general improvement in economic conditions to support demand for industrial space and provide greater confidence for developers and financiers.

#### ▪ **Vision and Strategic Direction**

The vision for this precinct is that it will continue as a location for a range of seeking functional industrial buildings, while also offering the opportunity for the development of more contemporary industrial facilities for higher value adding industrial activities.

#### ▪ **Recommended Zoning**

It is recommended that this precinct retain its existing Industrial 1 zoning.

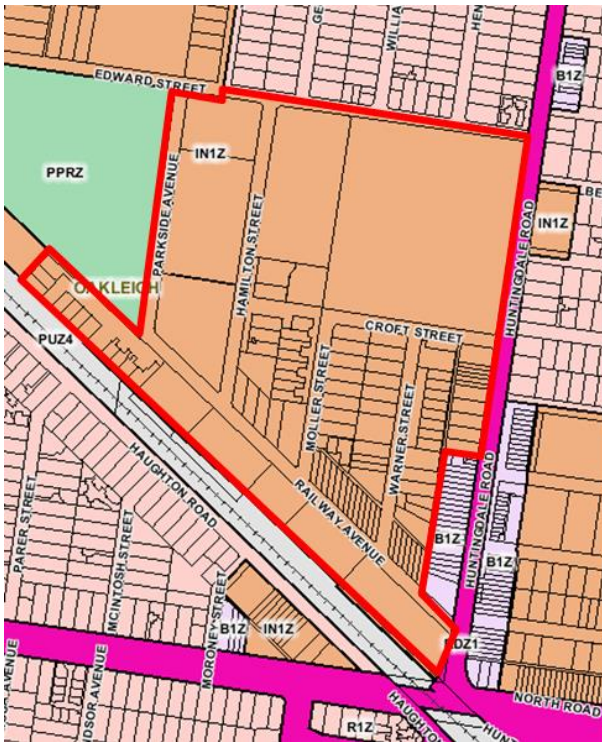
### 12.14 Precinct P15 (Oakleigh East Industrial Area)

This precinct has experienced a notably greater level of redevelopment than the previous precinct over the past decade.

In addition to the redevelopment of the Assa Abloy facility there has also been:

- The development of office / warehouses upon a site of approximately 6,000 sqm fronting Hamilton and Moller Streets.
- A site of approximately 7,000 sqm at the western end of Railway Avenue redeveloped for 11 office / warehouses.
- A site of 6,475 sqm at 6-8 Railway Avenue currently being developed for 36 industrial units.

**Figure 50: Precinct P15 Location Map**



The market demand which has supported this development activity reflects a number of factors which support the role of this precinct as an industrial location, particularly more intensive industrial uses reliant upon higher skilled workers. These include:

- Accessibility via a number of arterial roads being North Road which provides direct connections to Melbourne's bayside suburbs, Monash University and the Monash Technology Precinct. Huntingdale Road provides a link to the Monash Freeway and beyond that to Melbourne's middle eastern suburbs.
- Proximity to the Huntingdale Activity Centre which offers a range of retail facilities for workers.
- Access to public transport services (rail and bus).



- Improving amenity as a result of the redevelopment of older industrial properties for contemporary office / warehouses.
- The presence of a major industrial anchor (Assa Abloy) to establish a profile for the precinct.

A number of larger sites currently occupied by the Oakleigh Indoor Sports Centre in Railway Avenue and the World Series Paint Ball site in Hamilton Street may offer opportunities for the further development of contemporary industrial facilities over the medium and longer term. In the meantime however these activities will continue to generate alternative employment opportunities and therefore represent a desirable use for these industrial buildings that may otherwise be considered obsolete or at least be occupied by less intensive uses.

Given the presence of these two recreational facilities, together with Sidetrack in Huntingdale Road (south of North Road), there may be the opportunity for Council to encourage other recreational related activities to locate in the Oakleigh / Huntingdale Industrial Area. This would enable larger industrial buildings to be better utilised and create employment opportunities.

The use of larger industrial properties for recreational activities offers an excellent means through which to expand and diversify the range of employment opportunities available within the precinct. Accessibility via the public transport network offers the opportunity for this precinct to establish a competitive advantage over other recreational precincts. In addition, there may also be the opportunity for creating synergies between these activities and the Huntingdale Activity Centre.

- **Vision and Strategic Direction**

This precinct will play an increasingly important role as an industrial location as it continues to gentrify through the redevelopment of larger industrial properties for more intensive uses. The use of larger industrial buildings for recreational activities may also be expanded through leveraging off its location adjacent to the Huntingdale railway station and potential synergies with the Huntingdale Activity Centre.

- **Recommended Zoning**

It is recommended that the current Industrial 1 zoning be retained.

### **12.15 Precinct P16 (Haughton Road Huntingdale)**

This precinct is located immediately south of the Huntingdale railway station along Haughton Road between the North Road off ramp and Moroney Street. This includes the Petta Motor Repairs site which extends through to the North Road off ramp.

Of a total of 13 sites, eight are less than 280 sqm and all in separate ownership. The remaining sites include a number which may offer redevelopment opportunities being:

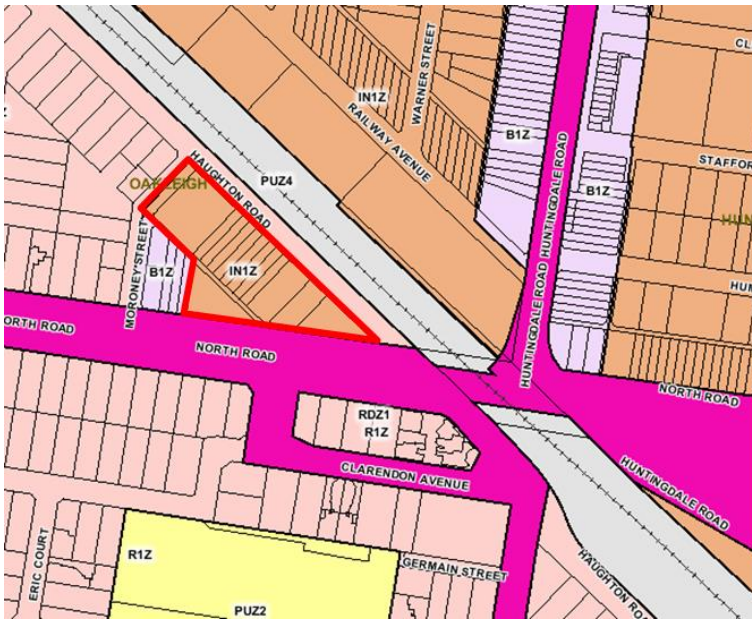
- The MPG site of 1,605 sqm on the corner of Haughton Road and Moroney Street.
- Three adjacent properties ranging in size from 622-802 sqm located on the corner of Haughton Road and North Road.
- The Petter Motor Repairs Site fronting North Road (937 sqm).

Despite being well located close to North Road this precinct is generally underutilised which is most likely a reflection of vehicular access being limited to a rear laneway for most properties. In

addition, access to the precinct is via the North Road off-ramp which may only be accessed from the west.

Despite being located immediately adjacent to the Huntingdale railway station and activity centre there is no direct connection. As a result, the precinct is unable to leverage off any of these in attracting more intensive activities.

Figure 51: Precinct P16 Location Map



MPG Site – Corner Haughton Road and Maroney Street



170 Haughton Road  
(Sold Dec 2011 \$315,000)



Smaller Haughton Road Properties





*North Road off-ramp*



*Rear laneway access for Haughton Road properties*

#### ▪ **Development Opportunities**

The benefits of maintaining this precinct for employment uses may be questioned given that it is relatively under-utilised with the potential for any demand for industrial space to be accommodated in any of the adjacent precincts. In the absence of any pedestrian link to the station and activity centre the opportunities for properties being converted for office uses would also be limited.

The MPG site (1,605 sqm) on the corner of Haughton Road and Moroney Street given its size, street corner location and interface with residential uses to the west may offer the opportunity to be redeveloped for townhouses. The development of apartments would be more ambitious given the level of competition from better locations such as the Oakleigh Activity Centre.

The redevelopment of smaller properties for residential uses may however also be constrained by not only poor access to the station and activity centre but also the relatively high value of these properties. The most recent property sale in the precinct relates to 160 Haughton Road (land area 261 sqm) in December 2011 for \$315,000.

Despite the potential barriers to residential development for smaller sites, their proximity to the activity centre and railway station means that any form of urban renewal will come through their redevelopment for residential uses. This may however occur over the medium to longer term once any revitalisation of the Hughesdale Activity Centre occurs.

The loss of employment opportunities resulting from the rezoning of this precinct to allow residential development is considered minimal within the context of the precincts. The isolation of this precinct will also limit subsequent pressures for the rezoning of sites in those precincts.

#### ▪ **Vision and Strategic Direction**

Over the shorter-term this precinct will continue to perform its role as a location for a mix of service related businesses while also offering the opportunity for the redevelopment of the MPG site to act as a catalyst for urban renewal within the precinct. Encouragement will be given to the redevelopment of sites for residential uses in order to realise the benefits of the precincts proximity to the railway station and activity centre.

#### ▪ **Recommended Zoning**

It is recommended that this precinct be rezoned to a Mixed Use Zone to provide the flexibility for residential development. Any rezoning of sites should be subject to an environmental audit to identify any contamination which may prevent residential development from occurring.

**12.16 Precinct P17 (256-262 Huntingdale Road Huntingdale)**

This precinct relates to a single site of 4,131 sqm located on the eastern side of Huntingdale Road opposite Assa Abloy. It is currently occupied by Poly 4x4, which specialises in the supply of parts and servicing for Jeeps and Chrysler motor vehicles.

This site is the only industrial zoned site on the eastern side of Huntingdale Road and adjoins a residential area. While the site benefits from its main road exposure this is not unique particularly within the nearby industrial precincts which also offer sites with frontage to either North Road or Huntingdale Road. While not offering contemporary accommodation for businesses the existing premises are likely to continue to meet the needs of a segment of businesses into the future.

**Figure 52: Precinct P17 Location Map**



While the site may be potentially redeveloped at some stage for industrial or office accommodation, such investment would be better directed towards larger industrial precincts nearby. This would contribute to the revitalisation of these precincts through improving their profile and amenity. This contrasts with the redevelopment of this single site, for which the contribution to industrial renewal would be considerably less.

The site would offer the opportunity to be redeveloped for townhouses or low scale apartments (2-3 levels) given its interface with the existing residential area and proximity to the Huntingdale activity centre and railway station. This may assist in stimulating similar developments elsewhere just as new industrial development would promote industrial renewal if directed towards other nearby precincts.

It is therefore possible that encouraging a change in land use from industrial to residential uses may promote urban renewal within the surrounding residential area. At the same time the loss of this site for industrial uses may encourage a consolidation of business activities into nearby industrial precincts through either occupying established properties or supporting the development of new industrial facilities.

For the same reasons the redevelopment of the site for alternative employment uses such as offices may not be strategically the best outcome. Rather, these uses should be encouraged to locate where they can act as a catalyst for urban renewal

- **Vision and Strategic Direction**

This precinct offers the opportunity to act as a catalyst for new housing development within the surrounding residential area. Facilitating its redevelopment for residential uses also enables industrial activity to be consolidated into the nearby core industrial precincts to support their revitalisation.

- **Recommended Zoning**

An appropriate residential zone is recommended for this precinct to facilitate residential development consistent with the immediate residential area.

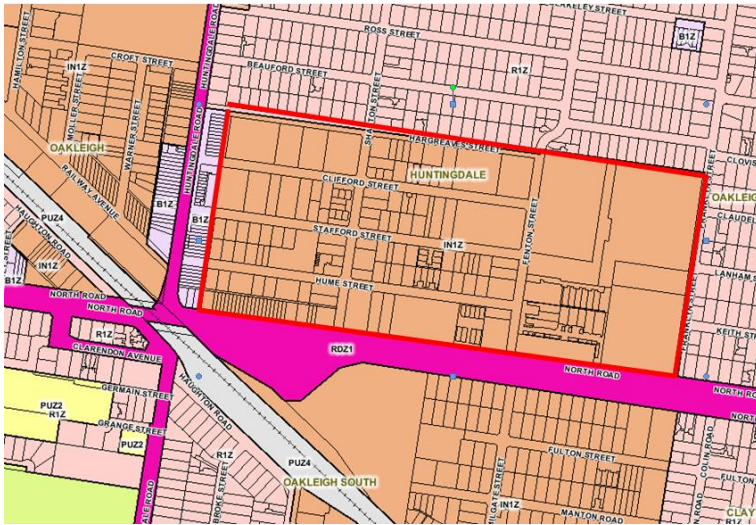
### **12.17 Precinct P18 (Huntingdale Industrial Precinct)**

The Huntingdale Industrial Precinct is strategically well located with a frontage of approximately 550 metres to North Road and immediately east of the Huntingdale activity centre. The precinct also offers a number of larger sites which either directly fronting North Road or which are easily accessed from it.

The precinct comprises a mix of lot sizes, building formats and qualities, and business types reflecting the history of the precinct's initial development and more recently the redevelopment of some larger sites for small industrial units. The amenity of this precinct is noticeably poorer than those industrial precincts to the west of Huntingdale Road in Oakleigh. Despite this, there is the opportunity for this precinct to improve over time as properties are redeveloped.

This precinct differs from the Oakleigh industrial precincts to the west through offering larger sites immediately adjacent to an activity centre with the opportunity to leverage off this to support more employment intensive uses. While this will be largely limited to office / warehouses there may be the opportunity for either a higher office component within these or for a small amount of speculatively built office suites. Many of these larger sites are located in Stafford, Clifford and Hargreaves streets, west of Shafton Street, and typically offer two street frontages which enhances the opportunities for redevelopment.

Figure 53: Precinct P18 Location Map



There are also a number of larger strategic sites fronting North Road including those occupied by:

- Kennards Hire – a fully developed site of 8,052 sqm with a 103 metre frontage to North Road and additional frontage to Hume Street to the rear;
- Coates Hire – a partially developed site of 3,911 sqm on the corner of Fenton Street largely comprising a hardstand area with 119 metre frontage to North Road; and
- Maxpak – located adjacent to Coates Hire on the corner of Franklyn Street this 15,100 sqm site has a 114 metre frontage to North Road and 126 metre frontage to Franklyn Street.

The Maxpak site is also strategically important through offering the opportunity to unlock a further three properties to the rear. Within the block bounded by North Road and Fenton, Franklyn and Beauford streets there is a total of 6.5 ha spread across five individually owned sites. One remaining parcel has recently been developed for industrial units which are individually owned.

Ideally these larger sites may be consolidated and redeveloped to facilitate a high profile business park environment offering a 212 metre frontage to North Road with an internal road network. A mix of trade showrooms and offices may potentially be supported along the North Road frontage giving way to office / warehouses across the remainder of the development. While the co-ordinated development of these sites may be preferred, each site may also be development independently given that access is available via Fenton and Franklyn streets.

Some indication of what may be achieved for these sites may be gained from the experience of the Bayside Business Employment Area in Cheltenham. The rezoning of this industrial area to Business 3 has facilitated the development of office suites primarily along Bay Road which has raised the profile of the precinct. This in turn has supported the development of new office / warehouses on less exposed sites.

There is therefore the potential for the gentrification of the Huntingdale industrial precinct through development simultaneously occurring along the North Road frontage as well as immediately adjacent to the activity centre. This may be encouraged through Council preparing a structure plan for the precinct which provides a clear direction on the preferred form of development together with Council initiatives aimed at supporting an improvement in the amenity of the precinct and the activity centre.



▪ **Vision and Strategic Direction**

This precinct offers the opportunity to facilitate a continuation of the industrial gentrification that has been occurring west of Huntingdale Road while also leveraging off its high exposure to North Road and the opportunities for more intensive development on larger sites adjacent to the activity centre.

Key strategic sites will offer the opportunity for high profile business parks, the scale of which will be determined by the ability to consolidate sites. Council will play a key role in facilitating the transformation of this precinct through providing direction via the structure planning process and investment in improving the amenity of the precinct and the activity centre generally.

▪ **Recommended Zoning**

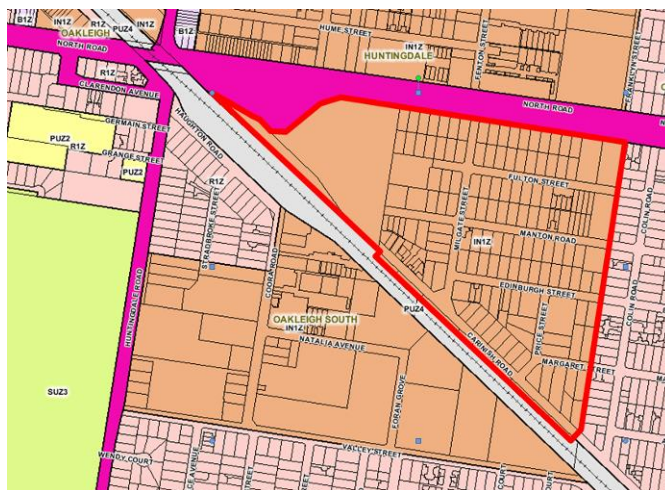
It is recommended that an Industrial 1 zoning be retained. Under the reformed zones this provides greater flexibility for office uses to be incorporated into the redevelopment of sites particularly along the North Road frontage.

**12.18 Precinct P19 (Oakleigh South-North Road)**

The Oakleigh South Precinct is bounded by North Road, the railway line, Oakleigh Barracks to the west and the residential area to the east. This precinct is dominated by smaller lots typically in the range 700-3,000 sqm which accommodate a wide mix of small businesses attracted by the functionality of these properties.

Properties fronting North Road have attracted a range of businesses including automotive servicing, builders' supplies and retailers such as Tasman Meats which have recognised the opportunities offered by the precinct's main road exposure.

**Figure 54: Precinct P19 Location Map**



Throughout the precinct there has been some redevelopment of properties such as the site where Tasman Meats is now located, and the former JV Marine site (2,922 sqm) at 1374–1376 North Road which is now occupied by A1 Office Fit-Outs. Internally within the precinct, properties such as 31-33 Fulton Street previously an under-utilised site of 1,460 sqm was redeveloped for three office / warehouses, and 36 Manton Road (1,720 sqm site) was redeveloped for an office warehouse now occupied by Dianna Style Furniture, a cabinetry business.

This precinct differs from the adjacent industrial areas in that it is dominated by smaller lots which limit the opportunity to redevelop sites for more intensive uses. Similarly, there are few opportunities for significantly improving the amenity and profile of the precinct via a large scale development. As a result, there are also fewer opportunities for attracting a new generation of higher value adding industrial activities or office uses.

The exception to this however is the precinct’s North Road frontage which offers main road exposure and the potential to benefit from any redevelopment of larger strategic sites on the opposite side of North Road.

- **Vision and Strategic Direction**

This precinct will continue to provide a location for a mix of smaller sized industrial businesses with properties being redeveloped as required to meet the needs of both owner-occupiers and tenants. Importantly, the precinct will provide a needed supply of affordable industrial accommodation for businesses in the future via the existing stock of industrial buildings.

The precinct’s North Road frontage will continue to improve its presentation and profile as properties are redeveloped. The opportunity may exist for the creation of a recognised North Road precinct through leveraging off any future redevelopment of key strategic sites on the opposite side of North Road for more intensive and higher profile activities.

- **Recommended Zoning**

It is recommended that the existing Industrial 1 zoning for this precinct be maintained.

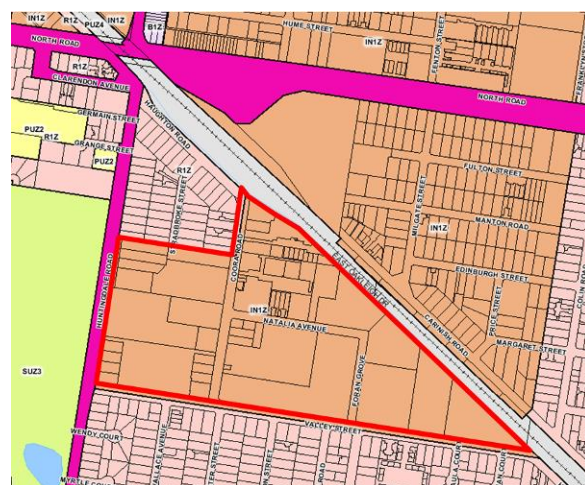
### 12.19 Precinct P20 (Oakleigh South - Huntingdale Road)

This precinct is bounded by Huntingdale Road to the west, Valley Street to the South and the railway line to the north-east. As the figure right shows, it is dominated by a number of large sites with 12 ha from a total of 17 ha being accounted for by just eleven properties ranging in size from 7,000 sqm to 2 ha.

The underutilisation, and in some cases a lack of maintenance, of many of these larger sites has resulted in the generally poor amenity of this precinct. There have however been a notable number of sites which have been redeveloped over the past decade which is one indication of its potential to continue its role as an industrial location.

The figure below indicates new buildings that have been constructed between 2000 and

Figure 55: Precinct P20 Location Map





2010 and the sites to which they relate. The combined area of these sites is 3.5 ha or 20% of the total area of sites within the precinct.

**Figure 56: New Industrial Construction 2000-2010**



Source: Google Earth, Nearmap, Charter Keck Cramer

The largest redevelopment which has occurred is at 13-19 Coora Road where an 8,500 sqm site was redeveloped for five office / warehouses with a combined floor area of 5,345 sqm.

This development highlights the potential for larger sites in this precinct to be redeveloped for businesses requiring a range of floor areas. Furthermore, these larger sites offer the opportunity to compensate for the overall low amenity of the precinct through undertaking on-site landscaping. In turn, this contributes to an improvement in the overall amenity of the precinct.



13-19 Coora Road Oakleigh South

Businesses and occupied floor area include:

- Jantom Furniture ([jantomco.com.au](http://jantomco.com.au)) 1,528 sqm - Distributor of office chairs and lounge suites with warehouses and showrooms in each state.
- Jasnor ([jasnor.com.au](http://jasnor.com.au)) 1,654 sqm - Distributor of toys and gifts founded in 1988.
- Concept Forum ([conceptforum.com.au](http://conceptforum.com.au)) 664 sqm - Designer and manufacturer of custom retail displays for the health and beauty, electronics, fashion and fast moving consumer goods.

This precinct also benefits from its frontage to Huntingdale Road which improves accessibility and exposure albeit not to the same level offered by North Road. This has supported the

development of higher quality office / warehouses with landscaped frontage on the corner of Huntingdale Road and Valley Street. Similarly the Sidetracked Entertainment Centre located on the adjacent site also benefits from this exposure and accessibility.

The opportunity exists for further redevelopment to occur along the Huntingdale Road frontage on the Sidetracked site (1.2 ha) and two sites further north which together total almost 1 ha. In addition to the exposure offered by Huntingdale Road, the Huntingdale Golf Course offers additional amenity which may support higher quality office / warehouses as well as smaller office suites along the frontage which totals approximately 180 metres across these three sites.

The redevelopment of these sites fronting Huntingdale Road will assist in raising the profile of this precinct and act as a catalyst for further redevelopment of properties throughout the remainder of the area. This includes five larger properties fronting Valley Street being the southern boundary of the precinct. Together, these properties account for approximately 6.4 ha and offer a combined frontage to Valley Street of around 700 metres. The opportunity may exist over the medium to longer term for these properties to also be redeveloped to accommodate more intensive industrial activities requiring small and medium sized office / warehouses and generally relying upon smaller delivery trucks.

With more than half of the total area of this precinct accounted for by sites fronting either Huntingdale Road or Valley Street there is the unique opportunity for new developments to be unhindered by the amenity of the internal areas of the precinct, and instead benefit from the amenity offered by the residential area to the south and Huntingdale golf course to the west.

There will however be the potential risk that the interface with the residential area to the south could limit the range of businesses that may operate from sites along Valley Road. Hence there may be a need for Council to implement measures which ensure a high quality of development which attracts activities that are less likely to have off-site impacts.

The redevelopment of this precinct may occur over an extended timeframe given the total amount of land available, underlying demand and the level of competition from the industrial precincts to the north. This raises the question of whether residential development should be considered as an alternative land use.

The opportunities for residential development within this precinct would be expected to be limited to townhouses on larger sites along the Valley Street and Huntingdale Road frontages. Apartment developments are unlikely to be supported given the availability of better located sites closer to activity centres and railway stations.

Townhouse style developments will however also be able to be accommodated on in-fill sites within the adjacent residential area where they may also act as a catalyst for urban renewal. These existing residential areas are well serviced by open space facilities and further to the east offer access to the Clayton Activity Centre and railway station.

Given that there is the opportunity for more intensive residential development to occur elsewhere within the immediate area there may be little justification for facilitating such development within this precinct. In addition, more intensive residential development closer to the existing older style industrial properties will increase the potential for land use conflicts to a greater degree than would be the case if sites were redeveloped for contemporary office / warehouses.

The opportunity cost of reducing the availability of industrial land within this precinct over the short-term will be the reduced supply of affordable industrial accommodation for less intensive uses. Over the longer-term however the opportunity costs are likely to be more significant with a reduction in the supply of development sites for more contemporary industrial facilities generating significantly higher levels of employment.

#### ▪ Vision and Strategic Direction

This precinct will perform an on-going role as an industrial location through the continued redevelopment of sites. Key sites fronting Huntingdale Road and Valley Street will offer the opportunity for businesses seeking exposure, access to major arterials and the amenity offered by the precinct's location adjacent to Huntingdale golf course. These sites will establish a key point of difference for the precinct, thereby expanding the choice of industrial locations available to businesses within the region.

It is anticipated that these sites will offer the opportunity for small business parks offering more intensive industrial accommodation incorporating a relatively high portion of office space which will build the profile of this precinct.

#### ▪ Recommended Zoning

It is recommended that the existing Industrial 1 zoning be maintained.

### 12.20 Precinct P21 (Clayton Restricted Retail Precinct)

This precinct extends along the southern side of the Princes Highway from Clayton Road westwards to the Princes Highway Reserve and accounts for 4.2 ha of industrial zoned land.

Although relatively small, this precinct is strategically important through providing smaller businesses with a high exposure location to assist them in competing with larger homemaker centres and national retailers. The precinct is characterised by a strong focus upon home improvements which leverage off the presence of the Housing Industry Association's (HIA) Home Ideas showroom which occupies approximately 3,500 sqm of showroom floor space.

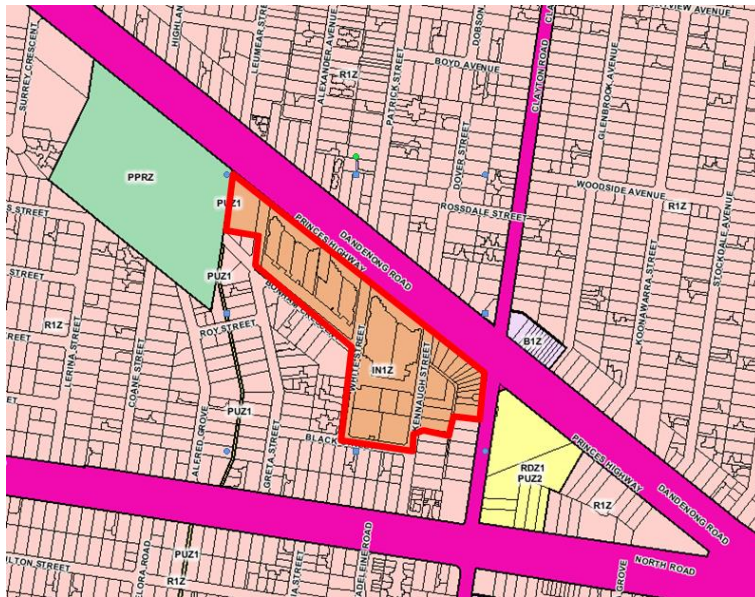
The precinct also includes smaller properties fronting Clayton Road which accommodate industrial services such as automotive services. Also a number of industrial properties behind the HIA Home Ideas Centre also accommodate industrial services such as sign writers and wholesalers.

This precinct therefore performs a number of functions that leverage off its frontage to Princes Highway as well as the opportunities to service residents and businesses within the wider area. Given that these locational attributes will continue to exist well into the future, the on-going role of this precinct as a showroom / light industrial precinct will continue to be supported.

In terms of the precinct supporting more intensive employment uses, its proximity to Monash University and the Monash Technology Precinct, combined with its high exposure to Princes Highway may provide some support for office uses. However this would be limited to small office suite developments above showrooms given the level of competition from higher profile office precincts.



Figure 57: Precinct P21 Location Map



- **Vision and Strategic Direction**

The vision for this precinct is that it will continue to perform its role as showroom / light industrial precinct. The incorporation of office uses above showrooms will assist in diversifying the business mix and employment opportunities offered by the precinct while also leveraging off the precincts high exposure to the Princes Highway. Office uses should complement rather than undermine the role of this precinct as a showroom precinct.

- **Recommended Zoning**

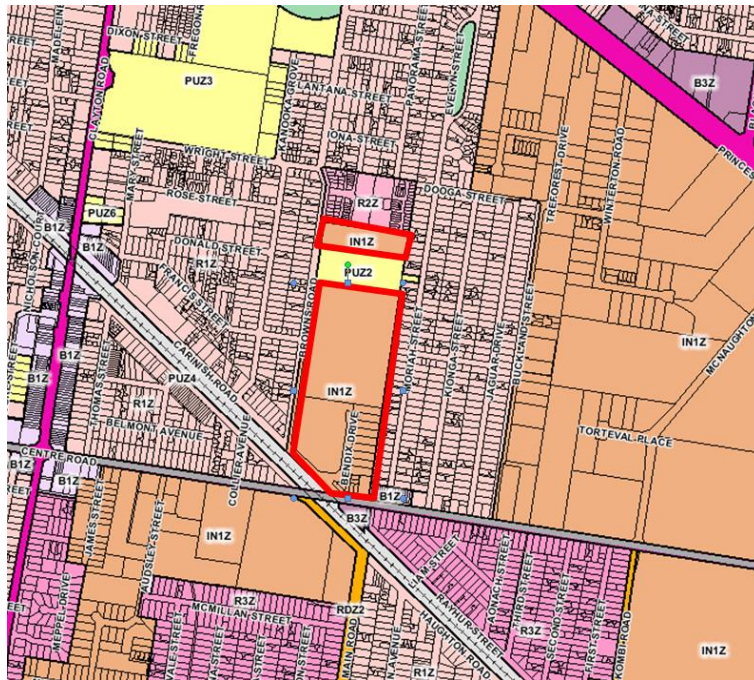
It is recommended that the existing Industrial 1 zoning be retained. While a Commercial 2 zoning would provide greater flexibility for offices, an Industrial 1 zoning still allows offices subject to a permit.



**12.21 Precinct P22 (PMP Site)**

The PMP Printing site with a total area of 8.2 ha accounts for the majority of this precinct. To the north of the PMP site, and separated from it by the former Clayton Primary School, is an industrial zoned site of 1.5 ha currently used by Monash Medical Centre as a staff car park. The remaining properties within the precinct are located along the eastern side of Bendix Drive and along Centre Road with approximately 17 properties totalling 1.5 ha.

**Figure 58: Precinct P22 Location Map**



*Bendix Drive industrial properties*



*PMP facility*



*Monash Medical Centre car park*

This precinct is located on the City of Monash’s southern boundary with the City of Kingston and in broad terms may be seen as forming part of one of the three discrete industrial precincts within the immediate area. While located in relatively close proximity, each of these precincts is very different in terms of the nature of industrial activity and opportunities for more intensive industrial development in the future.

The three industrial precincts are:

- Clayton Industrial Area (Precinct 23);
- Clayton South Industrial Area (City of Kingston); and
- The subject precinct (P22) together with the Centre Road Industrial Area immediately to the south within the City of Kingston.

While this precinct may be seen as being connected to the Centre Road Industrial Precinct, the railway line represents a physical barrier between the two as do residential land uses immediately to the west of this precinct. Residential uses also isolate this precinct from the Clayton industrial area to the east.

There are two factors that may potentially see relocation reduction in the number of larger industrial users in these precincts being:

- the completion of the Dingley Bypass; and
- the continued operation of the PMP facility.

When completed, the Dingley Bypass will provide a connection between Westall Road and the Dandenong South Industrial Area. Together with the availability of significant stocks of greenfield industrial zoned land within that area, this is expected to attract larger industrial land users that may have previously located in these three precincts.

The PMP site is currently for sale subject to a lease-back arrangement with the proceeds to be used by PMP to restructure its operations and reduce debt levels. Previously in 2002, PMP also restructured its operations in order to reduce debt levels following an internal strategic review resulting in the closure of its Moorabbin plant and an expansion of the Clayton plant. While it is not possible to predict the outcome of PMP's current restructuring it would be prudent for this strategy to assume that one scenario may be that the Clayton plant may cease operating at some time in the future.

Should larger sites become available for redevelopment there will be the opportunity for more intensive industrial development to occur similar to that which has taken place within the Monash Technology Precinct.

Within the context of this anticipated intensification of industrial activity across these three precincts there is a need to consider:

- The total supply of land suitable for redevelopment relative to that which may be required by industry.
  - The relative suitability of precincts and individual sites for accommodating more intensive industrial development including office uses.
  - The likely timeframe over which redevelopment may occur and the potential for urban blight as a result of larger industrial sites either remaining vacant or alternatively being redeveloped over an extended period of time based upon the rate of market absorption.
- **Industrial Land Supply**

The combined area of industrial zoned sites across the three identified precincts is 294 ha, excluding the Clayton land fill areas. By comparison the total area of Business 3 zoned land within the City of Monash in 2010 was 436 ha.

The redevelopment of Monash's Business 3 zoned areas has been occurring progressively for the past 30 years with a significant number of larger sites remaining which may be potentially redeveloped in the future. Given that the industrial areas of Clayton and Clayton South are secondary locations behind the Monash Technology Precinct, any redevelopment of sites for more intensive industrial uses would be expected to be slower.



It would therefore be reasonable to conclude that the total supply of industrial land for more intensive development within these three precincts would be sufficient to meet demand for at least 30 years. This being the case there is a need to consider those sites which are less suitable for industrial uses and therefore unlikely to be redeveloped in the foreseeable future, but which may offer more immediate redevelopment opportunities to achieve non-industrial land-use outcomes.

- **Development Opportunities**

This precinct has significant interfaces with residential uses that may limit the opportunities for the two larger sites to be redeveloped in the future. Unlike many other industrial precincts it is not located on a main road, nor does it offer its own internal road network. The overall size of the site however may enable an internal road network to be created to minimise the impact of traffic movements upon the surrounding residential area.

It offers access to Westall Road approximately 1.3 km to the east and importantly is located east of the railway line which interrupts traffic movements along Centre Road for businesses located to the west. However, both the Clayton and Clayton South Industrial Areas both offer more convenient access to Westall Road.

The smaller industrial properties in Bendix Drive would be expected to continue to attract demand from a range of business reflecting the appropriateness of their size as well as the functional condition of properties and the generally high amenity of the street. There would not be expected to be any pressure for the redevelopment of these properties for non-industrial uses, although there may be the opportunity for properties to be more intensively developed for office / warehouses.

Any redevelopment of the PMP site (8.2 ha) for more intensive industrial uses would need to occur over a long timeframe given the size of the site relative to the underlying level of demand. The size and specialist nature of the industrial buildings upon the site also mean that should PMP cease operations it is likely that the majority of the site will be vacant for many years. This would impact upon the amenity of the surrounding residential areas which in turn may have a negative impact upon investment in the maintenance and redevelopment of dwellings.

By comparison, the Clayton and Clayton South Industrial Areas offer much smaller sites which may be redeveloped within a manageable timeframe and hence will be more commercially viable to undertake. This would also promote investment in the redevelopment of other industrial properties in these two precincts resulting in their revitalisation as industrial locations.

This precinct is notably smaller (11 ha) than either the Clayton Industrial Area (88 ha) or the Clayton South Industrial Area (173 ha). As a result, the potential stimulus for the on-going redevelopment of other sites is somewhat less. By comparison, these larger precincts offer the opportunity for any initial redevelopment to benefit a larger number of other sites which may also be redeveloped for more intensive employment uses.

The potential for the PMP and Monash car park sites to be redeveloped for residential uses is particularly strong given the proximity to the Monash Medical Centre, Clayton Activity Centre and railway station. One indication of the potential for this to occur is the '*The Village*' developed by Austcorp on a 7 ha site adjacent to the Westall railway station.

The PMP site and the Monash Medical Centre staff car park to the north offer the opportunity for medium density housing to be developed with a mix of townhouses and lower scale apartments within a master planned setting. This represents a unique opportunity given the scale of development that may be achieved within relatively close proximity to a major employment node (Monash Medical Centre), an activity centre and rail services.



Plan: Tract

#### ▪ Vision and Strategic Direction

Bendix Drive is expected to continue to perform its role as a location for smaller industrial activities with the potential for the redevelopment of some sites for more intensive office / warehouses over time.

Should PMP cease operating its Clayton plant at some stage in the future it is envisaged that the site should be redeveloped for residential uses given the likelihood that any redevelopment of the site for intensive industrial uses will be prolonged and result in a blighting of the surrounding area. This will be reinforced by the availability of better located, and more appropriately sized, development sites with the Clayton and Clayton South Industrial Areas. Directing industrial activity to these areas will also assist in supporting investment in the redevelopment of sites for more intensive industrial uses.

The development of a master planned residential precinct offers the opportunity to provide new housing opportunities in close proximity to the Clayton activity centre, railway station and Monash Medical Centre. It also offers a potential catalyst for urban renewal across the surrounding residential area through the redevelopment of older detached dwellings for more contemporary medium density housing

#### ▪ Recommended Zoning

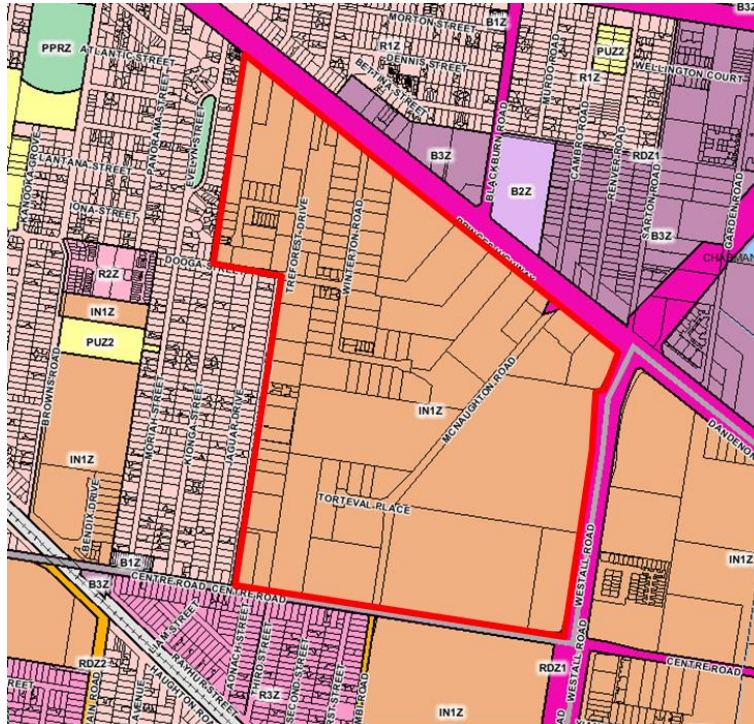
It is recommended that the PMP site and the Monash Medical Centre car park site be rezoned to an appropriate residential zone. This should be subject to an environmental audit being undertaken to determine the extent of any contamination and any impact upon the commercial viability and likelihood of residential development occurring.

Bendix Drive which accounts for the balance of the precinct should retain its Industrial 1 zoning.

## 12.22 Precinct P23 (Clayton Industrial Precinct)

Representing Monash's largest consolidated industrial precinct outside of the Monash Technology Precinct this precinct accounts for a total of 88 ha of industrial 1 zoned land. The precinct interfaces with the Monash Technology Precinct to the north as well as industrial zoned areas within the City of Greater Dandenong to the east and City of Kingston to the south.

**Figure 59: Precinct P23 Location Map**



It is well situated with frontages to the Princes Highway, Westall Road and Centre Road which supports accessibility while also limiting the precinct's direct interface with residential areas.

It also offers an extensive (1.2 km) frontage to the Princes Highway with a number of relatively new corporate / research facilities including the Dulux head office and research facility and Gribbles Veterinary Pathology head office and laboratory.

McNaughton Road divides the precinct between the large scale industrial operations of Dulux, PPG, Ceva and Bosch to the east (together occupying a total of 29 ha) and a more diverse mix of businesses and lot sizes to the west.

*Dulux**Gribbles*

Within the western portion of the precinct larger sites typically front McNaughton Road and the Princes Highway including those occupied by Unidrive (6.5 ha), Campbells Cash and Carry (1.5 ha), and KD Trading / Frontier Industries (2.7 ha). Smaller sites of generally up to 5,000 sqm are located along the precinct's western boundary.

There has been a notable number of sites redeveloped since 2005 (refer figure below) resulting in the Wareca Showrooms and office/warehouses (rear of site) at 1866 Princes Highway through to medium sized office / warehouses in Torteval Place and Winterton Road. While the Wareca development has experienced a slow take up of showroom space due to the downturn in the bulky goods sector and strong competition from other centres, office / warehouses have attracted high quality businesses.

The businesses locating in these new industrial facilities include:

- **Winterton Road:** Electrolux, Integra Neurosciences, Besam Australia (Assa Abloy);
- **Torteval Place:** Axent Global (electronic engineering), Access Paper (printing suppliers), Transcrete (building supplies), Markitforce (point of sale & product fulfilment); and
- **Wareca:** ArjoHuntleigh (medical suppliers), Cooltek (air conditioner supplier), Inter-Chillers (refrigeration engineers), Secure Innovations Group (security systems), Stockwood Building Group (residential builders), Vendzone (vending machine suppliers)

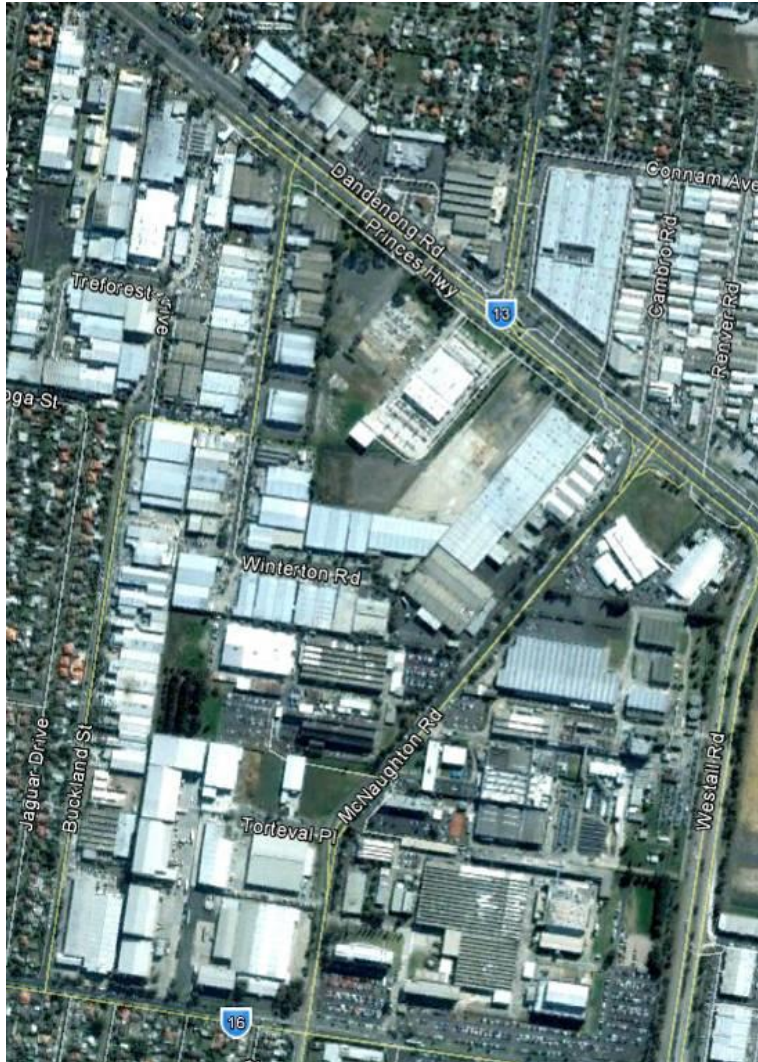
This mix of businesses is similar to those locating within the Monash Technology Precinct which demonstrates that this precinct is in many ways an extension of the MTP. This is not surprising given that it also offers many of the same attributes as the MTP including:

- a high profile precinct fronting Princes Highway;
- long established presence of major national companies; and
- proximity to Monash University, Monash Medical Centre and the CSIRO.



Figure 60: Redeveloped Sites 2005-2010

2005



2010







Winterton Road



Torteval Place



Wareca (Office / Warehouses)





These new industrial developments and their success in attracting higher value adding businesses demonstrates the opportunities for the continued redevelopment of sites for more intensive industrial uses in the future. It also highlights the capacity for the precinct to evolve in response to the changing nature of demand for industrial floorspace within the area.

Larger sites fronting both sides of McNaughton Road represent potential redevelopment opportunities for small and medium sized office / warehouses. The improvement in the amenity that may accompany such development may also create the opportunity for office suites to be incorporated into any new development. This will be further supported by the opportunity to gain exposure to Westall Road.

Another key development opportunity will be those sites fronting Princes Highway which due to their high exposure may appeal to larger corporations requiring both a high profile location and an element of storage space. The potential for dedicated corporate style offices may however be limited by the current lack of rail services and supporting amenities such as retailing, cafes and take away food outlets. There may however be the opportunity for office suites for small and medium sized businesses.

- **Vision and Strategic Direction**

The vision for this precinct is for the continued redevelopment of larger sites for more intensive industrial facilities as sites become available for redevelopment. This will further integrate the precinct with the Monash Technology Precinct as higher value adding industrial businesses are attracted to the precinct.

- **Recommended Zoning**

It is recommended that the existing Industrial 1 zoning be retained for this precinct.

### 12.23 Precinct P24: Princes Highway and Blackburn Road

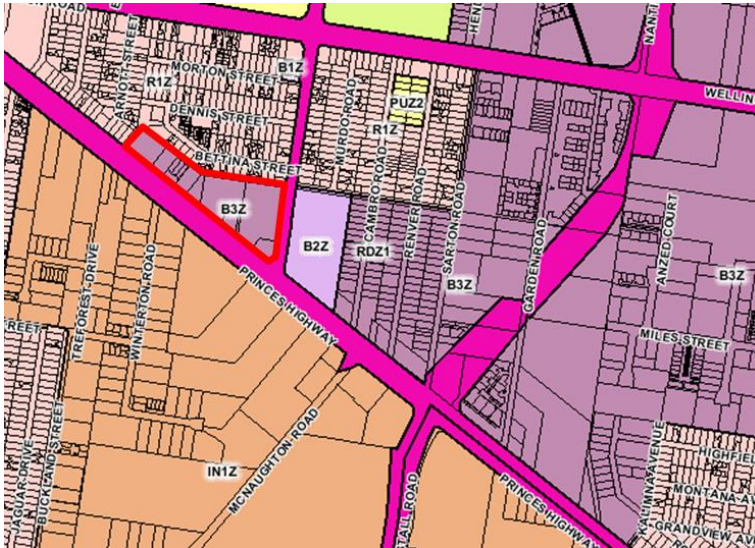
This precinct is located just outside of the Monash Technology Precinct being separated from it by a Business 2 zoned site on the eastern side of Blackburn Road. It comprises a wide mix of destination style activities with no obvious synergies between them including:

- Fowles Auctions;
- Godfreys;
- Monash Hotel;
- Sortino Furniture; and
- BGC Plasterboard Trade Centre





**Figure 61: Precinct P24 Location Map**



The precinct is strategically significant given its gateway location fronting the Princes Highway, as well as its proximity to Monash University and the connection that Blackburn Road provides between the two.

The Monash Homemaker Centre on the opposite side of Blackburn Road has been mooted for redevelopment for a number of years and it is understood that the most recent proposal is for a wide mix of uses including a full-line supermarket, discount department store, bulky goods retailing, commercial offices, residential apartments and hotel / serviced apartments. Should this proposal proceed it may potentially act as a catalyst for more intensive development within the subject precinct.

The precinct offers a number of potential development sites, the most significant being the Fowles site (1.4 ha) which offers frontages to both the Princes Highway and Blackburn Road. Consolidating this site and the smaller Godfreys' site (2,190 sqm) on the corner of these two roads would further enhance development opportunities. The Sortino Furniture site (5,116 sqm) is also a significant development opportunity given its site and potential to support a gateway development.

While the Monash Hotel site (1.3 ha) is unlikely to be redeveloped for an alternative use, there may be the potential for it to be refurbished in the future. This may also provide a catalyst for further redevelopment within the precinct.

- **Development Opportunities**

The potential for this precinct to link the exposure of the Princes Highway with the profile of Monash University may offer a number of development opportunities. Ideally, these will leverage off the University's profile as well as that of the corporate precinct (albeit still in its infancy) along the southern side of Princes Highway with corporations including Dulux and Gribbles.

Office development would benefit from the precinct's location although the scale of development would most likely be limited to office suites. Attracting a corporate office user would be dependent upon also requiring some warehousing space as is the case for Dulux and Gribbles. This is largely due to corporate office users increasingly needing to be located near rail services together with the level of competition from higher profile business parks within the Monash Technology Precinct that are also located closer to the Monash Freeway.

Office / warehouses similar to that developed at the rear of the Wareca project would be expected to be well supported while still offering the opportunity for a small office component to be incorporated. As a guide, the Fowles is approximately the same size as the land area occupied by the Wareca office /warehouses.

The forms of development discussed above however do not reflect the precinct's proximity to Monash University over and above other industrial precincts. In the absence of office development, residential apartments and serviced apartments that cater for students and visitors are likely to represent the most likely opportunities for this to occur.

Permitting residential uses within this precinct would not be expected to undermine the role of either the Monash Technology Precinct or the industrial precinct to the south given the physical separation from these. In addition the loss of employment opportunities would be expected to be relatively minor given the employment intensity of businesses currently located in the precinct and the limited opportunities for large scale office development.

Promoting residential development within this precinct would be consistent with the Monash Housing Strategy which aims to encourage the provision of high quality student accommodation in proximity to education facilities such as Monash University. The precinct also offers the opportunity to provide housing opportunities for workers from the Monash Medical Centre which is approximately the same distance away.

- **Vision and Strategic Direction**

It is envisaged that this precinct will connect the industrial activities located along the Princes Highway corridor to Monash University via Blackburn Road. The key to achieving this will be encouraging uses that complement both of these while also establishing a higher profile for the precinct.

A mix of residential, accommodation and commercial office activities will be complemented by recreational opportunities offered by the Monash Hotel to establish a mixed use precinct. The scale of development should reflect the opportunities for the establishment of a gateway precinct.

- **Recommended Zoning**

Retain the existing Commercial 2 Zone to reflect the aspirations for offices and other commercial development to occur.

### 12.24 Precinct P25: Dandenong Road Peripheral Sales Precinct

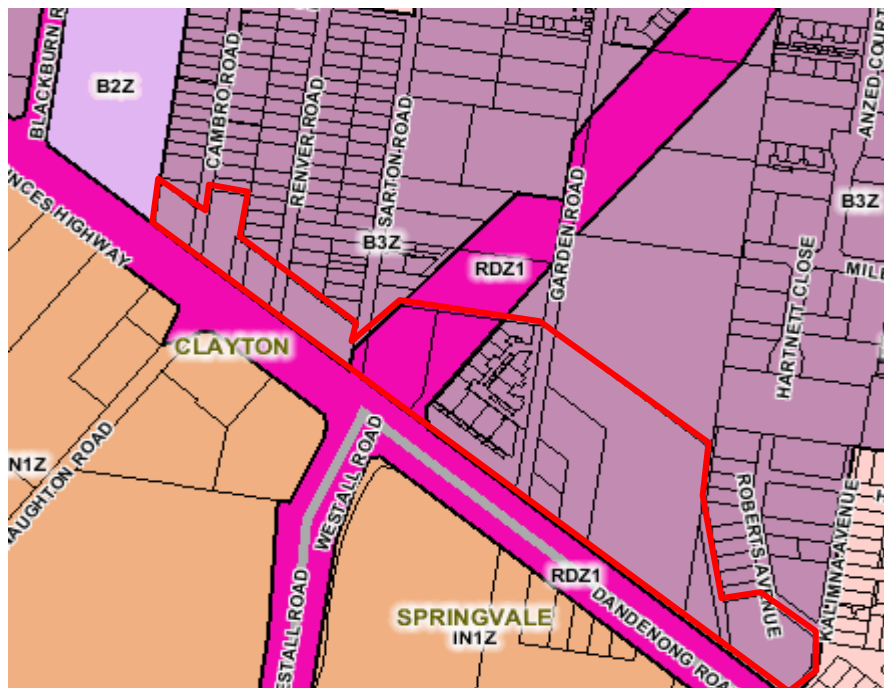
This precinct is relates to those properties fronting Dandenong Road east of the Monash Homemaker Centre to Kalimna Avenue being a distance of approximately 1 km. The precinct is currently zoned Business 3 which provides the flexibility for office uses and is consistent with the Monash Technology Precinct which abuts this precinct to the north.

The mix of businesses within the precinct include a number of building equipment hire services (Kennards, Aussie Hire), Reece Plumbing, AAA Aluminium Trade Centre, shipping container supplier (Royal Wolf), Storage King (self storage). Over recent years a small number of retailers have also established in the precinct including Super AMart in an existing industrial building, and Sky Music (musical instruments), Carpet Court and The Baby Gallery in newer showroom development.

While the new Springvale Homemaker Centre would normally have been expected to create some impetus for new showroom development within this precinct, to date this has not occurred. With the exception of Ikea, the homemaker centre is largely underperforming and has generated little flow on benefit to the immediate area.



Figure 62: Precinct P25 Location Map





- **Development Opportunities**

Given the likely state of the bulky goods retailing sector over the foreseeable future it is unlikely that the precinct would attract a sufficient number of retailers to support new showroom developments. The experience of the Wareca development to the west has highlighted the difficult market conditions.

While rezoning the precinct to Business 4 may provide encouragement for peripheral sales activities as a planning permit would no longer be required, it would constrain the development of offices. Under a Business 4 zoning, office uses require a permit and are restricted to 500 sqm. Conversely, while the existing Business 3 zoning requires a permit for restricted retailing, offices are 'as of right'

Over time this precinct may potentially be incorporated into the Monash Technology Precinct through higher quality office / warehouse and dedicated office development similar to that which has occurred on the southern side of Dandenong Road. In order for this to be achieved the existing Business 3 zoning would need to be retained.

- **Vision and Strategic Direction**

It is envisaged that over the medium to longer term sites within this precinct may be redeveloped for more intensive and higher quality industrial premises. In doing so it will complement the existing corporate style industrial development along the southern side of Dandenong Road as well as allow it to be integrated into the Monash Technology Precinct.

- **Recommended Zoning**

Retain the existing Commercial 2 Zone to reflect the aspirations for offices and other commercial development to occur.

### **12.25 Precinct P26: Corner Wellington Road and Jacksons Road Mulgrave**

This precinct comprises two sites which together total 5.3 ha and are occupied by:

- The Adidem Group head office which is best known as the parent company for The Body Shop but also operates a number of other businesses; and
- OfficeMax Corporate Head Office and distribution centre.

It is well located on Monash's eastern boundary midway between the Monash Freeway and EastLink which provide immediate access across Melbourne's south-eastern and outer eastern regions. The strength of the location for such activities is demonstrated by the role of Rowville and Scoresby, located a few kilometres to the east, as locations for large corporate style distribution centres. Therefore it is not surprising that the Adidem Group and OfficeMax have chosen to locate in the precinct despite it being relatively isolated from these larger industrial precincts.

Figure 63: Precinct P26 Location Map



- **Development Opportunities**

While the OfficeMax site is fully developed, the Adidem site offers the opportunity for further development with the existing office and warehousing facility occupying only a portion of the site. A significant portion of the site however is accounted for by 'at grade' car parking which may limit the amount of potential surplus land.

The opportunity for more intensive development however is likely to be limited by the elevation of the site which limits exposure to either Wellington Road or Jacksons Road and to some extent accessibility to the site. This will limit the opportunities for dedicated office uses which would prefer a more prominent main road frontage while the sloping nature of the site may also limit the ability to develop parts of the site for industrial uses.

The most obvious development opportunity for the precinct would be for residential development which would most likely be in the form of townhouses. However while the existing buildings remain functional there is little justification for considering a change of land use.

- **Vision and Strategic Direction**

It is expected that this precinct will continue to perform its role as a corporate head office and distribution centre location into the foreseeable future. There is no strategic justification for considering a change of land use at this stage.

- **Recommended Zoning**

It is recommended that this precinct be rezoned to Industrial 1 which under the reformed zones provides the flexibility for office uses.



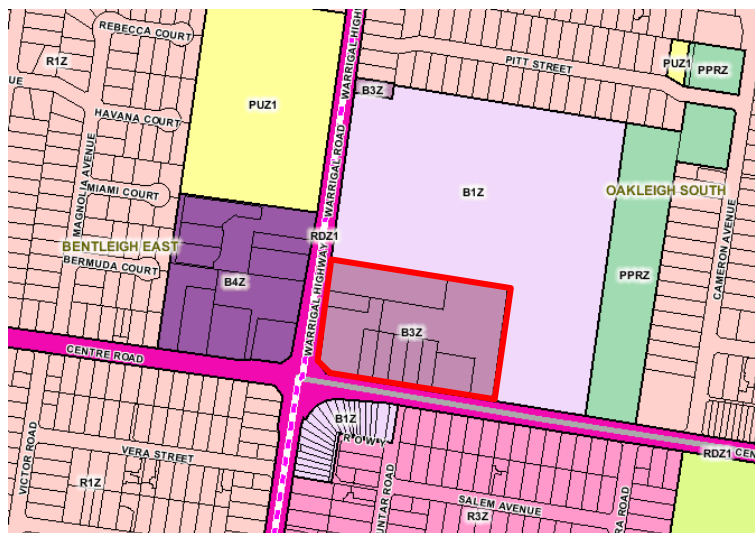
**12.26 Precinct P27: Warrigal Road and Centre Road, Oakleigh South**

This precinct encompasses the Ventura bus depot site (2 ha) on the corner of Warrigal Road and Centre Road which offers significant exposure to passing traffic as well as accessibility from across the surrounding region.

In addition to being located on the corner of two major arterial roads, it is also immediately adjacent to ‘The Links’ shopping centres which has been recently developed and comprises a Woolworths’ supermarket with associated speciality retailers together with a Masters hardware store. To the south of the precinct is additional retailing in the form of a relatively large musical instruments retailer and a range of smaller retail premises.

The development of ‘The Links’ shopping centre has resulted from the roll-out of the Masters hardware chain by Woolworths which intentionally targeted sites close to existing Bunnings stores. The inclusion of a new full-line supermarket coincided with the closure of an older format Safeway supermarket on the corner of Warrigal and North Roads approximately 1.5 km to the north. Hence the increase in retail activity within the surrounding area represents a redirection of spending from other centres.

**Figure 64: Precinct P27 Location Map**



- **Development Opportunities**

The development of 'The Links' shopping centre is not expected to significantly change the nature of development opportunities within this precinct given that it already benefits from its exposure to Warrigal and Centre roads. In addition, the potential for further retail development that leverages off 'The Links' will be limited by a number of factors including:

- Non-residential land uses within the surrounding area including a number of golf courses and large industrial estates which limit the number of households available to support retailers.
- The separation of the precinct from retailers within 'The Links' by a large car park.

The opportunity for complementary retailing uses such as showrooms will be limited by not only the soft outlook for bulky goods retailing but also strong competition from established showroom precincts located along the Nepean Highway and well as the Moorabbin Super Centre further to the south. Similarly, the opportunities for larger scale office development will be limited by competition from better located office precincts such as Moorabbin and Cheltenham.

However there are also a number of factors that may potentially support a second supermarket in addition to the existing Woolworths supermarket in 'The Links' including:

- The nearest Coles or Aldi supermarkets being located in the Oakleigh Activity Centre (Coles, 2.8 km north), Bentleigh Activity Centre (Coles/Aldi, 3.9 km west) and at Moorabbin Airport (Aldi, 5 km south) which is generally further than the distance between supermarkets across metropolitan Melbourne.
- The population of the area bounded by North, South, East Boundary and Huntingdale Roads being the expected primary trade area for either a second full-line supermarket or Aldi supermarket. The population of this area in 2011 was 25,070 which would be sufficient to support a second supermarket, based upon average provision rates for full-line supermarkets across metropolitan Melbourne and assuming that any escape expenditure is balanced by residents from outside the area.

The opportunity for an additional full-line supermarket, and potentially an Aldi supermarket, should however be assessed in more detail as part of an activities centres strategy for the City of Monash.

- **Vision and Strategic Direction**

While dependent upon more detailed investigations, the vision for this precinct is for an additional supermarket based centre to service local households and passing trade, thereby providing the opportunity for a linkage between retail activities to the north and south.

- **Recommended Zoning**

It is recommended that this precinct be rezoned to Commercial 1 subject to a detailed assessment of the capacity for an additional supermarket based centre to be supported..

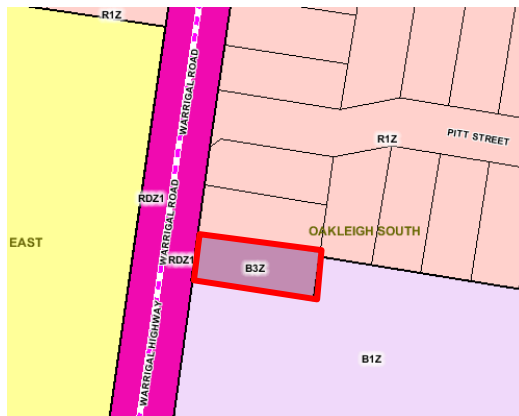
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### 12.27 Precinct P28: 346 Warrigal Road Oakleigh South

This precinct is accounted for by a site of 605 sqm immediately adjacent to 'The Links' shopping centre.

The modern premises on the site, currently occupied by a gym, will continue to offer accommodation for a range of uses, and it is not expected that there will be any pressure for the site to be redeveloped in the foreseeable future.

Figure 65: Precinct P28 Location Map



- **Development Opportunities**

The existing improvements are considered to represent the highest and best use for this site and therefore no opportunities currently exist for redeveloping this site.

- **Vision and Strategic Direction**

This precinct will perform an ancillary role to the adjacent retail centre through either the continued operation of the existing gym or alternatively some other non-retail commercial use.

- **Recommended Zoning**

It is recommended that the existing Business 3 zoning be replaced by a Commercial 2 zone to facilitate a mix of business and commercial activities.

## 13. APPENDIX A: SUPPORTING INFORMATION

### 13.1 Precincts P01 and P02

**Hallmarc Business Park: 21**  
Huntingdale Road, Burwood

Comprises 12 office/warehouse units completed and subdivided in 1998. Total lettable area of 5,800 sqm includes an Australia Post distribution centre of 1,050 sqm.



Unit	Occupant	Industry / Activity	Website	Floorarea (sqm)
1	Framecad Solutions Australia	Construction	framecad.com	969
2	The Fibrecare Australia Group	Domestic cleaning		
3	RCPA Quality Assurance Programs	Scientific testing	anatomical.rcpaqap.com.au	354
4	Graphic Packaging International Australia	Packaging solutions (sales office)	graphicpkg.com	354
5	Daronmont Technologies	Technology systems	daronmont.com.au	354
6	Measurement Plus	Instrument distribution	measurement-plus.com.au	354
7	S & W Kitchens & Bathrooms	Cabinet makers	swkitchens.com.au	354
8	Interactive Whiteboards Australia	Electronic whiteboard suppliers	auspres.com.au	354
9	PWC			354
10	Zip/Birko			578
11	DMC Group Aust	Creative services, marketing, logistics	dmcg.com.au	969
12	Australia Post	Distribution centre		1,050

**Adamco Business Park:**  
Cnr. Highbury Road and Huntingdale Road.

Comprises 11 office / warehouses developed circa 1990.



Unit	Occupant	Description	Website
1	Futuretronics	Electronic games wholesaler	Futuretronics.com.au
2	Cardno Lane Piper	Engineers and Scientists	lanepiper.com.au/
3	Videocraft	Sales and rental of broadcast and production equipment	videocraft.com.au
4	Perma	Industrial lubrication solutions	perma.com.au
5	Upstream (Fuji Xerox)	Print solutions	upstream.com.au
6	n/a		
7/8	Graphix Labels and Packaging	Digital Printing	graphixlabels.com.au
9	Reece	Plumbing supplies	
10	Adventist Church	Community use	

**Burwood Business Park**

125-127 Highbury Road Burwood.

Developed in 2007 upon the former Craftsman Press site (2 ha. site) on the northern side of Highbury Road.

Comprises 51 office/warehouse units typically offering 300-400 sqm of combined office and warehousing space, together with associated car parking and landscaping.



## **4.2 AMENDMENT C122 TO THE MONASH PLANNING SCHEME IMPLEMENTING THE MONASH INDUSTRIAL LAND USE STRATEGY BY REZONING FIVE INDUSTRIAL PRECINCTS AND UPDATING PLANNING PROVISIONS**

(MM: File No. TP417)

Responsible Director: Peter Panagakos

### **RECOMMENDATION**

That Council resolves to:

1. Split Amendment C122 into three parts:
  - a. Part 1 – Rezone Precinct 3 from Industrial 1 Zone to General Residential Zone Schedule 2 and rezone Precinct 4 from Industrial 1 Zone to Mixed Use Zone;
  - b. Part 2 – Rezone Precinct 11 and Precinct 13 from Industrial 1 to Mixed Use Zone; and
  - c. Part 3 – Rezone Precinct 26 from Commercial 2 Zone to Industrial 1 Zone.
2. Adopt Amendment C122 (Part 1) and submit the Amendment to the Minister for Planning for approval.
3. Request the Minister for Planning appoint a Panel to consider the submissions and Amendment C122 (Part 2) to the Monash Planning Scheme.
4. Refer all submissions received to Amendment C122 (Part 2) to the Panel appointed by the Minister for Planning.
5. Abandon Amendment C122 (Part 3).
6. Notify all submitters to the Amendment of Council's decision in this Amendment.

### **INTRODUCTION**

The purpose of this report is to consider the results of the formal public exhibition of Amendment C113, to determine a response to submissions on the Amendment and whether or not to proceed with all or parts of the Amendment.

In response to submissions it is recommended to split the amendment into three parts, adopting Part 1 (Precincts 3 & 4), referring Part 2 (Precincts 11 & 13) to an independent Panel and abandoning Part 3 (Precinct 26).

### **BACKGROUND**

At its meeting on 29 July 2014, Council resolved to adopt the *Monash Industrial Land Use Strategy 2014* (with an addendum to re-examine one of the precincts that



abutted land in neighbouring Kingston which had recently been rezoned). It also resolved to request the Minister for Planning authorise the preparation and exhibition of an amendment to rezone areas designated as Precincts 3, 4, 11, 13 and 26 in the Monash Industrial Land Use Strategy.

Exhibition of Amendment C122 commenced on 10 October 2014 and concluded on 21 November 2014.

### **PROPOSAL**

The amendment proposes to make changes to zones and overlays affecting the following five precincts:

#### **Precinct 3 - 11-19 Stewart Street, Mount Waverley**

- Rezone the land from Industrial 1 Zone to General Residential Zone Schedule 2.
- Delete the Design and Development Overlay Schedule 1 (Clause 43.02) from the land.
- Introduce the Environmental Audit Overlay over the land.

#### **Precinct 4 - 1-5/615 Warriqal Road, Ashwood**

- Rezone the land from Industrial 1 Zone to a Mixed Use Zone.
- Delete the Design and Development Overlay Schedule 1 (Clause 43.02) from the land.
- Introduce the Environmental Audit Overlay over the land.

#### **Precinct 11 - 1354- 1360 Dandenong Road, and 620 Neerim Road, Hughesdale**

- Rezone the land from Industrial 1 Zone to a Mixed Use Zone.
- Delete the Design and Development Overlay Schedule 1 (Clause 43.02) from the land.
- Introduce the Environmental Audit Overlay over the land.

#### **Precinct 13 - 190-192 Atherton Road, Oakleigh and 4 Henry Street, Oakleigh**

- Rezone the land from Industrial 1 Zone to a Mixed Use Zone.
- Delete the Design and Development Overlay Schedule 1 (Clause 43.02) from the land.
- Introduce the Environmental Audit Overlay over the land.

#### **Precinct 26 - 1 Jacksons Road, Mulgrave and 634-638 Wellington Road, Mulgrave**

- Rezone the land from Commercial 2 Zone to Industrial 1 Zone.

In addition, the amendment proposes to make changes to the following existing provisions within the Monash Planning Scheme:

- Amend Clause 22.08 (Outdoor advertising policy) to strengthen the performance criteria for 'promotion sign'.
- Amend the schedule to Clause 32.04 (Mixed Use Zone) to modify the front setback provision to align with Clause 54 and Clause 55 requirements.

- Amend Schedule 1 to Clause 43.02 (Design and Development Overlay) to remove the 7m building height requirement; and to require landscaping within the 3m setback to the Monash Freeway and the reservation extension of Westall Road (between Princes Highway and the Monash Freeway).

## **RESULTS OF EXHIBITION**

### **Consultation Overview**

Public exhibition was undertaken from 10 October 2014 until 21 November 2014.

The consultation included:

- A letter and Notice of Amendment to all owners, occupiers of the subject sites and abutting properties, government agencies, neighbouring Councils and organisations who may be materially affected by the Amendment.
- Notice of Amendment in the Oakleigh Monash Leader on 14 October 2014.
- Notice of Amendment in the Government Gazette on 16 October 2014.
- Notification, including copies of Amendment Documents to the Statutory Ministers.
- Full copies of the Amendment Documentation available at the Glen Waverley Civic Centre and the Oakleigh Service Centre.
- Full Amendment Documentation available for downloading from Council's website.

### **Feedback Received**

A total of 7 submissions have been received.

Three submissions were from public authorities and a neighbouring Council, acknowledging the amendment. The submitters advise that they have no objections to the amendment.

Two submissions were from natural gas network distributors who raised concerns with the proposed rezoning of two of precincts (Precincts 11 and 13), as major gas mains exist in the road reserve adjacent to these Precincts.

Two submissions were received representing the land owners of Precinct 26 (the land on the corner of Jacksons and Wellington Roads).

The main issues raised in the submissions are set out in this report, followed by officer's comments.

No submissions were received on Precincts 3 and 4.

A detailed summary of the submissions and the issues identified are attached [Attachment 1].

## **Implications of Major Gas Pipes on Rezoning and development**

### **Issues**

Both MultiNet Gas and the APA Group advise that the proposed properties within Precinct 11 (1354-1360 Dandenong Road and 620 Neerim Road) and Precinct 13 (190-192 Atherton Road and 4 Henry Street, Oakleigh) are impacted by the proximity of two major gas pipes in the road reserve. Each company is responsible for one of the pipelines. The pipelines generally run along the frontages of the sites, close to Dandenong Road.

These sites are currently in the Industrial 1 Zone where sensitive uses such as residential are prohibited. Rezoning to Mixed Use Zone would allow sensitive land uses to operate on these properties.

Under Clause 19.03 (Pipeline infrastructure) of the Monash Planning Scheme, there is a need to:

ensure that gas, oil and other substances are safely delivered to users and to and from port terminals at minimal risk to people, other critical infrastructure and the environment,

by:

Recognis(ing) existing transmission-pressure gas pipelines in planning schemes and protect from further encroachment by residential development or other sensitive land uses, unless suitable additional protection of pipelines is provided.

Based on safety guidance set out in the relevant Australian Standard, the recommended safety distance between the pipelines any sensitive use is 450 metres. This would encompass both precincts proposed to be rezoned, as well as all existing residential properties along the pipeline route.

The companies have advised that further discussions are required in order to determine the need for safety assessments (such as a Safety Management Study) to be undertaken. The companies advised that sensitive uses, such as medical centres, place of worship, aged care or educational facilities and high density residential areas should be separated by 450m. These are uses that would be envisaged under the proposed rezoning. A range of guidelines for construction and ongoing management of these properties are set out in the submission.

### **Officer comments**

It is noted that most of the land fronting Dandenong Road either side of Precincts 11 and 13 is in the General Residential Zone, and is developed with housing and other

residential properties. There are currently no requirements in the planning scheme, except at the subdivision stage, to gain input from gas transmission or distribution companies about the implications to safety, including the potential damage to the gas pipelines, including using the sites for the sensitive uses listed above.

The sites in question are well suited for residential or similar uses. Their locations are also consistent with Plan Melbourne. The submissions from the gas companies are not mandatory requirements but strong recommendation based on Australian Standards. These are recommendations that the companies are seeking to see applied to a range of locations across metropolitan Melbourne. In addition, a similar issue arose in panel hearings considering rezoning in Geelong, and advice was provided that an interdepartmental state government committee was considering a consistent approach to this matter. An update on the status of this interdepartmental committee is being pursued by Council officers, to determine whether a clear state wide direction is now available.

The land is deemed suitable for inclusion in a zone that will facilitate its redevelopment. It is therefore recommended that the matter is referred to an Independent Panel appointed by the Minister for Planning, to resolve the issue of well located housing and associated uses while addressing the need to minimise safety risks to human life posed by gas infrastructure.

Ongoing discussions will continue with state government representatives to seek clearer state wide directions will continue in the interim, along with discussions with the companies to determine what is involved in the development and implementation of the safety management strategy. Both aspects can then be presented and discussed with the Independent Panel.

### **Precinct 26 (636 Wellington Road and 1 Jacksons Road, Mulgrave)**

#### **Issues**

Precinct 26 comprises the corporate offices and distribution centres for OfficeMax (636 Wellington Road, Mulgrave) and the Adidem Group best known as The Body Shop (1 Jacksons Road, Mulgrave). A childcare centre known as The Children's Centre at The Body Shop is also accommodated within the precinct along with the weekly Mulgrave Farmers Market.

OfficeMax at 636 Wellington Road Mulgrave have raised concerns with the proposed rezoning of Precinct 26 from Commercial 2 Zone to Industrial 1 Zone, and proposed an alternative zone. OfficeMax submit that the proposed Industrial 1 Zone limits redevelopment opportunities on the site by prohibiting retail and housing uses. Additionally, they are concerned that the proposed Industrial 1 Zone threatens the amenity of the adjoining residential uses generating land use conflicts and the creation of an isolated industrial area. Recognising the existing office and warehousing uses within Precinct 26 and the adjacent residential land, OfficeMax submit that the Mixed Use Zone would be more appropriate.

Frondeil Properties as owners of 1 Jacksons Road have also raised concerns with the potential residential amenity issues associated with proposed rezoning to Industrial 1. They have noted that the use of the site by the Body Shop is likely to cease within the next eighteen months and requested no change to the current Commercial 2 Zone until a decision about the future use of the site is made.

### Officer Comments

The recent State government change of the Business 3 Zone to the Commercial 2 Zone in 2013 allows small scale supermarkets and ancillary shops within Precinct 26 without a planning permit for use. Amendment C122 proposed to rezone this precinct to Industrial 1 in order to reinstate the prohibition on retail uses. The submissions indicate that the site is inappropriate for industrial use and that neither party has an interest in establishing dedicated industrial uses. Given the proximity of surrounding residential uses and the opposing submissions from the land owners it is considered inappropriate to rezone the site to Industrial 1.

It is acknowledged that an Industrial 1 Zone may allow industrial uses that are incompatible with the residential uses that surround Precinct 26. The Industrial 1 Zone is identical to the current Commercial 2 Zone in terms of allowing industry and warehouse uses without a permit. However, the Commercial 2 Zone offers greater third party notification and appeal rights for a change of land use where a permit required. On this basis the Commercial 2 Zone is a more appropriate zoning given the abutting residential context.

Rezoning Precinct 26 to Mixed Use as suggested in the OfficeMax submission provides the opportunity to redevelop the land for medium to high density housing. It may result in an undesirable outcome given the Precinct is not proximate to an activity centre or established urban infrastructure, such as public transport. Additionally, rezoning the land to Mixed Use as part of C122 would constitute a transformation of the amendment. Such a change would require further strategic analysis and notification as part of a fresh amendment process.

Having regard to this analysis of the OfficeMax and Frondeil Properties submissions, it is recommended that the current zoning of Commercial 2 Zone be retained and the proposed rezoning of the site to Industrial 1 (Amendment C122- Part 3) be abandoned.

### **CONCLUSION**

Based on the submissions received and the issues raised it is recommended that Amendment C122 be split into three parts and that each part should proceed as follows:

- Amendment C122 (Part 1)

Precinct 3, 11-19 Stewart Street, Mount Waverley and Precinct 4, 1-5/615 Warrigal Road, Ashwood be adopted and submitted to the Minister for Planning for approval

- Amendment C122 (Part 2)

Precinct 11, 1354- 1360 Dandenong Road, and 620 Neerim Road, Hughesdale and Precinct 13, 190-192 Atherton Road, Oakleigh and 4 Henry Street, Oakleigh be referred to an independent panel to allow further consideration of the two submissions concerning gas pipelines and sensitive uses.

- Amendment C122 (Part 3)

Precinct 26 - 1 Jacksons Road, Mulgrave and 634-638 Wellington Road, Mulgrave be abandoned.



**Summary of Submissions to Amendment C122 to the Monash Planning Scheme**

Submission Number	Summary of submission	Officer comments
1	City of Whitehorse confirmed receipt of the notice of amendment and advised it has no concerns with the proposed amendment.	Noted.
2	Department of Environment and Primary Industries confirmed receipt of notice of the amendment and advised it has no objections to the proposed amendment.	Noted.
3	Melbourne Water confirmed receipt of notice of the amendment. It advised it has no objection to the amendment and does not wish to appear before any subsequent Independent Panel on this matter.	Noted.
4	<p>MultiNet Gas, who are the gas distribution network operator in this area, advised that two precincts are within the radiation zones of high pressure gas pipeline(s), namely:</p> <ul style="list-style-type: none"> <li>• Dandenong Road, Henry Street and Huntingdale Road (Precinct 13 – 190-192 Atherton Road and 4 Henry Street, Oakleigh)</li> <li>• Bletchley and Paddington Roads and Dandenong and Neerim Roads (Precinct 11 – 1354-1360 Dandenong Road and 620 Neerim Road)</li> </ul> <p>AS2886 – Pipeline Gas and Liquid Petroleum – requires that, in the event of a rezoning or landuse to ‘residential, high density, industrial or sensitive development’ a ‘safety assessment is to be undertaken and additional control measures implemented until the risk from the loss of containment involving rupture is as low as reasonably practicable’.</p> <p>There may be the requirement for Multinet Gas to undertake a Safety Management Study, including placing restrictions on future development. Council are requested to acknowledge these requirements and ‘ensure any future developments are socialised with Multinet Gas prior to any commitments’.</p>	<p>Clause 19.03 of the Planning Scheme specifies the need to:</p> <ul style="list-style-type: none"> <li>• Recognise existing transmission-pressure gas pipelines in planning schemes and protect from further encroachment by residential development or other sensitive land uses, unless suitable additional protection of pipelines is provided.</li> <li>• Provide for environmental management during construction and on-going operation of pipeline easements.</li> </ul> <p>Both precincts are proposed to be rezoned to Mixed Use, which allows residential development without a planning permit. Therefore, the provisions of Clause 19.03 and the relevant Australian Standard both apply.</p> <p>It is important that, prior to making a decision on the rezoning of the sites, a better understanding of what encumbrances these pipelines place on the development opportunities of the sites, as well as implications for different land uses.</p> <p>It appears that some of the key issues can be better identified through a meeting with Multi-Net Gas, affected property owners and other relevant</p>

		groups (as identified with the gas companies), through a workshop. It is then recommended that the matter be identified as one in which Council seeks advice from an Independent Panel regarding how best to address this issue in determining the appropriate zone for the precincts and any measures to minimise safety risks to human life.
5	<p>APA GasNet, a subsidiary of the APA Group, owns, manages and operates the gas distribution pipeline assets within the vicinity of Precincts 11 and 13.</p> <p>APA GasNet advised that it must be notified of any new development within close proximity to high pressure gas transmission systems. Sensitive uses, such as medical centres, place of worship, aged care or educational facilities and high density residential areas should be separated by the required distances. A range of guideline requirements set out in the submission.</p> <p>It is recommended that Monash Council, through its officers or design engineers, have ongoing discussions with APA GasNet to discuss the scope of issues relating to the rezoning and subsequent development adjacent to and / or across APA GasNet infrastructure to ensure it is protected.</p>	<p>Clause 19.03 of the Planning Scheme specifies the need to:</p> <ul style="list-style-type: none"> <li>• Recognise existing transmission-pressure gas pipelines in planning schemes and protect from further encroachment by residential development or other sensitive land uses, unless suitable additional protection of pipelines is provided.</li> <li>• Provide for environmental management during construction and on-going operation of pipeline easements.</li> </ul> <p>Precincts 11 and 13 are proposed to be rezoned to the Mixed Use Zone, which allows residential development without a planning permit. Therefore, the provisions of Clause 19.03 and the relevant Australian Standard both apply.</p> <p>It is important that, prior to making a decision on the rezoning of the sites, a better understanding of what encumbrances these two pipelines place on the development opportunities of the sites, as well as implications for different land uses.</p> <p>It appears that some of the key issues can be better identified through a meeting with APA GasNet, affected property owners and other relevant groups (as identified with the gas companies), through a workshop. It is then recommended that the matter be identified as one in which Council seeks advice from an Independent Panel regarding how best to address this issue in determining the appropriate zone for the precincts and any measures to minimise safety risks to human life.</p>
6	The Sweett Group, on behalf of the owner of 636 Wellington Road, Mulgrave (OfficeMax site within Precinct 26), opposed the rezoning of the site from Commercial 2 Zone to Industrial 1 Zone for the following	The recent conversion of the Business 3 Zone to the Commercial 2 Zone in 2013 allowed small scale supermarkets and ancillary shops within Precinct 26 to establish without the need for a planning permit for use.

	<p>reasons:</p> <ul style="list-style-type: none"> <li>• The Industrial 1 Zone is not suitable as the site is isolated from other industrial areas and surrounded by residential development, potentially creating land use conflicts between sensitive and industrial uses.</li> <li>• This rezoning is based on limited assessment of economic and market competition issues.</li> </ul> <p>The submission requested the site be rezoned Mixed Use Zone instead, for the following reasons:</p> <ul style="list-style-type: none"> <li>• The building is suitable and remains appropriate for a commercial use.</li> <li>• The Mixed Use Zone provides a range of potential development options including commercial, warehousing, office and limited industrial.</li> <li>• It also allows housing development that is consistent with the recently adopted <i>Monash Housing Strategy 2014</i>, and which will complement the surrounding residential development.</li> </ul>	<p>Amendment C122 proposed to rezone this precinct to Industrial 1 such that these uses were prohibited. Having regard to the submissions received against the proposed rezoning it is considered unnecessary to eliminate the discretion to allow the use of Precinct 26 for supermarkets and shops.</p> <p>It is acknowledged that an Industrial 1 Zone may allow industrial uses that are incompatible with the residential uses that surround Precinct 26. The Industrial 1 Zone is identical to the current Commercial 2 Zone in terms of allowing industry and warehouse uses without a permit. However, the Commercial 2 Zone offers greater third party notification and appeal rights for a change of land use where a permit required. On this basis the Commercial 2 Zone is a more appropriate zoning within a residential context.</p> <p>Rezoning Precinct 26 to Mixed Use as suggested in the OfficeMax submission provides the opportunity to redevelop the land for medium to high density housing. This may be an undesirable outcome given the Precinct is not proximate to an activity centre or a train station. Additionally, rezoning the land to Mixed Use as part of C122 would constitute a transformation of the amendment. Such a change would require further strategic analysis and notification as part of a fresh amendment process.</p> <p>Given the proximity of surrounding residential uses and the opposing submissions from the land owners it is considered inappropriate to rezone the site to Industrial 1. The current zoning of Commercial 2 Zone should be retained and the proposed rezoning of this precinct should be abandoned..</p>
7	<p>Nevett Ford lawyers on behalf of the owners of 1 Jacksons Road, Mulgrave (Adidum Group/Body Shop site within Precinct 26) opposed the rezoning of the site from Commercial 2 Zone to Industrial 1 Zone for the following reasons:</p> <ul style="list-style-type: none"> <li>• There is no logic provided to rezone this property to Industrial</li> </ul>	<p>The recent conversion of the Business 3 Zone to the Commercial 2 Zone in 2013 allowed small scale supermarkets and ancillary shops within Precinct 26 without a planning permit. Amendment C122 proposed to rezone this precinct to Industrial 1 such that these uses were prohibited. Having regard to the submissions received against the proposed rezoning it is considered unnecessary to eliminate the discretion to allow the use of</p>

	<p>1. The site is currently used as the administrative headquarters of the Body Shop Business in Australia and is used for warehousing and distribution of Body Shop products. There is also an associated childcare centre on the premises.</p> <ul style="list-style-type: none"> <li>• The basis for the rezoning states ‘this precinct will continue to perform its role as a corporate head office and distribution centre into the near future’ – but under the existing zoning these uses are permit not required therefore there is no need for rezoning.</li> <li>• It’s wrong to state the precinct will continue its role as it is likely The Body Shop will cease occupying the site in the next 18 months. As such, the company will be looking at all possible uses for the site, and recognise there will be extensive opposition if it is to be used for industrial purposes (which it could do as of right under the proposed rezoning).</li> <li>• Until the future of the site is resolved, the site should remain in its current Commercial 2 zone.</li> </ul>	<p>Precinct 26 for supermarkets and shops.</p> <p>It is acknowledged that an Industrial 1 Zone may allow industrial uses that are incompatible with the residential uses that surround Precinct 26. The Industrial 1 Zone is identical to the current Commercial 2 Zone in terms of allowing industry and warehouse uses without a permit. However, the Commercial 2 Zone offers greater third party notification and appeal rights for a change of land use where a permit required. On this basis the Commercial 2 Zone is a more appropriate zoning within a residential context.</p> <p>Given the proximity of surrounding residential uses and the opposing submissions from the land owners it is considered inappropriate to rezone the site to Industrial 1. The current zoning of Commercial 2 Zone should be retained and the proposed rezoning of this precinct should be abandoned.</p>
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