

Heidelberg Road Corridor Built Form Framework & Planning Controls Recommendations: Economic Assessment

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Prepared for:



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1. Executive Summary

The City of Darebin appointed Kinetica and Blair Warman Economics to prepare a Built Form Framework for the northern side of the Heidelberg Road Corridor (the Corridor), including an economic assessment which is the subject of this report. This Framework will complement the Heidelberg Road Corridor Local Area Plan prepared by the City of Yarra for the southern side of Heidelberg Road.

The Corridor is strategically well located close to the Melbourne CBD, major transport infrastructure and the former Alphington Paper Mill site which is currently being redeveloped upon the former Alphington Paper Mill site. Together with Darebin's increasing number of higher skilled and professional resident workers, there is the opportunity for the Corridor to follow the success of the City of Yarra's employment precincts in supporting growth in higher skilled employment opportunities that meets the needs of local residents.

The recent widening of the Chandler Highway bridge over the Yarra River provides a more effective link with the Eastern Freeway. Similarly, the development of the proposed Alphington Village precinct within the APM development will significantly enhance the connectivity and amenity of the Corridor through providing access to the Yarra River and extending the Heidelberg Road Activity Centre to the Chandler Highway and existing commercial offices to the west. This may be expected to result in the Corridor being more closely aligned with Yarra's employment precincts as part of a rapidly emerging CBD fringe office market which has experienced strong employment growth, property values and development activity.

While the Corridor will face strong competition from other employment precincts, it is sufficiently differentiated from location such as Collingwood, Abbotsford and Cremorne to appeal to a defined segment of the market. This includes businesses seeking a less congested and potentially higher amenity location which still offers proximity to the Melbourne CBD and key labour markets.

Currently, there is a diverse mix of businesses within the Corridor which generally reflects the attraction of affordable employment accommodation in an accessible inner city location. This may be expected to evolve over time with an increasing number of businesses offering higher-valued products and services. The nature of accommodation required by these activities is likely to range from high-tech office warehouses with a high proportion of floorspace allocated to office uses, through to dedicated commercial office space.

The northern side of Heidelberg Road within the City of Darebin includes a variety of potential development sites. This includes large self-storage facilities that may potentially be converted to office accommodation, large relatively underdeveloped sites that may be better utilised for a combination of high tech office warehouses and dedicated offices, and small and medium-sized car yard sites that represent short-medium term office development opportunities. The timeframe over which this may occur is largely determined by both economic and property market cycles.

The future opportunities for attracting investment and new employment opportunities to the Corridor, and the role played by Darebin's industrial zoned sites, will become more apparent with the completion of the APM development. The Corridor's likely transition into a mix of more intensive employment precincts will be dependent upon sites becoming available for redevelopment and the timing of property market conditions.

Planning controls will play an important role in facilitating commercial development that best meets the needs of businesses. As has been highlighted by the success of Yarra's employment precincts, as well as other emerging office locations, maintaining employment exclusive zones is a key component in preventing competition from residential development and facilitating commercial office development and significant jobs growth. It's important to continue to provide for the important light-industrial functions of the precinct to both service the local community and provide a diverse mix of local employment opportunities. However there is also the opportunity to capitalise on the corridor's city fringe location, high amenity and transport accessibility to support more intensive employment activities that generate jobs for higher skilled residents within the surrounding region.

The Commercial 2 zone provides greater incentive for office uses through being 'as of right', whereas the current Industrial 3 zone requires a planning permit reflecting its focus upon industrial uses. It is therefore recommended that Industrial 3 zoned properties within Darebin's portion of the Corridor be rezoned to a Commercial 2 zone to better reflect the market opportunities for commercial office development. The only exception to this is the Knox Storage site for which a Commercial 3 zone is recommended. Given this site's size and existing capital improvements which limit development options, a Commercial 3 zoning will provide greater incentive for the site to be redevelopment for more intensive uses. The C3 Zone provides for a range of industrial, commercial, office and other employment generating uses while allowing the option for limited residential uses that do not undermine the employment focus of the precinct. Unlike the Commercial 1 zone, the Commercial 3 zone limits retail activity which will support the vibrancy of the proposed Alphington Village precinct upon the APM site.

2. Introduction

In January 2020 the Darebin City Council appointed a study team lead by Kinetica to prepare a Built Form Framework for the northern side of the Heidelberg Road Corridor (the Corridor). An assessment of economic activity and commercial / industrial land use, which is the subject of this report, has been undertaken to inform the development of the Framework.

2.1 Location

The Project Brief defines the Study Area as being the four precincts identified in Figure 1 below. These precincts are zoned either Commercial 1 or industrial 3, and are located on the northern side of Heidelberg Road being the City of Darebin's southern boundary with the City of Yarra.

Figure 1: Study Area



Figure 2 provides a broader context of the Study Area's location with key land uses including:

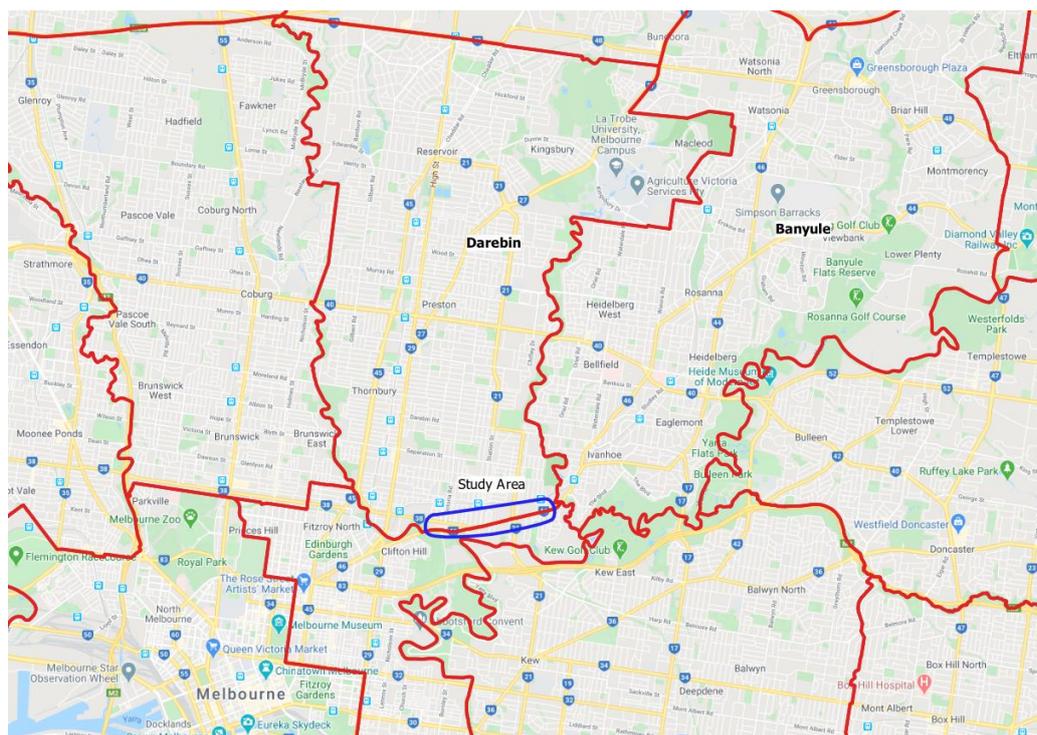
- former Alphington Paper Mill site currently being redevelopment within the Heidelberg Activity Centre.
- Fairfield Village Activity Centre located on Station Street approximately 500 metres north of Heidelberg Road.
- Fairfield Core Industrial Area, 1.6 km to the north.

The Study Area represents a strategic gateway location for both the City of Darebin and the neighbouring City of Banyule while also being located within close proximity to the Melbourne CBD (refer Figure 3).

Figure 2: Locational Context



Figure 3: Regional Context



2.2 Former Alphington Paper Mill Site

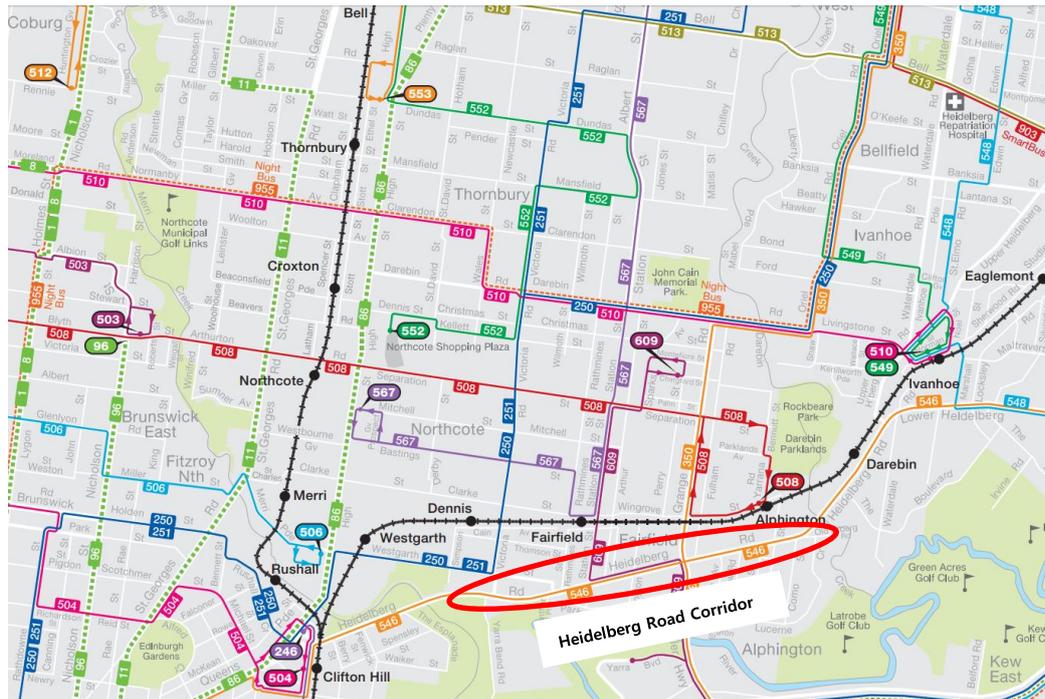
The redevelopment of the APM site represents a potential catalyst for land use change within the Corridor, particularly within the immediate area which will benefit from the proposed Alphington Village. This new commercial precinct fronting Heidelberg Road will include a Coles supermarket, over 5,000 sqm of additional retail space, commercial office space, community centre and a vertical primary school.

2.3 Accessibility

The Corridor is easily accessed via a number of transport modes with:

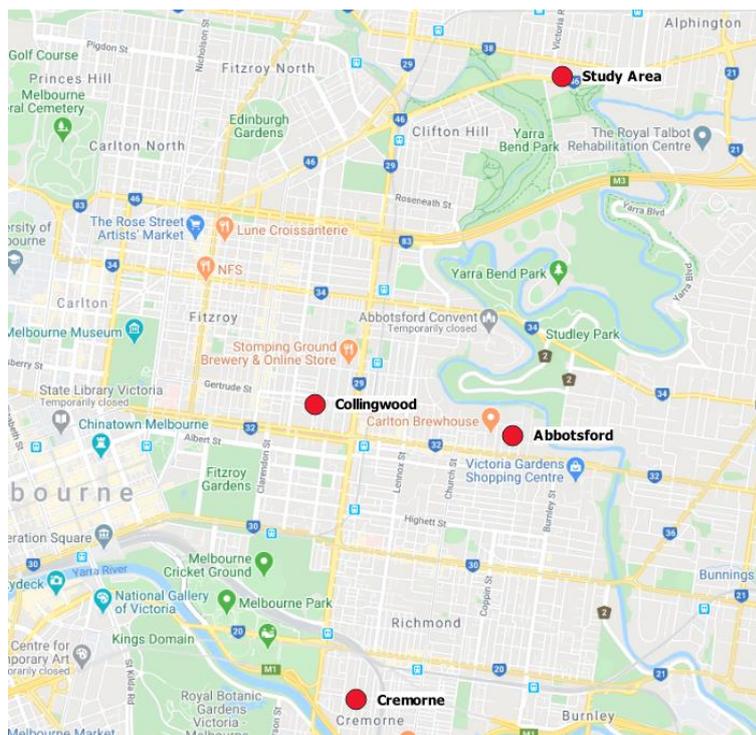
- The Eastern Freeway located 1.3 km south of Heidelberg Road which is accessed via the recently widened Chandler Highway over the Yarra River.
- The Hurstbridge rail service directly servicing the Corridor via Dennis, Fairfield and Alphington stations.
- Clifton Hill railway station providing an interchange for travellers on the Mernda rail line, with Dennis Station being a further two stops for commuters.
- Inner City Rail Trail providing a dedicated cycle path connection from Melbourne Zoo to the west.
- Merri Creek, Yarra River and Darebin Creek bike trails.
- Various bus routes servicing suburbs primarily to the north and west (refer Figure 4).

Figure 4: Public Transport Services



The Corridor is located approximately 6 km north east of the Melbourne CBD (refer Figure 5) which is slightly further than a number of Yarra’s employment precincts that have attracted increasing high levels of office development including Abbotsford (4 km), Collingwood (3 km) and Cremorne (3km).

Figure 5: Industrial Renewal Precincts



2.4 Exposure

Exposure is often important to businesses that wish to establish a high profile, offer convenient access for visitors or perform a retail function. Vicroads traffic count data estimates that Heidelberg Road carries an annual average of around 15,000 vehicles per day in each direction. Within the City of Darebin the only other arterial roads with noticeably higher traffic volumes are Bell Street and Plenty Road, with High Street and St. Georges Road having slightly higher exposure to passing traffic.

2.5 Amenity

Access to cafes, retail facilities, open space and other amenities has become increasingly important to office users over the past decade. In addition to the proposed Alphington Village precinct in the APM development, Fairfield Village Activity Centre is approximately 500 metres north along Station Street and there are also a number of cafes spread intermittently along Heidelberg Road. The corridor also benefits from its proximity to the Yarra River, and the western portion of the Corridor from its proximity to parkland to the south and Fairfield Boathouse while the eastern end is located close to Alphington Park.

2.6 Conclusion

The Heidelberg Road Corridor is strategically well located due to its proximity to the Melbourne CBD, transport infrastructure and to a lesser extent an activity centre environment. The APM site which is currently being redeveloped, together with the recently widened Chandler Highway, offers the opportunity for more intensive employment uses. Such change will also reflect ongoing industry restructuring and the evolving location preferences of increasingly agile industries and businesses and provide for more local jobs.

3. Policy Review

There are a number of local and state planning policies of relevance to the Study Area and the Corridor generally which have been summarised below.

3.1 Plan Melbourne 2017-2050

Key policy directions include:

- Access to Local Employment

Plan Melbourne identifies a need to increase the number and diversity of jobs close to where people live, particularly within suburban employment clusters, health and education precincts and industrial precincts. It envisages that this will be facilitated through taking advantage of land that is available for renewal as well as through activity centres supporting a greater diversity of activities.

- Commercial Land Supply

A requirement for an adequate supply of commercial land across metropolitan Melbourne to meet the needs of a growing population is identified by Plan Melbourne (Policy 1.1.7). However while recognising that mixed-use development is desirable, it also acknowledges that this can result in residential uses competing with commercial uses and employment opportunities.

- Urban Renewal Opportunities

Urban renewal precincts and sites are identified in Plan Melbourne as offering the opportunity to 'improve local amenity, accommodate more housing and offer a greater mix of uses to support local communities'. It further indicates that Councils have a role in facilitating their redevelopment to create jobs and accommodate growth.

3.2 Melbourne Industrial and Commercial Land Use Plan

This Plan, prepared by the Victorian government, reviews the current and future requirement for industrial and commercial land to accommodate activities required to strengthen industry and support a growing population. It proposes a classification system to identify the significance of industrial areas at a state, regional and local level. Industrial zoned land within the Study Area has been identified as being a local industrial precinct.

The Plan proposes that:

“If an area is not identified as being of state or regional significance, then it is of local significance. Councils are best placed to determine how these industrial areas are to be planned for. This could include identifying when industrial land should be retained, when it could transition to other employment generating uses, or if it is no longer required, when it could transition to other mixed-use development.”

3.3 Darebin Economic Land Use Strategy (Spade Consultants 2014)

This strategy is no longer consistent with the Melbourne Industrial and Commercial Land Use Plan to protect remaining industrial and commercial land in Melbourne and will require updating. It reviewed the viability and future requirement for industrial land within Darebin with two key recommendations of relevance to the Heidelberg Road Study Area being that:

- Three core industrial areas in Reservoir, East Preston and Fairfield are retained, with the latter being located a short distance north of the Study Area.
- Industrial zoned land within the Study Area be rezoned to the Mixed Use Zone with the exception of the eastern most precinct, which includes Fort Knox Self Storage, where a Commercial 2 zone is recommended. The Strategy recommended that a Mixed Use Zone for the western industrial precinct should include an objective to require or encourage employment uses.

In considering opportunities for commercial office development in Darebin, the Strategy recommended:

- Actively facilitating commercial (office) development in Darebin’s Principal and Major Activity Areas and along key activity spines where commercial activity is supported.
- Rezoning land on Plenty Road between Bell Street and Tyler Street presently zoned Industrial 3 Zone to the Commercial 1 Zone.
- Rezoning industrial land adjacent to Northcote railway station, south of Arthurton Road to a non-industrial zone.
- Rezoning industrial land adjacent to Merri Creek between Arthurton and Beavers Roads to Commercial 1.
- Rezoning the area of the East Preston Industrial Precinct bounded by Gower Street, Chifley Drive, Bell Street and Albert Street to the Comprehensive Development Zone.

It is unclear why the Strategy has not identified the Heidelberg Road Study Area as a potential location for commercial office development given the attributes identified in the previous section. A transfer to residential uses in the mixed use zone is no longer considered appropriate.

3.4 Darebin Planning Scheme - Economic Development (Clause 21.04)

This clause highlights the impact of industry restructuring upon Darebin local economy with a need to encourage:

- A greater breadth of uses.
- The development of a commercial office market.
- Adaption and reuse of non-residential land for other economic use.
- Employment growth providing local jobs commensurate with population growth.

Key objectives include facilitating the development of a commercial office market in Darebin based upon the recommendations of the Darebin Economic Land Use Strategy.

Future land use within the Study Area is identified as a key issue in planning for retail and commercial activity, with further examination of land use options in association with City of Yarra required.

3.5 Darebin Creative and Cultural Infrastructure Framework (Hodyl & Co 2018)

This Framework focuses upon a broad range of creative and cultural activities including museums, libraries, performing arts, and visual arts and crafts. This is distinct from other definitions of creative industries which typically include activities such as IT, media, architecture and design, boutique manufacturing which have been responsible for the revitalisation of Melbourne's inner city industrial areas. While many of the activities nominated by the Framework rely upon affordable accommodation, they also play a valuable role in revisitation of areas that may otherwise experience lower levels of activation and amenity.

The Framework notes the importance of industrial zoned areas in supporting clusters of creative spaces through offering suitable low cost accommodation. It recommends supporting creative spaces in Heidelberg Road through piloting a Special Use Zone that includes provisions to support these uses.

This strategy has informed the findings of this report, particularly in highlighting this corridor's role in catering for creative uses within the municipality and the importance of maintaining employment exclusive land, and attracting a broader range of office and creative uses.

3.6 Heidelberg Road Corridor Local Area Plan (City of Yarra 2019)

This Plan provides guidance for future land use planning and development for commercial areas within the Heidelberg Road Corridor based upon the Heidelberg Road Background and Issues and Discussion Paper (2019).

Key objectives of the plan include attracting employment generating land uses through leveraging the opportunities offered by the Alphington Paper Mill development, exposure to Heidelberg Road, a larger and more diverse local population in the future, and the policy direction of the Yarra Spatial Economic and Employment Strategy which supports the retention of a C2Z around Station Street.

4. City of Darebin Resident Population Profile

Economic and population growth are interrelated drivers that together will influence future patterns of land use within the Heidelberg Road Corridor based upon its role in servicing the needs of both residents and businesses. Changes in the socio-economic profile of local residents typically occur gradually over time but are most significant where it involves a shift in household shopping behaviour resulting in the gentrification of activity centres. However, a changing profile of residents, combined with economic restructuring and the emergence of new industries, is also driving renewal of inner metropolitan industrial areas as employment locations.

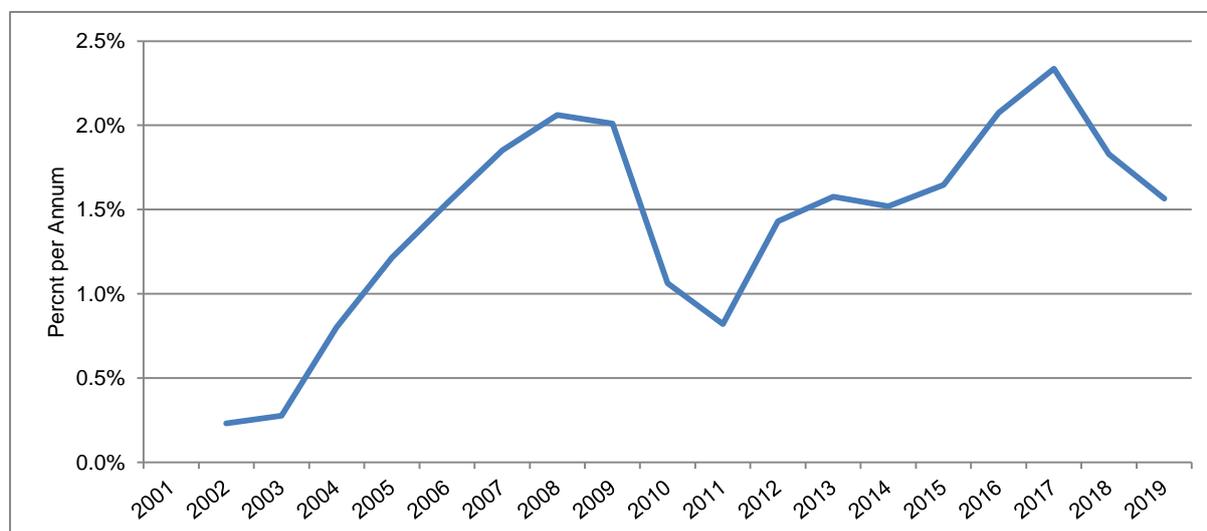
Given the Corridor's accessibility to residents of the City of Banyule, it is important to also include this municipality in analysing recent trends in the demographic profile of residents.

4.1 Population Growth

Population growth within the City of Darebin largely reflects that of metropolitan Melbourne, peaking at 2.3% in 2017 before declining to 1.6% by 2019 (refer Figure 6). The economic impact of the Global Financial Crisis is also highlighted by the sharp decline in population growth from 2% to 0.8% per annum over 2009-2011.

Id Consultants project that Darebin's population will increase by 36% over 2020-2041 equating to an average of 1.5% per annum which is comparable to the average rate since 2001. However the longer-term economic impact of the current Coronavirus pandemic may also negatively impact upon economic and population growth in the short term. The effects of the pandemic may also dampen development activity however this precinct planning for Heidelberg Road is still important to lay the groundwork for long-term planning.

Figure 6: City of Darebin Annual population Growth Rate



Source: ABS Cat No.3218.0 - Regional Population Growth, Australia, 2018-19

For the past two decades the Victorian economy has relied heavily upon the international education sector to generate population driven economic growth with flow-on benefits for the residential construction, health care and hospitality sectors¹. Uncertainty surrounding the longer-term growth outlook for this sector therefore also creates uncertainty for Victoria's broader population and economic growth.

4.2 Resident Employment

Future economic development opportunities within the Heidelberg Road Corridor will be dependent upon the ability to attract business owners and suitably skilled workers that either live locally or able to easily access the area via car or public transport. While residents of the adjoining municipalities of Yarra and Moreland may potentially be attracted to work in the Corridor this will be limited by the availability of local and CBD based employment opportunities. Banyule however represent a more likely source of workers given the more direct accessibility offered by both Heidelberg Road and Hurstbridge rail service.

Darebin's resident workforce increased by 14,399 residents from 55,912 to 70,311 over 2011-2016, representing an average annual increase of 2.3% per annum. By comparison, the City of Banyule's resident workforce increased by only 0.5% per annum over the same period due to the municipality's much lower population growth.

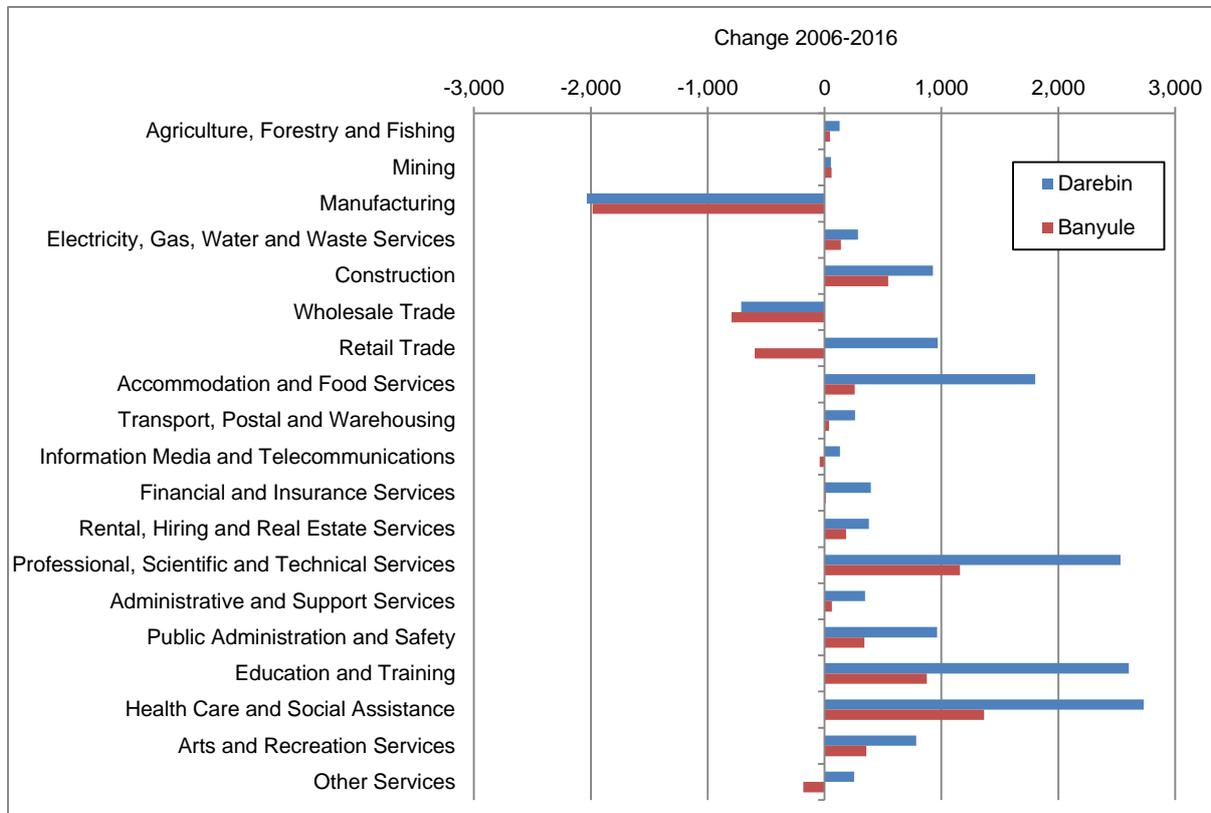
As Figure 7 below indicates, growth in employment amongst Darebin residents has predominantly occurred within:

- Health Care and Social Assistance; and Education and Training, being typically associated with hospitals and primary health facilities, schools and higher education institutions.
- Professional, Scientific and Technical Services (PSTS), the majority of which are office based activities.
- 'Retail Trade' which includes not only shop front retailing but also online retailing/ warehousing and head office functions of retailers.
- Accommodation and Food Services, predominantly cafes, restaurants and takeaway food.
- Construction which ranges from individual tradespersons through to large construction companies.

¹ Refer bwec.com.au/international-students-and-melbournes-apartment-market

Although Banyule residents experience noticeably lower growth in its resident workforce, this growth was more focused upon PSTS; Education and Training; and Healthcare and Social Assistance.

Figure 7: Residents - Employment Growth by Industry 2006-2016



Source: ABS Census

The Corridor may offer the opportunity to accommodate PSTS activities which are typically located in suburban office precincts. By comparison, education, health and retail related activities are usually distributed throughout residential areas. Figure 8 provides a more detailed breakdown of the activities within the PSTS sector where employment growth has occurred across Darebin and Banyule residents. Computer systems design, accounting, legal and architectural services together account for 64% of employment growth over 2006-2016. These PSTS activities also account for a significant portion of businesses within suburban office precincts.

Figure 8: PSTS Resident Employment Growth by Detailed Activity 2006-2016*

Activity	Darebin	Banyule	Total	% Total
Computer System Design and Related Services	652	456	1113	30.1%
Accounting Services	239	228	461	12.5%
Architectural Services	312	95	407	11.0%
Legal Services	302	88	390	10.6%
Other Specialised Design Services	172	72	244	6.6%
Engineering Design and Engineering Consulting Services	152	45	203	5.5%
Advertising Services	166	18	172	4.7%
Management Advice and Related Consulting Services	154	20	170	4.6%
Scientific Research Services	116	50	161	4.4%
Professional Photographic Services	84	40	131	3.5%
Professional, Scientific and Technical Services, nfd	48	30	80	2.2%
Scientific Testing and Analysis Services	35	31	74	2.0%
Veterinary Services	20	38	62	1.7%
Surveying and Mapping Services	9	27	45	1.2%
Other Professional, Scientific and Technical Services nec	38	17	43	1.2%
Architectural, Engineering and Technical Services, nfd	5	15	29	0.8%
Management and Related Consulting Services, nfd	15	4	21	0.6%
Market Research and Statistical Services	38	-33	3	0.1%
Legal and Accounting Services, nfd	0	0	0	0.0%
Other Professional, Scientific and Technical Services, nfd	0	0	0	0.0%
Professional, Scientific and Technical Services (except Computer System Design and Related Services), nfd	13	-16	-2	-0.1%
Corporate Head Office Management Services	-46	-71	-120	-3.2%
Total	2,529	1,162	3,695	100%

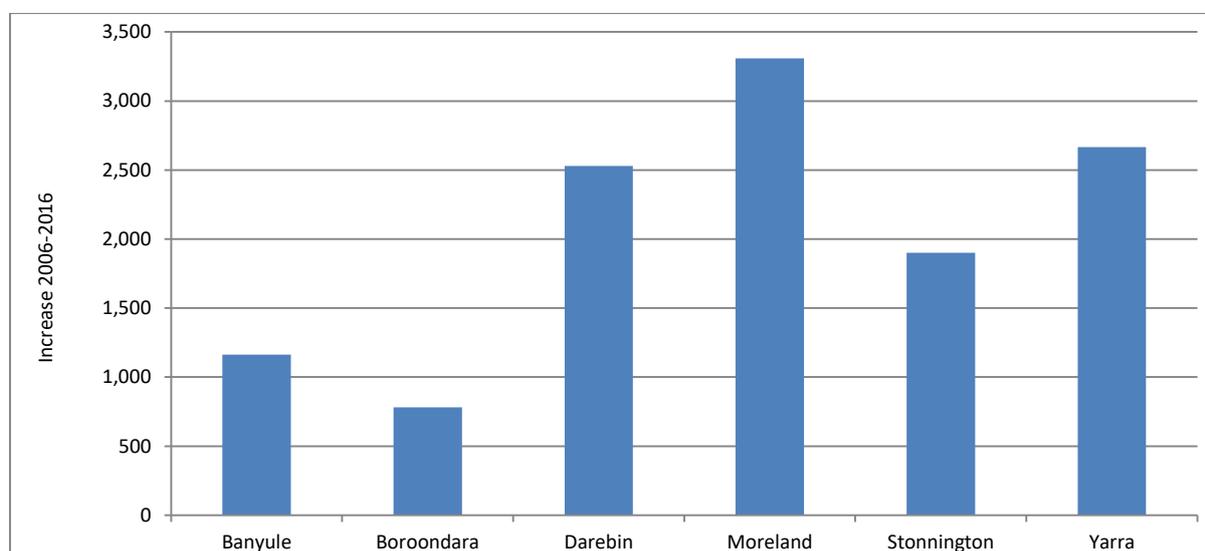
Source: ABS Census,

*Cells randomly adjusted to maintain confidentiality and therefore do not sum to totals.

The development of a viable office market within Darebin and Melbourne's northern suburbs has in the past been limited by fewer higher skilled workers compared to the eastern region which has traditionally attracted office development. More recently, residential gentrification has resulted in an increasing proportion of Darebin's resident workforce being employed in the PSTS sector.

The number of Darebin residents employed in the PSTS sector increased by 2,529 workers over 2006-2016 (refer Figure 9). This increase is comparable to that which occurred in Yarra (2,667), an inner city municipality, and is notably higher than Boroondara (781) and Stonnington (1,901) which have traditionally been a key source of higher skilled workers.

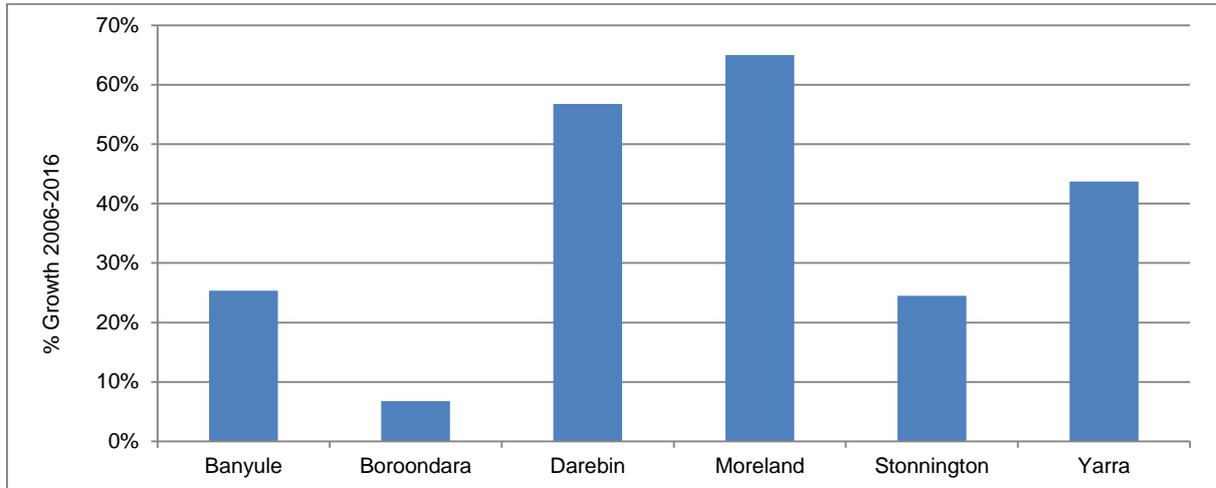
Figure 9: Growth in Residents Employed in PSTS Sector 2006-2016



Source: ABS Census

In percentage terms the number of PSTS workers living in Darebin increased by 57% over 2006-2016, slightly behind Moreland (65%) but well above the growth experienced in Yarra (44%), Stonnington (24%) and Boroondara (7%).

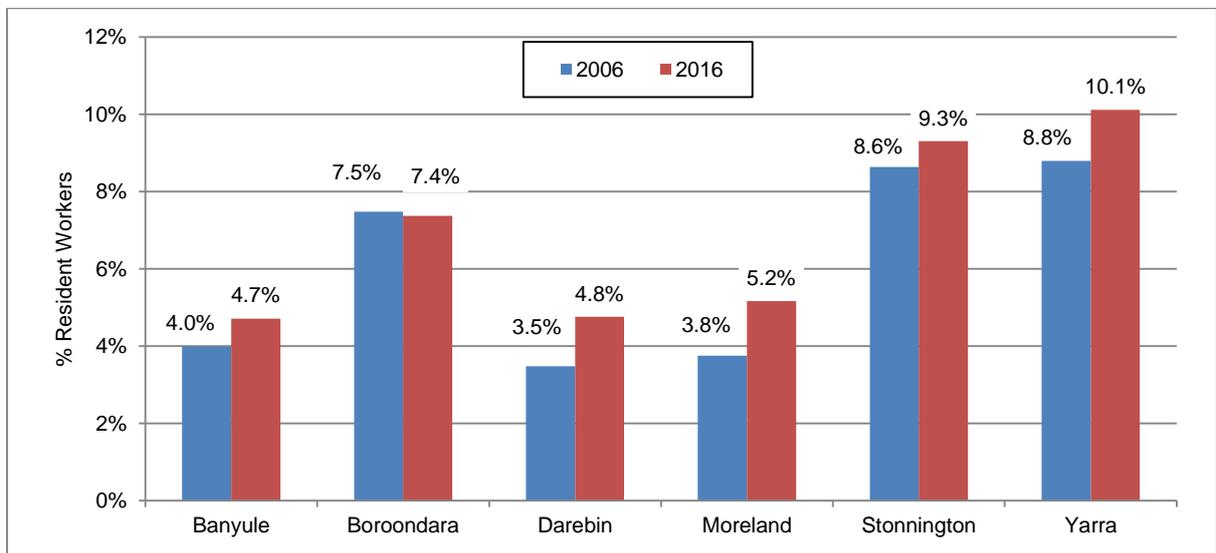
Figure 10: Percentage Growth in Resident PSTS Workers 2006-2016



Source: ABS Census

While the proportion of resident workers employed in the PSTS sector remains well below that of Boroondara, Stonnington and Yarra, this gap is likely to narrow in the future. As a result, strategic locations such as the Heidelberg Road Corridor may be expected to become increasingly attractive for office uses.

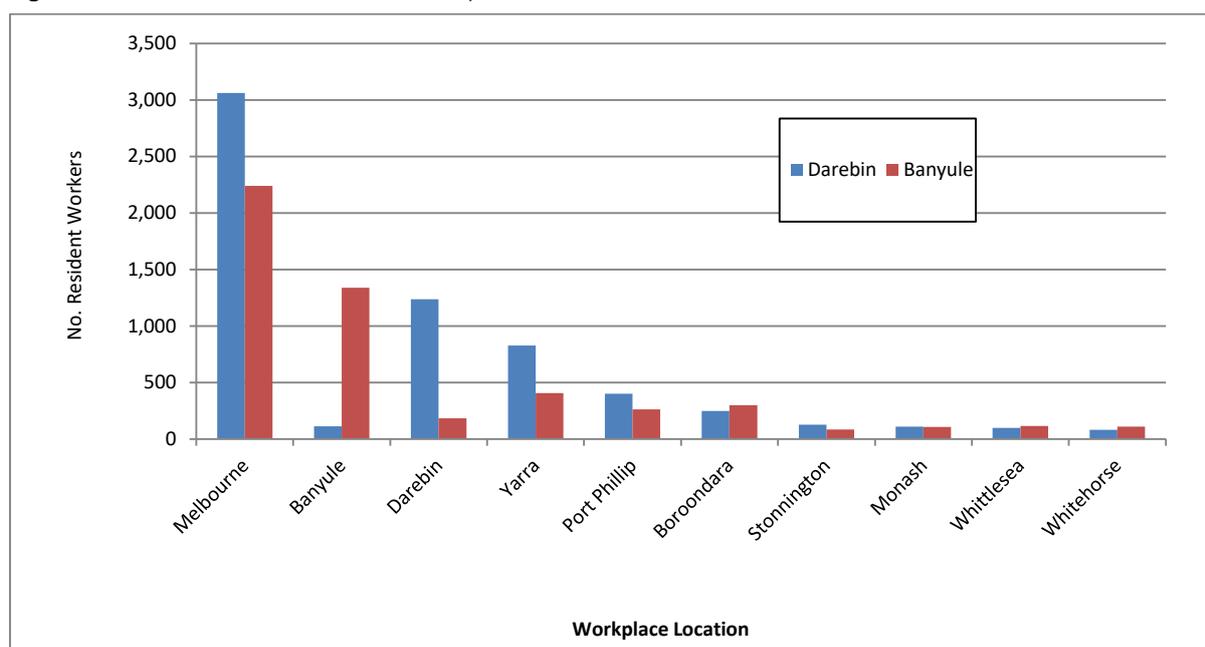
Figure 11: Percent of Resident Workers Employed in PSTS Sector 2016



Source: ABS Census

Although the City of Melbourne is the main workplace location for Darebin's PSTS resident workforce, Figure 12 indicates the importance of other locations. The relatively high number of Darebin and Banyule residents working within their own municipality reflects those residents operating home based businesses. Such residents represent a potential source of demand for new office space, particularly co-working spaces which provide a flexible transition towards establishing permanent offices. The neighbouring City of Yarra is a key workplace location for Darebin's PSTS workers after the City of Melbourne.

Figure 12: Resident PSTS Workers – Workplace Location 2016



Source: ABS Census

4.3 Conclusion

Darebin's future population growth combined with an increasing proportion of residents working in higher skilled occupations will encourage change in the municipality's business and land use mix. This is a reflection of businesses and workers increasingly connecting at a local level as a result of the growth of the PSTS sector which is characterised by smaller and more agile businesses.

As has occurred in other inner metropolitan locations, Darebin's industrial areas may be expected to transition towards higher value adding activities employing skilled workers. This will be reflected in a range of land use outcomes including industrial buildings incorporating a higher proportion of office space as well as dedicated office developments emerging in strategic locations such as the Heidelberg Road Corridor. The analysis provided in the following section highlights the extent to which this has already begun to occur.

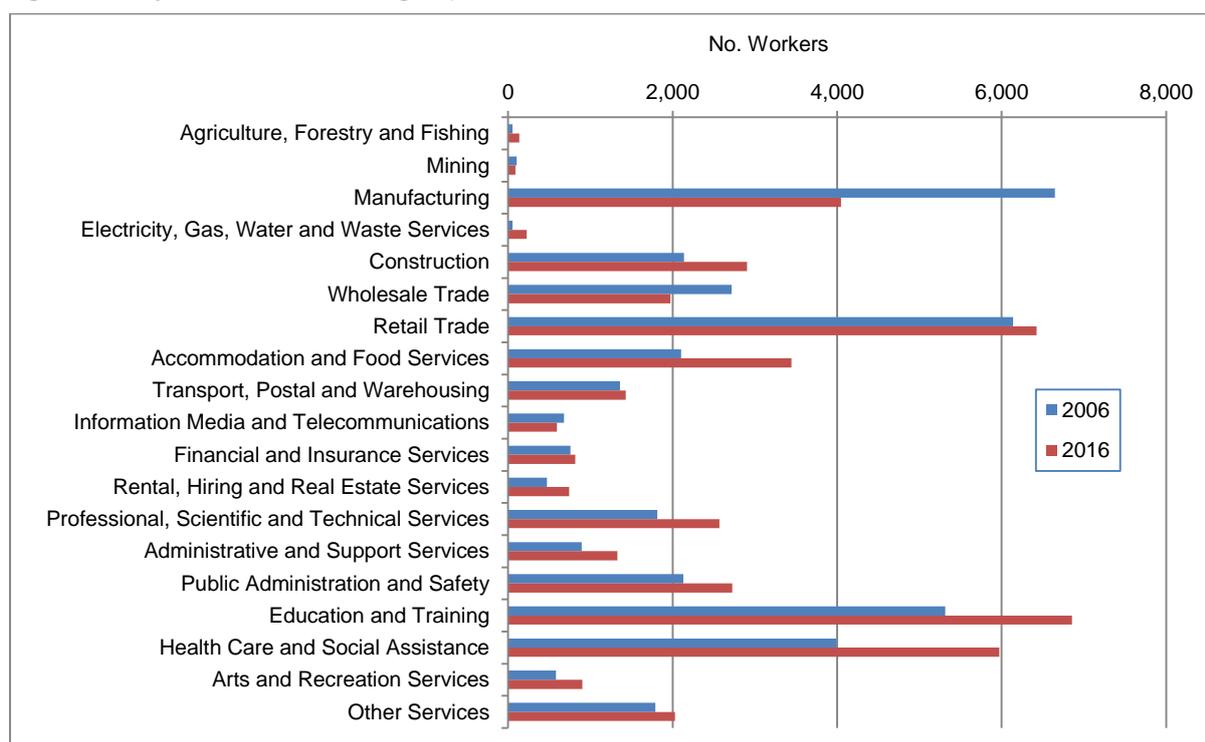
The Melbourne Industrial and Commercial Land Use Plan highlights that '

It is this transitioning of economic activity towards more intensive employment generating activities that is the focus of the Melbourne Industrial and Commercial Land Use Plan which aims to protect strategically important employment precincts from residential encroachment through retention of industrial zones and the use of the Commercial 2 zone which could be applied to some local industrial precincts where a broader range of employment uses are desirable.

5. Employment Activity

The number of jobs within the City of Darebin increased by 7,525 from 40,102 to 47,677 over 2006-2016, representing an average annual growth rate of 1.7%. While employment in traditional industrial sectors such as manufacturing and wholesale trade declined (refer Figure 13), there was strong growth in Education and Training, Health Care and Social Assistance and Accommodation and Food Services. The PSTS sector grew less in nominal terms however its percentage growth over the period (42%) fell between that of Education and Training (29%) and Health Care and Social Assistance (50%) over the decade.

Figure 13: City of Darebin - Working Population 2006 vs. 2016



Source: ABS Census

Industrial precincts within Darebin and neighbouring municipalities were initially impacted by industry restructuring and the decline of traditional industrial activities. However over the past decade many of these have experience strong employment growth through additional new activities.

Figure 15 below indicates the level of employment growth that occurred in a number of selected industrial precincts (refer Figure 14) across Melbourne’s inner northern and inner eastern suburbs including the Study Area. The boundaries of these areas are however based upon those of ABS ‘destination zones’. Over the period 2006-2016, employment within the Study Area increased by 222 Jobs (8.8%) While the nearby Fairfield industrial precinct grew by 457 additional jobs (22%).

The East Preston Industrial Precinct also experienced strong employment growth in the order of 30% over the decade.

While this level of employment growth is impressive, employment precincts within the neighbouring City of Yarra experienced significantly higher employment growth. The number of jobs within the Cremorne employment area increased by 4,740 or 62% over 2011-2016. Similarly, employment within the employment areas of Collingwood and Collingwood North increased by 2,462 (54%) and 541 jobs (38%) respectively.

Figure 14: Selected Industrial / Employment Precincts (Destination Zone Boundaries)

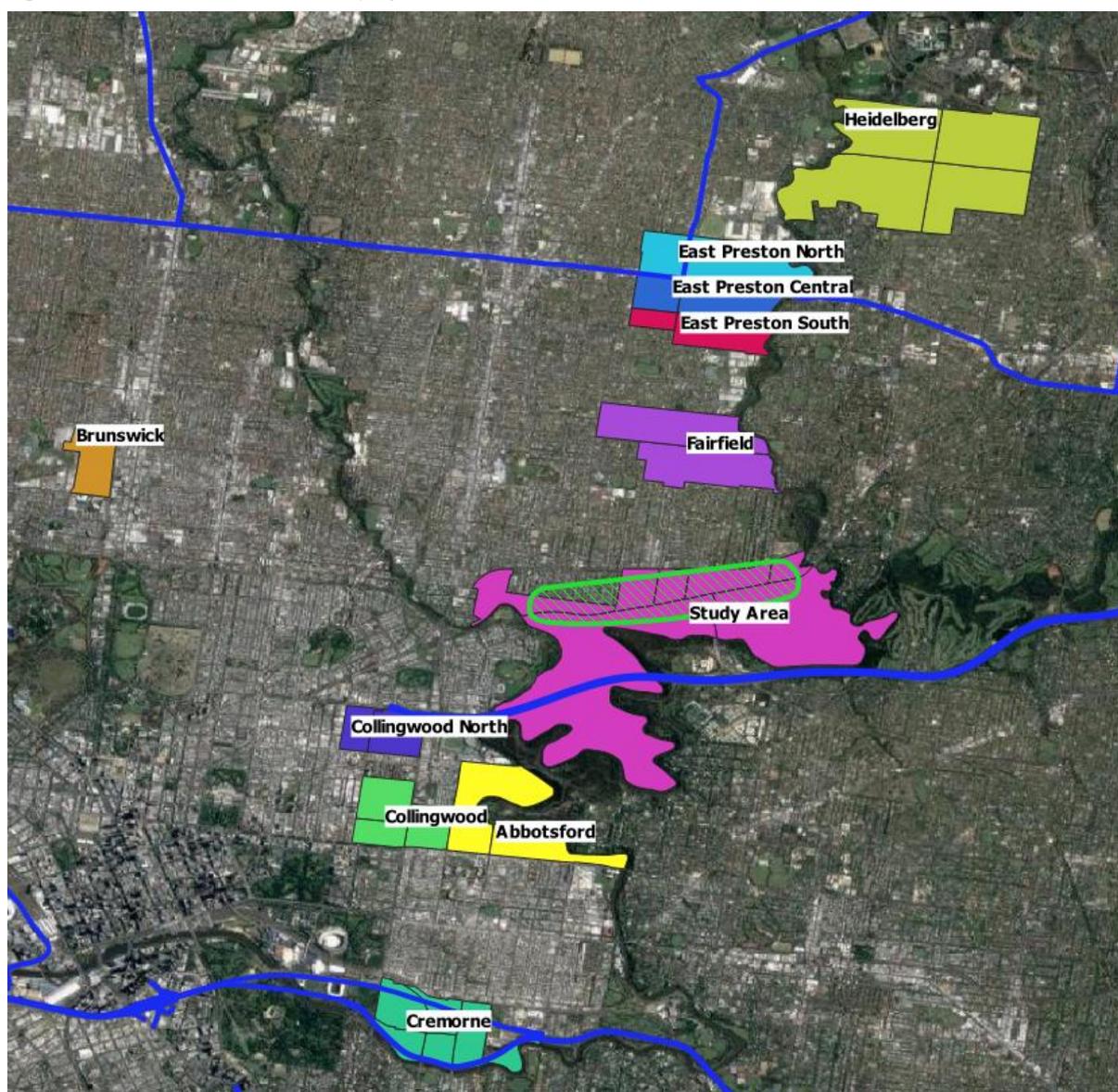


Figure 15: Selected Industrial / Employment Precincts Employment Growth 2011-2016

	Abbotsford	Brunswick	Collingwood	Collingwood North	Cremorne	East Preston Central	East Preston South	East Preston North	Fairfield	Heidelberg	Study Area	Total
Agriculture, Forestry and Fishing	14	4	0	0	21	3	-5	0	6	9	-2	50
Mining	-3	0	4	0	4	3	-3	7	0	12	0	24
Manufacturing	-322	-159	-113	-56	147	-66	-45	-63	-113	-287	-204	-1281
Electricity, Gas, Water and Waste Services	-20	0	12	3	292	0	11	10	27	-25	8	318
Construction	369	29	99	84	310	10	68	-29	97	180	100	1,317
Wholesale Trade	-101	-47	-197	-40	21	-56	-115	29	-125	-96	-17	-744
Retail Trade	188	-5	266	-2	859	215	29	148	74	9	33	1,814
Accommodation and Food Services	296	39	205	95	281	34	0	25	31	13	-17	1,002
Transport, Postal and Warehousing	44	2	846	10	480	35	18	69	1	71	-4	1,572
Information Media and Telecommunications	24	9	79	44	48	-4	7	0	-3	9	10	223
Financial and Insurance Services	46	1	-2	-6	-382	0	0	39	12	12	12	-268
Rental, Hiring and Real Estate Services	29	0	1	1	117	6	16	5	7	-8	23	197
Professional, Scientific and Technical Services	27	-34	563	276	1,517	9	65	70	41	19	27	2,580
Administrative and Support Services	-137	23	13	6	-88	71	29	11	18	148	7	101
Public Administration and Safety	38	40	51	-1	-1	6	27	11	22	13	-1	205
Education and Training	55	24	167	14	243	-3	9	5	53	33	74	674
Health Care and Social Assistance	134	50	-34	18	118	12	5	3	152	6	0	464
Arts and Recreation Services	36	24	42	27	137	-2	6	13	12	56	42	393
Other Services	49	63	92	-7	14	3	73	36	-34	30	29	348
Inadequately described	150	66	278	40	423	92	93	111	143	249	60	1,705

	Abbotsford	Brunswick	Collingwood	Collingwood North	Cremorne	East Preston Central	East Preston South	East Preston North	Fairfield	Heidelberg	Study Area	Total
Not stated	57	19	78	16	152	34	19	23	32	46	39	515
Not applicable	0	0	0	0	0	0	0	0	0	0	0	0
Total Employment Growth	999	135	2,462	541	4,740	427	330	516	457	513	222	11,342
Total Growth (%)	23.9%	9.6%	54.1%	38.4%	61.9%	27.7%	30.0%	33.2%	22.0%	13.6%	8.8%	

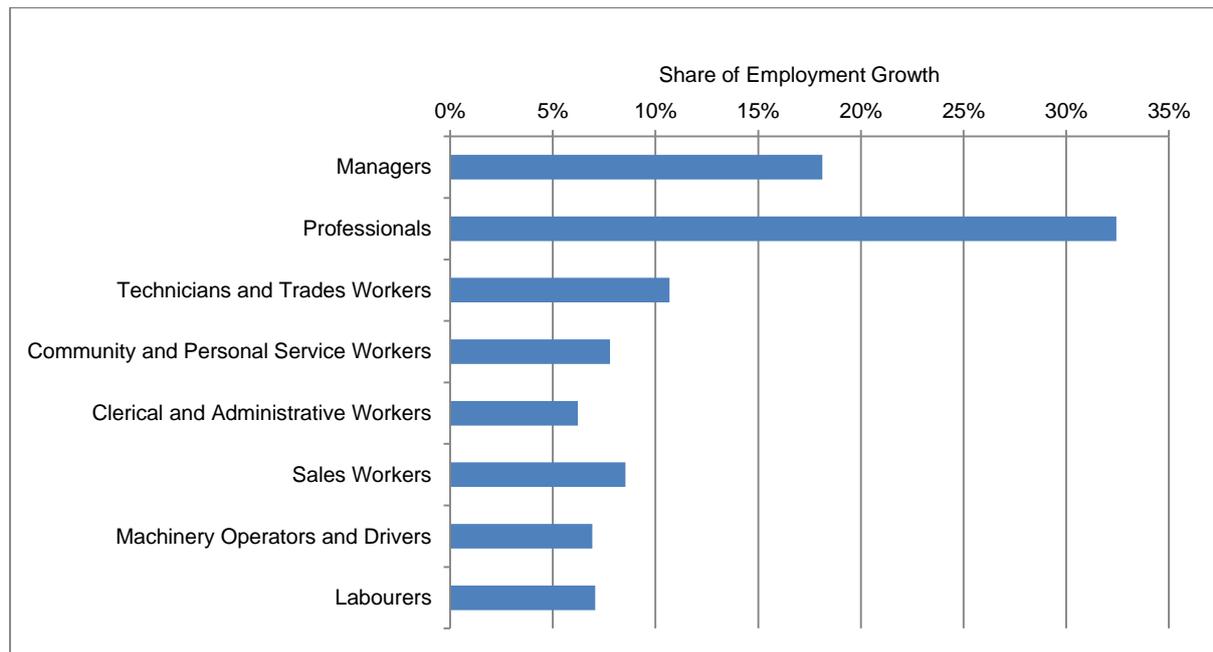
Source: ABS Census

While retail trade was a large contributor to total employment growth across the precincts, this is largely due to corporate head offices and online retailers locating within Cremorne. Similarly, growth in accommodation and food services reflects cafes and restaurants establishing along arterial roads such as Church Street in Cremorne and Victoria Street in Abbotsford.

The PSTS sector has however been the largest contributor to employment growth across the precincts, accounting for an additional 2,580 jobs or 23% of total employment growth of 11,342 jobs. Much of this additional PSTS employment has been accommodated through the conversion of former industrial buildings for office space and the development of new purpose-built offices. In addition, office space has also been occupied by businesses classified as being within other industries such as the offices of construction companies or retailers.

The transition of these industrial precincts is also reflected by the share of employment growth attributable to managerial and professional workers which together accounted for 50% of employment growth (refer Figure 16).

Figure 16: Selected Industrial / Employment Precincts – Occupational Share of Employment Growth 2011-2016



Source: ABS Census

5.1 Projected Employment Growth – Inner Melbourne

The Heidelberg Road Corridor is located within the Inner Melbourne SA4 region (refer Figure 17). The Commonwealth Department of Education and Skills and Employment forecasts that over the period 2019-2024 employment in this region will increase by 47,800 jobs (refer Figure 18). The PSTS sector is projected to account for 20.5% of this growth.

With the emergence of Cremorne, Abbotsford and Collingwood as alternative office locations to the Melbourne CBD, these and other inner metropolitan industrial precincts are expected to account for a significant share of these additional jobs. This may also create opportunities for additional PSTS employment within the Corridor and as a result further office development within industrial precincts.

Figure 17: Inner Melbourne SA4

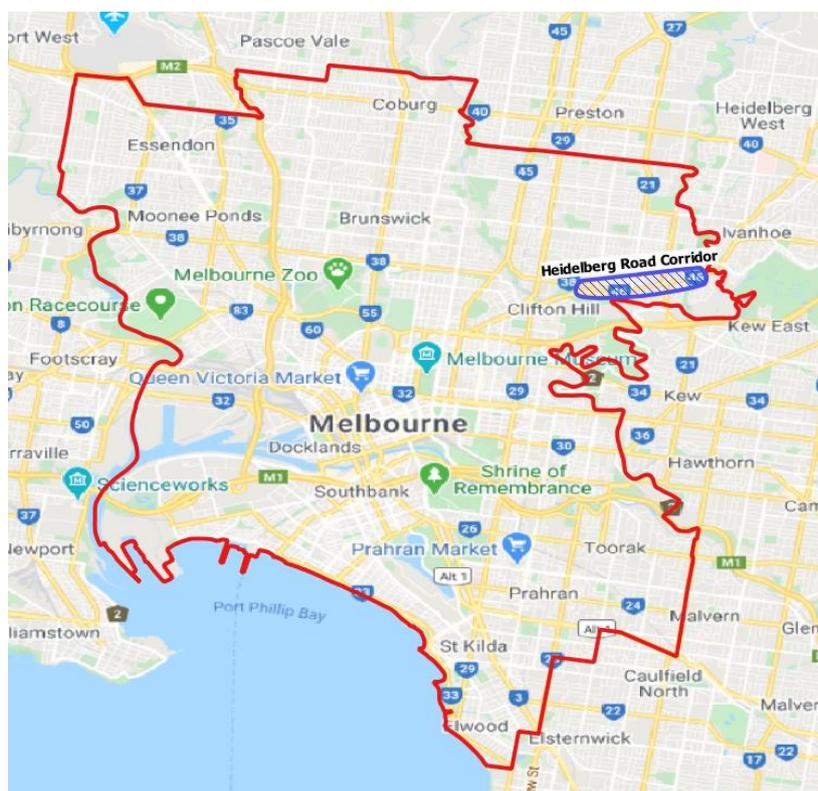


Figure 18: Inner Melbourne SA4 - Projected Employment Growth 2019-2024

Industry	Growth No. (‘000)	Share of Growth %
Agriculture, Forestry and Fishing	0.1	6.2
Mining	0.0	2.6
Manufacturing	0.0	-0.1
Electricity, Gas, Water and Waste Services	0.1	3.9
Construction	4.1	19.2
Wholesale Trade	0.9	7.4
Retail Trade	3.8	10.6
Accommodation and Food Services	2.9	8.1
Transport, Postal and Warehousing	0.6	5.5
Information Media and Telecommunications	-0.2	-1.2
Financial and Insurance Services	1.6	7.2
Rental, Hiring and Real Estate Services	1.1	12.2
Professional, Scientific and Technical Services	15.8	20.5
Administrative and Support Services	3.8	20.7
Public Administration and Safety	1.5	5.8
Education and Training	5.1	13.7
Health Care and Social Assistance	3.3	7.4
Arts and Recreation Services	2.4	18.1
Other Services	0.8	8.9
Total (industry)	47.8	11.6

Source: Commonwealth Department of Education and Skills and Employment (Labour Market Information Portal)

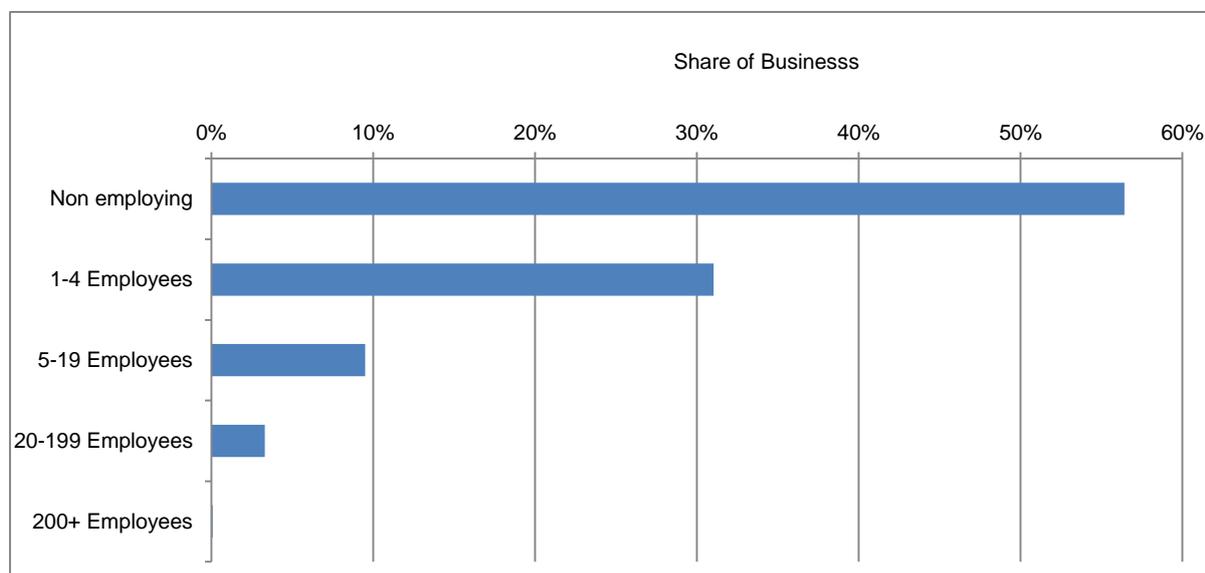
Businesses within the PSTS sector are typically small businesses and therefore a key source of demand for smaller commercial offices such as office suites and more recently co-working space. The employment profile of PSTS businesses located across a number of Melbourne’s key suburban office locations² is shown in Figure 19 below.

While non-employing businesses account for more than 50% of PSTS businesses, many of these may be home based businesses. However, an increasing proportion of these home-based businesses may locate in co-working spaces if they were conveniently located close to where they live. Almost one third of businesses employ 1-4 workers which is a key source of demand for smaller office suites of typically less than 100 m², although businesses of this size may still prefer co-working spaces due to the flexibility they offer. The remaining businesses employing five or

² Brunswick, Alphington-Fairfield, Heidelberg-Rosanna, Northcote, Carlton, Abbotsford, Collingwood, Richmond, South Yarra, Hawthorn, Box Hill, Burwood East.

more workers accounted for 13% of all businesses across these locations with larger employers more likely to seek a higher profile office premises.

Figure 19: PSTS Businesses Employment Profile – Selected Locations 2019



Source: ABS Cat No. 8165.0 Counts of Australian Businesses

5.2 Conclusion

Darebin's industrial precincts have been a key contributor to the municipality's strong employment growth highlighting the extent to which they have evolved in response to ongoing industry restructuring. As a result, industrial areas are better viewed as employment precincts particularly given the greater flexibility for office uses under the 2013 industrial zone reforms.

The strategic attributes of the Heidelberg Road Corridor provide the opportunity to emulate the success of Yarra's employment precincts in supporting employment growth, particularly within the Professional, Scientific and Technical Services (PSTS) sector. Increased office activity within the Corridor will provide local employment opportunities for Darebin's increasingly skilled residents thereby resulting in reduced travel times. The growing demand for office space within inner city industrial areas highlights a desire by an increasing number of businesses to locate immediately outside the Melbourne CBD. The ability to offer these locational opportunities for businesses is therefore a key requirement in supporting local economic development. As commercial and industrial activities become increasingly more diversified so too does their accommodation requirements. As a result, there is the need for planning mechanisms to offer greater flexibility in order to attract and accommodate a broad range of employment uses.

6. Land Use and Business Survey

Businesses located within both the Study Area as well as the southern side of Heidelberg Road within the City of Yarra have been identified for each of the precincts shown in Figure 20 below. These precincts are spread over a distance of 2.5 km with significant separation between each.

Figure 20: Surveyed Precincts



6.1 Business Activities

The mix of activities across the precincts is quite diverse as shown in Figure 21 below. Apart from a small group of showrooms in Precinct D there is no notable clustering of activities to define the area's current role and function. Rather, the area has mainly attracted activities that benefit from Heidelberg Road's accessibility and high exposure.

Despite the 3 Point Motors Mercedes dealership occupying a number of large high profile showrooms on both sides of Heidelberg Road in Precincts C and D, other car showrooms have not located there to establish a car showroom precinct. It is noted that the company's used car showroom in Precinct C has relocated to their Epping site and the showroom leased to a new unknown occupant.

Each precinct has been briefly profiled in the following tables.

Figure 21: Heidelberg Road Corridor Business Mix

Activity	No. Businesses	% Total
Showroom	11	12.8%
Health, recreation & personal services	10	11.6%
Automotive Services	8	9.3%
Manufacturing, wholesaling & industrial services	7	8.1%
Café, restaurant, takeaway	6	7.0%
Offices	5	5.8%
Unknown	4	4.7%
Vacant site	3	3.5%
Used car sales	3	3.5%
Service station	3	3.5%
Educational services	3	3.5%
Community services	3	3.5%
Self-storage	2	2.3%
Non active frontage	2	2.3%
Dwelling	2	2.3%
New car showrooms	2	2.3%
Vacant retail	1	1.2%
Uniform supplies	1	1.2%
Residential apartments	1	1.2%
Liquor retailing	1	1.2%
Inactive frontage	1	1.2%
Hotel	1	1.2%
Food retailing	1	1.2%
Convenience store	1	1.2%
Business services	1	1.2%
Audio visual services	1	1.2%
Art Gallery	1	1.2%
Re-leased showroom	1	1.2%
Total	86	100%

Source: BWEC



Figure 22: Precinct A (Darebin) Business Mix



The majority of land within this precinct is occupied by industrial related activities (sites A1-A3 and A11). While site A5 is primarily occupied by Titan Self Storage there are also a number of educational service providers occupying office space.

No	Business Name	Activity	No	Business Name	Activity
A1	City Aluminium	Manufacturing	A7	Centrepiece by Design	Wedding Services
A2	City Aluminium	Manufacturing	A8	Dwelling	Dwelling
A3	Naismith Industrial Power Transformers	Industrial Wholesaling	A9	Unknown Office User	Office
A4	Vacant Site	Vacant Site	A10	Recherche Specialty Picture Framing	Picture framing
A5	Breathe Education/CHS Education/Centrepiece/ Titan Self Storage	Educational Services	A11	Rutledge AV	Audio Visual Services
A6	Dwelling	Dwelling	A12	Caltex/Service Station	Service Station



Site A5: Titan Self Storage



Site A5: Breathe Education/CHS
Education/Centrepiece



Site A1/A2: City Aluminium



Site A3: Naismith Industrial Power Transformers



Site A11: Rutledge AV

Figure 23: Precinct B (Yarra) Business Mix



No	Business Name	Activity
B1	Porta Timber Mouldings	Manufacturing
B2	Residential/ Apartments	Residential/ Apartments
B3	Wellways	Disability Services
B4	Unknown	Unknown

Figure 24: Precinct C (Darebin) / D (Yarra) Business Mix



While Precinct C comprises only 8 businesses, there are a further 20 businesses located on the southern side of Heidelberg Road in the City of Yarra. There however are no notable synergies between the 2 precincts based upon the mix of activities. This precinct is the closest to Fairfield Village approximately 500 metres to the north and there are two cafes (C5, C6) located within the precinct.

No	Business Name	Activity	No	Business Name	Activity
C1	Shell Service Station	Service Station	D7	Recently Leased	Showroom
C2	Bayford Volkswagen	Car sales	D8	Nth Side Fitness	Recreation
C3	Grandview Hotel	Hotel	D9	AQA Vic	Disability Support Services
C4	See Change/Limea Rossa	Personal Training / Automotive Services	D10	Zepel Fabrics	Showroom
C5	Del Grocer	Food Retailing	D11	Innovative Curtains & Blinds	Showroom
C6	Cafe	Cafe	D12	Chiropractor	Health Services
C7	3 Point Mercedes	Car dealer	D13	Vacant Site	Vacant Site
C8	3 Point Mercedes Used /(now relocated)	Released Showroom	D14	AQA Vic/Spire	Health services

No	Business Name	Activity	No	Business Name	Activity
D1	Dunlop Tyres	Automotive Services	D15	Offices	Offices
D2	Unknown	Unknown	D16	Disegno Casa Tiles	Showroom
D3	Bikes Dever	Showroom	D17	Melbourne Lacework	Showroom
D4	Alphington Exercise & Rehab/Auswide Taxation	Offices	D18	De Lucia Tile Gallery	Showroom
D5	Kelm Hire	Building Hire	D19	3 Point Mercedes	Car Dealer
D6	Beds for Backs	Showroom	D20	BP service Station	Service Station

Figure 25: Precinct E (Darebin) / F (Yarra) Business Mix



Precinct E relates to the Heidelberg Road Activity Centre including the APM development. It is the largest precinct within the Study Area in terms of the number of businesses. Fort Knox Self Storage (site E6) is a major occupier while there are other potentially under-utilised sites such as used car yards, car wash etc. There are three cafes within the precinct and Alphington Station is located approximately 250 metres to the north.

No	Bus Name	Activity	No	Bus Name	Activity
E1	Wash Experts	Car Wash	E19	Lazzcorp Property Group	Offices
E2	Eurohaus Auto	Auto Services	E21	7 Eleven	Convenience Store
E3	Mandel Art Gallery	Art Gallery	E21	Dan Murphy	Liquor Retailing
E4	Alphington Automotive	Auto Services	F1	House of Lights	Showroom
E5	Roy Molloy Motors /Used Cars	Used Cars	F2	Sisters Of Mercy	Community Services
E6	Fort Knox Self Storage	Self Storage	F3	Take Shape Health & Fitness	Gym
E7	Autohaus Used cars	Used Cars	F4	Australia Post	Business Services
E8	Inactive frontage	Inactive frontage	F5	Unknown	Unknown
E9	Zen Japanese Massage	Health services	F6	Unknown	Unknown
E10	Back in Motion	Health services	F7	Woodpecker Floors	Showroom
E11	Ilios Restaurant	Restaurant	F8	Auto Exhaust Supplies	Auto services

No	Bus Name	Activity	No	Bus Name	Activity
E12	Fosette Cafe	Cafe	F9	20th Century Antiques/ Anytime Fitness	
E13	Vacant Site	Vacant Site	F10	Non Active Frontage	Non Active Frontage
E14	Vacant Retail	Vacant Retail	F11	Benjamins Kitchen	Cafe
E15	Unknown - Inactive Frontage	Unknown - Inactive Frontage	F12	Beaurepairs Tyres	Auto Services
E16	Vrai Thai Massage	Personal Services	F13	Euro Motor Works	Auto Services
E17	Marissa's Kitchen	Cafe	F14	Machinery Forum	Engineering services
E18	Career Dressing	Uniform Supplies	F15	Red Rooster	Take away food





Business Profiles

The majority of businesses located along Heidelberg Road are typical of those found in similar arterial road locations with a mix of peripheral retailing, showrooms and automotive services that benefit from the high exposure to passing traffic. There is however a small number of businesses that highlight the potential for more office-intensive activities and land use change within the area. Company website profiles provide a valuable insight into the nature of activities. These profiles have been reproduced below together with comments on the implications for land use change in the future.



cityaluminium.com.au

Since 1986, City Aluminium has provided high level quality commercial windows to both the commercial/retail and top end housing sector. Specialists in custom design finishes, with a team of highly experienced people; we provide a service and finish to best suit your every need. City Aluminium's ongoing commitment to its clients ensures we will be there to service you for many years to come. With our extended knowledge on the latest products, including energy efficient glazing and architectural glazing systems, we can provide you with valuable advice and ideas in order to achieve the best result. Based in the inner city area (Northcote), we provide our service all over Melbourne and including the Greater Melbourne area as far as Geelong, Wallan or the Peninsula.

Comment: City Aluminium is likely to value an inner metropolitan location given that it services the wider metropolitan area as well as inner-city high rise buildings. Relocating away from the immediate area is likely to impact upon their operational efficiency.



rutledge.com.au

As the leading audio visual integration specialist in Australia we've been at the forefront of audio visual technology since 1979. We offer end-to-end audio visual solutions; translating your audio visual requirements into complete, robust systems that will amplify the communications, collaboration and connectivity of your organisation. Our team of over 350 AV professionals - based across seven states and territories nationwide - include system designers, field engineers, service technicians, project managers, equipment procurers, system installers, software engineers, programmers, art directors, digital content designers, UX developers and copywriters.

Comment: An inner metropolitan location would be a key benefit for this high value-adding business to not only service corporate clients located in Melbourne inner city office precincts but also attract skilled workers.



naismith.com.au

We import from 20 suppliers in 9 different countries. Quality has been our watchword, and the quality of products from our suppliers has always been checked, delivery by delivery. Regular factory inspections of our suppliers are also carried out by Naismith personnel. With 15 people in Melbourne and 3 in Sydney, we are dedicated to supplying quality products through our 600 distributors in Australia, New Zealand and surrounding islands. Our staff is also trained to carry out drive design. With nearly 2,000 square metres of warehouse, and over 21,000 items of stock, our

customers can usually be supplied on a same day basis with the products that they require. Registered customers can check our web site for up to date stock levels and pricing. If the product you require also requires machining prior to fitting on your machine, this can be promptly carried out in our own workshop. We also machine small quantity, made to order parts, to customer drawings.

Comment: This well-established business has a low employment density with only 15 employees for its 2,000 sqm warehouse. Its client and employee profile may not require an inner metropolitan location which may enable it to relocate in the future.



Axxin.com

Axxin provides platforms and diagnostic products for biomedical applications that bridge the gap from research to market with world leading innovation, capability and cost effectiveness.

The company's goal is to take the cost and complexity out of point of care diagnostics and near patient applications. The company has extensive experience in instrument design, industrial design, sensor technologies and has applied these to molecular and lateral flow applications. Axxin has developed their unique Axxin Cubic™ platform technology that enables low cost, high sensitivity hand held and bench top readers capable of delivering complex test sequences in a wide variety of applications. Axxin's technology provides a scalable system where components can be added or upgraded in the future. These systems have a high degree of software functionality. This approach allows system upgrades to be implemented quickly and allows the equipment to support customer requirements through the life of the system.

Comment: This biomedical product development company is an example of a high value adding company that does not require a CBD location similar to many similar businesses in locations such as the Monash technology precinct. This business is also co-located with Swinburne University's Centre for Forensic Behavioural Science.



aqavic.org.au

AQA is a member based organisation providing support and services to people with spinal cord injuries and similar physical disabilities. Our focus on life after spinal cord injury informs everything we do. Our services and programs support all people who experience similar issues in their lives. AQA is a not-for-profit public company and registered charity.

Comment: This community service organisation will benefit from an affordable inner metropolitan location given its reliance upon limited resources in servicing clients statewide.



wellways.org

Wellways Australia Limited is a leading not-for-profit mental health and disability support organisation with services in Queensland, New South Wales, the Australian Capital Territory, Victoria and Tasmania. Our services span mental health, disability and community care, and reach thousands of people each year. We work with a diverse range of people living with mental health issues or various disabilities. We connect people, strengthen families and transform communities. We work with individuals of all ages experiencing disabilities or challenges to their social and emotional wellbeing. This can include creating a home, securing a job and building meaningful relationships.

Comment: Refer comments for AQA above.

6.3 Conclusion

The Heidelberg Road Corridor comprises a diverse mix of businesses spread across a number of precincts. As a result there has not been the opportunity for it to establish a clear role and function as a bulky goods or potentially an office precinct which would have raised its profile and ability to attract development and business investment. Rather, the key factor attracting businesses to the corridor is likely to have been the availability of affordable accommodation in a high exposure and easily accessible location.

A diverse mix of activities is beneficial in that it has reduced the corridor's exposure to a specific sector which may be impacted by industry restructuring or digital disruption. The impact of online retailing upon Bridge Road Richmond is one example of the consequences of being overly reliant upon one sector.

While there are a number of more intensive industrial and commercial activities located within the Corridor there is also a notable number of sites which support low levels of employment. Given the Corridor's strategic attributes it would be expected that a much higher level of employment intensity may be supported in the future. This will play a key role in providing convenient access to employment opportunities for local residents which is a key state government policy objective.

7. Property Market Assessment

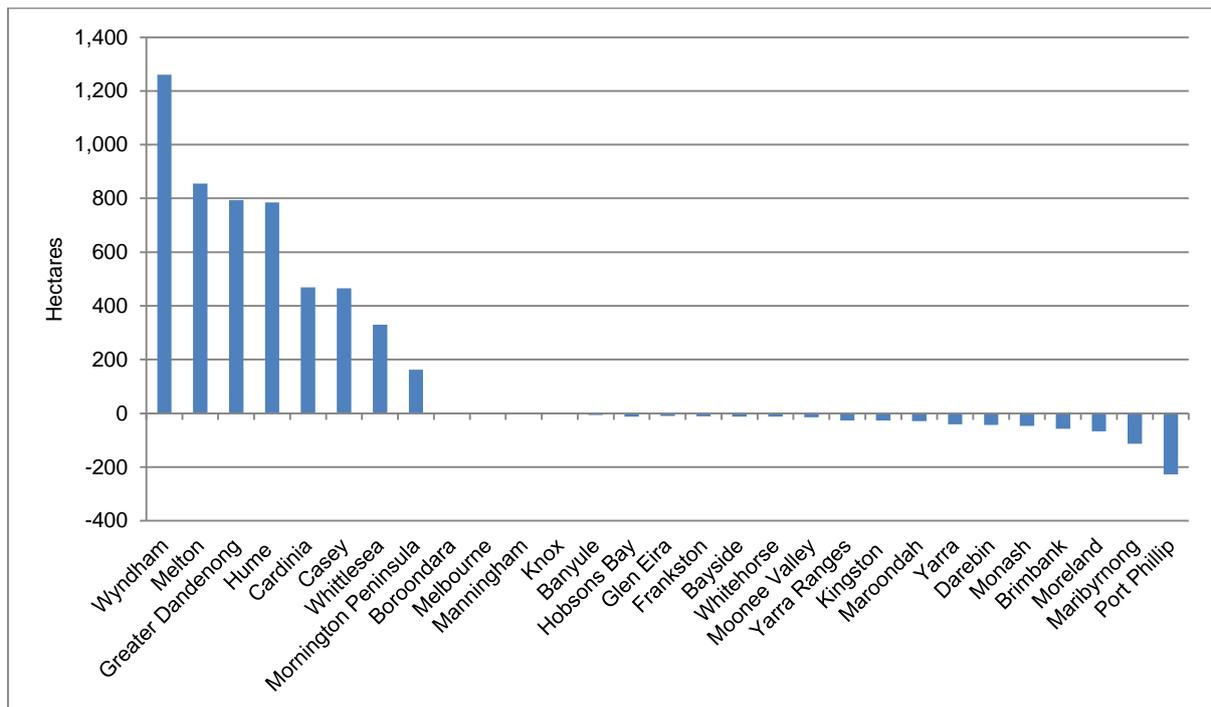
7.1 Inner Melbourne Industrial Property Market

The supply and demand situation for inner metropolitan industrial zoned land has shifted markedly over the past 5-10 years. The supply of industrial land across inner Melbourne has declined as sites have been rezoned for residential uses (refer Figure 26). At the same time, demand for inner metropolitan industrial zoned land has increased as a result of:

- Continued expansion of the Melbourne CBD generating demand for a range of industrial services (e.g. building services, office equipment maintenance and food wholesaling).
- Planning reforms in 2013 providing greater flexibility for office uses within industrial zones.
- Growth in creative industries, particularly IT related activities, which have shown greater flexibility in their choice of office locations and formats compared to traditional office users such as accountants, solicitors and financial planners.
- Increased demand for inner city industrial space by hi-tech / innovative start-ups, small importers, on-line retailers, logistical businesses, food manufacturers and building services,

The strong growth in employment across inner metropolitan industrial precincts highlighted earlier in Figure 15 demonstrates the increased demand for industrial land from more intensive employment uses particularly PSTS businesses.

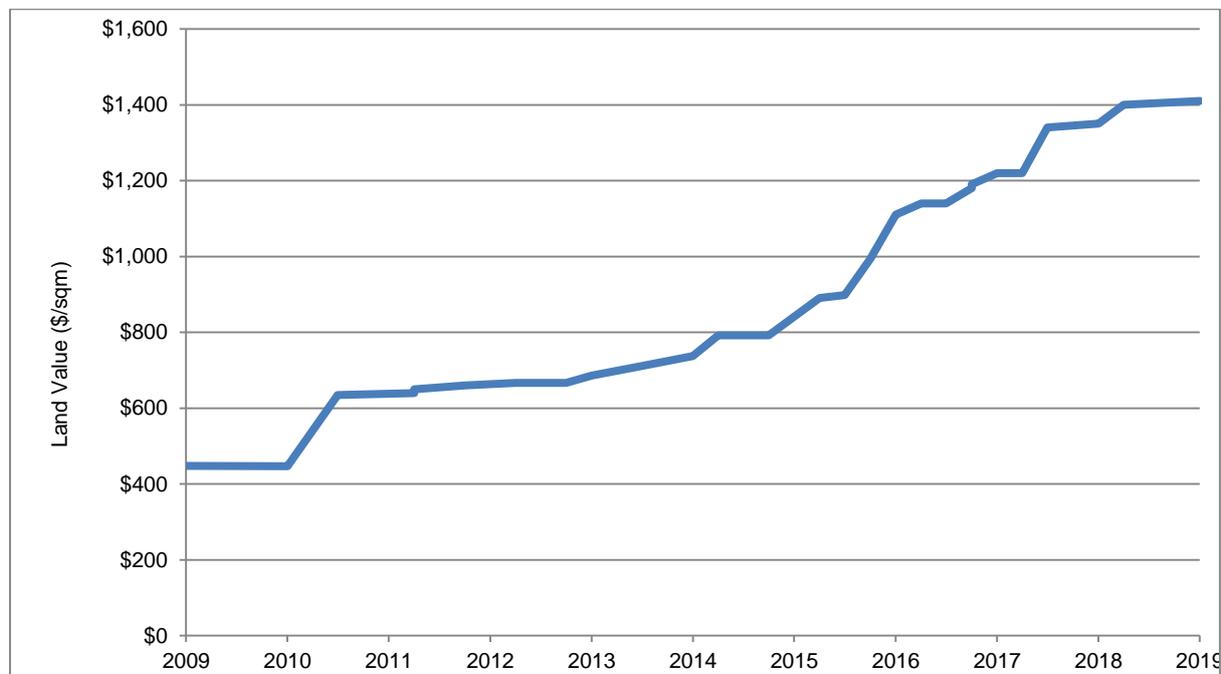
Figure 26: Net Change of Industrial Zoned Land by Municipality, 2000-01 to 2017-18



Source: DELWP Urban Development Program 2018

The net impact of these trends has been strong growth in industrial land values. Colliers' monitoring shows that indicative land values for CBD fringe industrial land have increased by around 75% over the five years to 2019 (refer Figure 27).

Figure 27: Indicative Industrial Land Values – Melbourne City Fringe 2009-2019

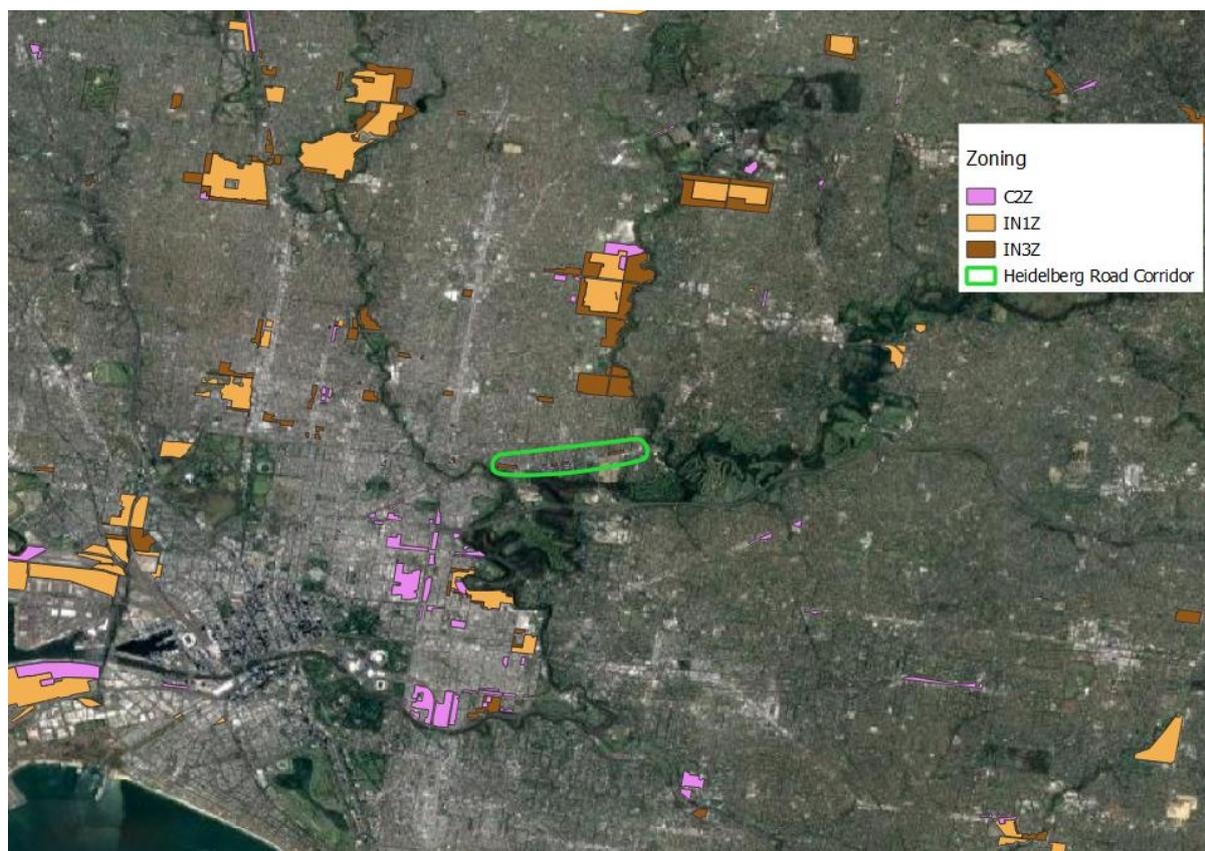


Source: Colliers Research and Forecast Report – Industrial Second Half 2019

7.2 Heidelberg Road Corridor – Market Context

The supply of industrial land across the northern and eastern regions is shown in Figure 28 below. While the Heidelberg Road Corridor accounts for a negligible share of total land supply, it is strategically better located than many other locations in terms of its proximity to the Melbourne CBD, freeways, public transport and key white collar labour markets in Melbourne's east and increasingly in the inner north region.

Figure 29: Regional Industrial Land Supply



Continued gentrification within the City of Darebin and neighbouring City of Moreland will result in an increasing number of resident professional workers that may either attract employers to locate in the Heidelberg Road Corridor or establish their own businesses there.

The Heidelberg Road Corridor is expected to become increasingly aligned with the Collingwood, Abbotsford and Cremorne employment precincts to the south as a city fringe office precinct in terms of their appeal to businesses seeking a CBD fringe location. As a result, it may be expected to attract increasing interest from developers and office users, particularly as Yarra's employment precincts become increasingly expensive and congested.

7.3 City of Yarra Proposed Office Developments

Employment precincts within the neighbouring City of Yarra provide a useful context for understanding potential development opportunities within the Heidelberg Road Corridor. Details of proposed office developments within the municipality are provided in Figure 30 and Figure 31 below. While office development within the Corridor is likely to be of a smaller scale due to fewer businesses seeking to locate there compared with more inner-city locations, these proposed developments highlight the level of demand for office space in city fringe industrial areas.

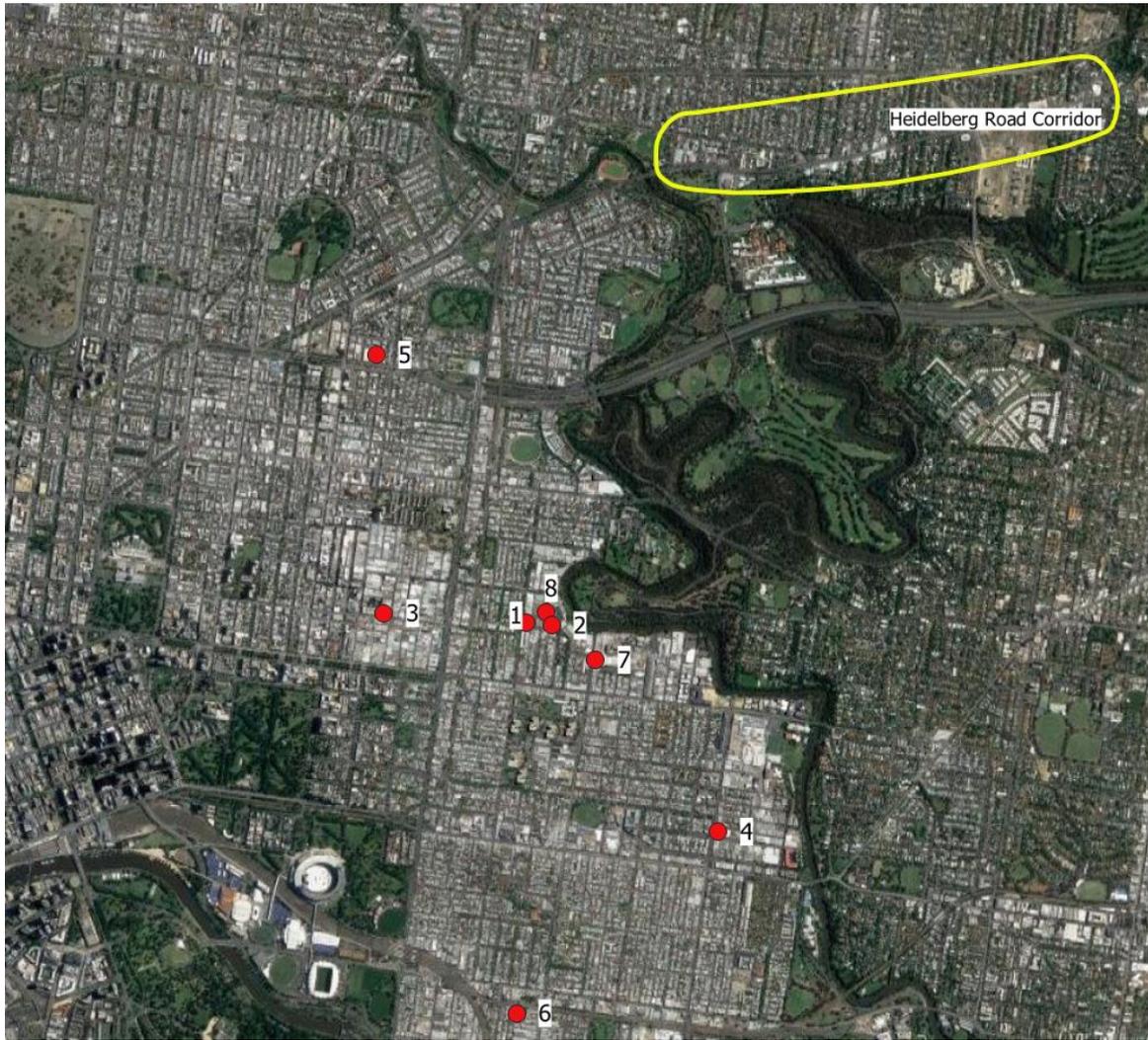
The City of Yarra's Spatial Economic and Employment Strategy (p.63) highlights the importance of the Commercial 2 zone in facilitating local economic growth as follows:

"Compared to other Councils within the inner city region, Yarra has a large amount of C2 zoned land (around 100 hectares) dispersed across most of the municipality which is being used for a variety of commercial and business purposes. The C2 zoning provide opportunities for a different range of uses and businesses than occurs in Yarra's activity centres which are predominantly based around retailing and services."....." C2 zoned land has supported change within the local economy with C2 zoned areas evolving and consolidating their economics role and providing further opportunities for development and intensification of Yarra's economic and businesses growth."

Although office development has also occurred on Industrial 1 and Industrial 3 zoned sites this is a Section 2 use under the zoning provision and therefore requires a planning permit. Planning applications within the City of Yarra have generally relied upon Council and state government policies that support employment generating uses within these zones.

Strong office market conditions within the City of Yarra over recent years has encouraged office development despite sites not being zoned Commercial 2 which would allow these uses without a permit being required. This contrasts with the Heidelberg Road Corridor which is yet it be established as an office location and therefore more reliant upon a Commercial 2 zoning to encourage office development.

Figure 30: Selected City of Yarra Proposed Office Developments - Location



Source: City of Yarra

Figure 31: Selected City of Yarra Proposed Office Developments - Details

Map Ref	Address	Proposed Development	
1	20-30 Mollison Street Abbotsford	<p>12 Storey mixed use project comprising 9,448 sqm office space.</p> <p>Zoning: Industrial 3 Site Area: 1,853 sqm</p>	
2	32 - 68 Mollison Street and 10 Victoria Crescent, Abbotsford	<p>Five storey office building.</p> <p>Zoning: Commercial 2 / Industrial 1</p>	
3	60-68 Landridge Street and 23-45 Waterloo Road, Collingwood	<p>Two office towers (7 and 9 levels) with total office floorarea of 5,973 sqm.</p> <p>Site Area: 3,014 sqm Zoning: Commercial 2</p>	
4	157 - 161 Burnley Street Richmond	<p>12 storey office building</p> <p>Office space: 8,727 sqm Zoning: Industrial 3</p>	

Map Ref	Address	Proposed Development	
5	Hilton Street Clifton Hill	7 storey building comprising 1,215 sqm of office space above ground level Site Area: 232 sqm Zoning: Commercial 2	
6	4-6 Adolph Street and 3-5 Pearson Street Cremorne	7 storey office building Office floorarea: 2,975 sqm Zoning: Commercial 2 Site Area: 598 sqm	
7	31-51 Nelson Street Abbotsford	7 storey office building Site Area: 2,160 sqm Zoning: Industrial 3	
8	12-20 Victoria Cres Abbotsford	Two office buildings (six and nine storeys) totalling 12,079 sqm of office space Site Area: 4,893 sqm Zoning: Industrial 1	

7.4 Heidelberg Road Corridor Development Opportunities

Similar to the pattern which has occurred in employment precincts with the City of Yarra, promoting office development along Heidelberg Road corridor is likely to result in the redevelopment of existing sites. This may initially occur upon smaller vacant or under-utilised sites such as car yards, or properties that offer the opportunity to be converted for office accommodation.

After the market for office space has been tested by smaller scale developments the Heidelberg Road Corridor may emerge initially as a local office precinct before potentially attracting sufficient development to become a recognised office precinct. The timeframe over which this may occur will be determined by a range of factors including macroeconomic conditions and competition from Yarra's employment areas where there is still an abundance of potential development sites.

As a result, office development within the Corridor would be expected to occur incrementally over a period of perhaps 20-30 years.

There is also expected to be the opportunity for the development of more intensive office warehouses of around 150-250 sqm with office space accounting for around 50%. This form of development will appeal to predominantly office users that require storage space that is not available within dedicated offices. Such activities may include engineering and scientific related activities, distributors of high value products that also provide technical support to clients, as well as traditional office users. This form of development plays an important role in transitioning precincts towards more intensive employment and eventually dedicated office developments.

There is also the opportunity for the precinct to attract activities identified in Darebin's Creative and Cultural Infrastructure Framework. However, as noted in the Framework report, this is dependent upon the availability of low cost accommodation. This would require the reuse of existing industrial buildings, rather than their redevelopment for more intensive employment uses.

Given the overall amount of industrial zoned land within the Corridor, many of the existing land uses are likely to be maintained into the foreseeable future with incremental office development occurring as sites become available to the market. Sites that are owner-occupied are likely to continue to be occupied by existing businesses for as long as it meets their operational requirements. Similarly, sites that are already intensively developed are less likely to be redeveloped where more affordable development sites exist within the corridor.

7.5 Strategic Development Sites

Within the Study Area there are a number of potential development sites that may support more intensive development such as high-tech office/warehouses and dedicated offices. A number of these sites have been profiled below to indicate the form of development that may be supported.

155 Heidelberg Road Northcote

Site Area: 624 sqm / Zoning IN3

Map reference A4

Current Use: Vacant site

This site is located adjacent to two relatively contemporary office warehouses and may potentially best suit a small office development given the site dimensions, proximity to public transport, parklands, and Hoddle Street which is located 1 km to the west.



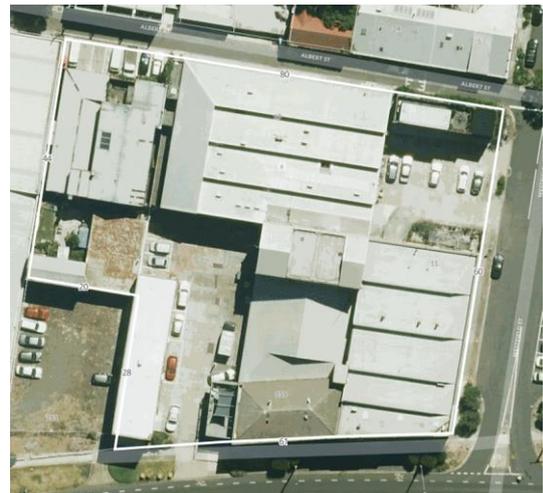
159 Heidelberg Road Northcote

Site Area: 4,837 sqm / Zoning: IN3

Map reference A5

Current Use: Self storage / offices

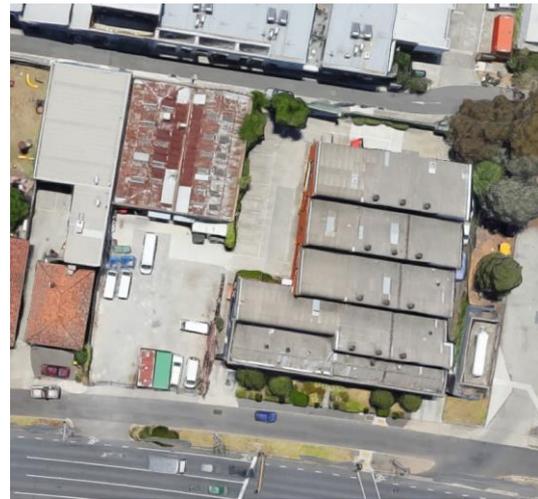
This warehouse may potentially accommodate additional office space including co-working space. It is located adjacent to the above property and therefore shares the same locational attributes as well as offering multi-street access.



195-199 Heidelberg Road Northcote

Combined Site Area: 3,062 (2,023 / 1,039)
 Zoning: IN3
 Map reference: A11
 Current Use / Occupant: Rutledge AV

Located in the same precinct as the previous two properties, this relatively large site offers rear laneway access. The single level office/warehouse may offer the opportunity for redevelopment for a mix of hi-tech office warehouses together with dedicated office suites along the site's Heidelberg Road frontage.



415-421 Heidelberg Road Fairfield

Site Area: 2,272 sqm / Zoning: IN3
 Map reference C2
 Current Use / Occupant: Bayford Volkswagen

This under-utilised site is located immediately west of Station Street and therefore close to Fairfield Village. Given its location it represents a longer-term commercial office opportunity in order to maximise its development potential. Industrial uses such as office-warehouses would result in notably less employment and therefore an underdevelopment of the site,



679 Heidelberg Road, Alphington

Site Area: 700 sqm / Zoning: IN3
 Map reference E5
 Current Use / Occupant: Used car yard

This smaller site represents a possible short-medium term development opportunity given its size, minimal capital improvements and location opposite the APM site. A small scale office development would benefit from the existing access to public transport as well as future retail amenity of the APM site. Similar, but larger, sites (E1, E7) within the precinct offer similar opportunities for larger scale commercial office development.



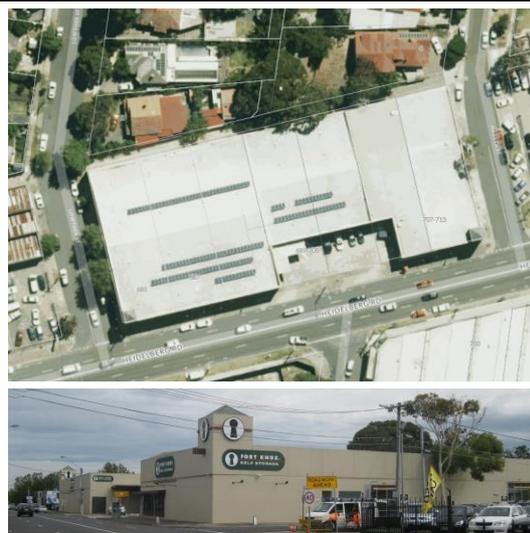
685-712 Heidelberg Road, Alphington

Site Area: 4,895 sqm / Zoning: IN3

Map reference E6

Current Use / Occupant: Fort Knox Self-Storage

This large site may be a longer-term development opportunity dependent upon a critical mass of commercial development occurring within the precinct. Given the site's large size, redevelopment will require a mix of uses that may include a residential component. A Commercial 3 zone to stimulate more intensive development including a proportion of residential uses and protection of employment focus that leverages off the APM development may be appropriate for this larger site.

**7.6 Conclusion**

The Heidelberg Road Corridor offers the opportunity to leverage off the success of the City of Yarra's employment precincts in supporting more intensive employment. While the Corridor has to date attracted a limited number of office users, it possesses the strategic attributes that differentiate it from competing precincts and better meet the needs of particular sub-markets. This includes availability of affordable development sites, public transport accessibility, access from the Eastern Freeway via Chandler Highway and location on a major arterial road.

The timeframe over which this may occur will be dependent upon economic and property market cycles as well as the availability of potential sites for development. The redevelopment of existing Industrial 3 zoned sites for more intensive employment uses that will be best facilitated through the rezoning of these sites to the Commercial 2 zone.

While the City of Yarra was able to attract employment intensive uses in industrial zones, this location is not considered to be as desirable and will need a more attractive zoning. While such development may result in the reduced supply of affordable accommodation for many creative and cultural activities, these uses will have the opportunity to locate within the nearby Fairfield industrial area. Creative uses also have the opportunity to stay in any existing properties that are not redeveloped and benefit from the improved amenity and density of surrounding employment uses.

8. Strategic Direction

8.1 Role and Function

The Heidelberg Road Corridor is well positioned to support more intensive employment activities that better reflect its locational attributes and changing profile of local residents. This would be expected to result in it assuming an increasingly regional role in delivering a range of high-value adding products and services.

The Corridor may be expected to progressively evolve into a recognised office precinct over the next 20-30 years as has similarly occurred within the City of Yarra. In doing so, it will offer increased employment options for residents of Melbourne's northern and eastern regions, as well as a wider choice of accommodation options for businesses.

Future development within the Corridor may also be expected to complement more traditional industrial land uses within Darebin's core industrial precincts through offering the opportunity for high tech office warehouse development with a high office floorspace component.

8.2 Planning Controls

It is recommended that all existing Industrial 3 zoned sites be rezoned to Commercial 2 with the exception of the Knox Storage site which may be more appropriately rezoned to the new Commercial 3 zone. The proposed zones will more closely reflect the strategic opportunities offered by the Heidelberg Road Corridor to support a greater diversity of employment opportunities that better align with the changing needs of residents within Darebin and the surrounding region. More intensive employment activities will better leverage the Corridor's locational advantages that include its proximity to the Melbourne CBD, transport infrastructure and an increasingly higher skilled local workforce. Such activities are consistent with state government planning policy and better utilise employment land as an alternative to over-development for residential uses.

8.2.1 Proposed Commercial 2 Zone

The C2Z is considered appropriate because it facilitates the transitioning of economic activity towards more intensive employment generating activities and a broader range of employment uses than the Industrial 3 Zone, while also protecting strategically important employment precincts from residential encroachment.

The redevelopment of existing Industrial 3 zoned sites for more intensive employment uses that will be best facilitated through the rezoning of these sites to the Commercial 2 zone. While the

City of Yarra was able to attract employment intensive uses in industrial zones, this location is not considered to be as desirable and will need a more attractive zoning.

8.2.2 Proposed Commercial 3 Zone

The Commercial 3 Zone for the Knox Storage site is considered necessary to stimulate more intensive development for this large site by also allowing a proportion of residential uses while protection of employment focus.

The Commercial 3 zone will provide for a transition between Commercial 1 Zoned sites to the east and sites to the west for which a Commercial 2 zone is recommended. The Commercial 3 zone allows residential development which will provide greater incentive for the site to be redeveloped than would the Commercial 2 zone given the significant size of the site.

The zone limits the maximum percentage of residential use to 35%, unless varied by the schedule within the range 0-50%. An appropriate percentage for the Knox Storage site will be that which encourages the redevelopment of the site for more intensive employment uses. This will be dependent upon market conditions at a point in time and the commercial viability of a specific development proposal. Given economic and property market uncertainties for both residential and commercial development that are likely to exist over the next 3-5 years it is envisaged that the default percentage of 35% may be appropriate.