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TALLY HO COMMERCIAL 1 ZONE REVIEW

WHITEHORSE CITY COUNCIL | JULY 2019 (UPDATED DECEMBER 2020)



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FILE

Review of Commercial 1 Zone in the Tally Ho Activity Centre

VERSION

1

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ACRONYMS

AC	ACTIVITY CENTRE
MAC	MAJOR ACTIVITY CENTRE
B2Z	BUSINESS 2 ZONE
C1Z	COMMERCIAL 1 ZONE
C2Z	COMMERCIAL 2 ZONE
C3Z	COMMERCIAL 3 ZONE
MUZ	MIXED USE ZONE
IN1Z	INDUSTRIAL 1 ZONE
IN3Z	INDUSTRIAL 3 ZONE
SA2	STATISTICAL AREA LEVEL 2
SA4	STATISTICAL AREA LEVEL 4
UDF	URBAN DESIGN FRAMEWORK

DECEMBER 2020 UPDATE

This report and the supporting economic analysis was prepared in early-mid 2019. Following a period of public exhibition, minor changes to the report were made in December 2020 to clarify recommendations. In the intervening period, the COVID-19 pandemic has presented major challenges and disruptions to the economy while also posing new questions to urban planners and economists regarding how and where people will choose to live and work.

Many of the direct effects of the pandemic on the office sector remain active at the time of writing: a substantial proportion of the professional workforce is working remotely and travel patterns and living arrangements for many Melbourne residents remain 'disrupted'. While the direct effects of the pandemic are still occurring, it is premature to fundamentally adjust views on the underlying, long term and structural elements of the urban economy.

As set out in this report, population growth, employment growth and office floorspace demand were all strong prior to the pandemic. As part of this growth, several shifts were already occurring, including increasing investment and demand for office floorspace in suburban areas compared with traditional 'centralised' concentrations, and increases to the incidence of remote and co-working. Over the medium to long term, these strong underlying economic and property market fundamentals are not expected to change. At the global level, Australia's reputation as a safe, stable and healthy location for residents, businesses and investors has so far only been enhanced during 2020, which could ultimately manifest in even greater demand for immigration and investment.

There can be little doubt that one of the most relevant effects of the pandemic is likely to be a 'step change' increase in remote working, however the extent to which this expected shift impacts office floorspace demand is yet to be known and will depend on the business and leasing decisions taken by a wide range of occupants. Although it is likely that less hours per worker will be spent in traditional offices, one counter-balancing factor is the potential for increases in the space required per employee in office environments to achieve social distancing requirements and to meet revised expectations of workplace health and hygiene.

In the context of these changes and challenges, the study area at Tally Ho remains a strategically and economically significant commercial precinct in a location that is well positioned to accommodate growth, change and investment over the coming years. The economic and property fundamentals for suburban office precincts remain strong, although changes to the nature of office space usage should be closely monitored over time.

The broader challenges faced by many parts of the Australian economy - particularly high unemployment and substantial business closures - underline the importance of ensuring that land and built space is available for business and employment purposes in strategic and accessible locations across urban areas, and that planning provides flexibility and opportunity for a range of business types, premises and developments to occur.

EXECUTIVE SUMMARY

OVERVIEW

Urban Enterprise was engaged by Whitehorse City Council (**Council**) to review the Commercial 1 Zone (**C1Z**) in the Tally Ho Activity Centre (**Tally Ho AC**).

The Study Area comprises approximately 34ha of land within the Commercial 1 Zone within the Tally Ho Activity Centre near the intersection of Springvale Road and Burwood Highway in the suburb of Burwood East. The Whitehorse Planning Scheme and supporting documents identify the Tally Ho AC as a significant high-tech business hub with a vision to maintain and enhance the primary role as an office hub.

The majority of land in the Tally Ho AC was within the Business 2 Zone (**B2Z**) prior to 2013. Changes to the commercial zones were made in 2013 as part of State government changes to commercial zones across Victoria, resulting in land in the B2Z being automatically rezoned to the Commercial 1 Zone.

Across the State, commercial zone changes generally resulted in greater flexibility for land uses in activity centres and other business and commercial areas, particularly relating to the opportunity for residential uses to be developed without the need for a permit in the Commercial 1 Zone.

This project analyses the economic characteristics and role of the Commercial 1 Zone land in Tally Ho to establish an economic evidence base to inform any changes to existing planning controls required to maintain and support a viable economic centre with strong competitive advantages.

DEVELOPMENT CONTEXT

The Study Area is best defined as established and maturing office employment location with supporting retail and other uses. There is a total of over 120,000sqm NLA across 27 buildings (including approximately 105,000sqm commercial spaces), plus a multi-storey parking building (10,500 sqm). There is approximately 2,700sqm of vacant floorspace, resulting in an estimated low vacancy rate of 3%.

The Study Area accommodates a specialisation in technology and computer related industries, which occupies approximate 32% of the commercial NLA, along with supporting uses in professional services, financial and insurance services and government services (20%). Headquarters for large corporations and substantial government offices result in the Study Area accommodating an economic role of regional significance.

More than half of the building stock is at least 30 years old, which could result in decreasing building quality and attractiveness to contemporary business needs over coming years.

Significant investment has been made in internal fit-outs, alterations and car parking in the Study Area over the past 10 years, reflecting the age of the building stock, the need to retain tenants seeking quality office space and maintain rent rates.

There appear to be relatively limited opportunities for new commercial development within existing properties given existing height limits and land occupancy.

EMPLOYMENT AND ECONOMIC ROLE

The employment and economic role of the Study Area is described as follows:

- There were an estimated total of approximately 3,750 jobs within the Study Area in 2016. This includes all full time, part time and casual jobs.
- There has been relatively strong employment growth in the Information Media and Telecommunications and Professional, Scientific and Technical Services in recent years, however there has been limited change in government / public administration employment.

- The Study Area is estimated to accommodate uses which generate \$2.4bn in economic output and \$1.24bn in value added to the economy. This level of output equates to approximately 6% of the output across the City of Whitehorse, indicating that the economic activity occurring in the Study Area is of material significance to the municipal economy.
- The Study Area contains a substantial supply of office floorspace and office employment, with an estimate 2,100 'office jobs'. This is the second greatest concentration of office employment in Whitehorse behind Box Hill.
- There is a cluster of computer and technology related businesses in Tally Ho, with approximately 1,300 jobs that are computer or IT related. This cluster is significant at the metropolitan level.
- The business mix in the area generally serves a catchment far greater than the Whitehorse area and eastern metropolitan region.

ECONOMIC ASSESSMENT

The key findings of the economic assessment are as follows:

- Employment in the Whitehorse and Monash municipal areas is growing strongly, increasing by 24,000 jobs between 2011 and 2016. The greatest increases were in the health care, education, professional services, construction and accommodation and food services sectors.
- The Inner East and Outer East regions of Melbourne are projected to accommodate an additional 35,200 jobs between 2018 and 2023, an 8% increase on existing levels, with the professional services sector the second greatest increase (5,600 jobs over 5 years at more than 1,000 additional jobs per year).
- The Study Area contains businesses and employment within a number of sectors identified as growth sectors and areas of competitive advantage for Victoria, especially professional services and digital technologies.
- The Study Area is proximate to a number of precincts identified for major investment to support employment and services - this will support demand for professional services in the area and strengthen business and employment conditions in the eastern region of Melbourne.
- As a Major Activity Centre, Tally Ho is well positioned spatially, economically and in terms of planning policy to maintain and strengthen its employment role within industries that are well aligned to Victoria's competitive advantages.
- The Melbourne commercial office market is performing strongly at present, underpinned by strong employment growth and a relative lack of new supply in inner areas.
- The low office vacancy rates in CBD and inner areas are leading to increasing demand for larger format offices in outer areas, and the outer east region (which includes the Study Area) experienced the highest net absorption of office floorspace over the last year of any non-CBD region.
- With approximately 100,000sqm of commercial office space, Tally Ho accommodates in the order 10% of the commercial office space in the Outer Eastern Region of Melbourne, making it a significant location for office uses.
- The estimated vacancy rate of 3% at Tally Ho is considerably lower than the region vacancy rate of 7%, indicating that Tally Ho is well established, well occupied and remains in demand from office tenants.
- Net rents for buildings in Tally Ho have ranged from \$270-\$375 per sqm, with more recent reports indicating rents between \$330 and \$370/sqm. These rents align with the overall 'prime' or 'A-grade' rents for the outer east region.
- Given the strong competition from new large floorplate office spaces in the region, it is important that existing building owners have opportunities to continue to develop both built space (i.e. new buildings, redevelopment and additional floorspace) and internal areas (such as fitouts, alterations and refurbishments) to adapt to the changing needs of the office user market, especially given the age of the existing major office buildings.

FINDINGS

Based on the evidence reviewed in this report, there is a strong case for retaining an employment focus for the Study Area. This is supported by the following main points:

- The Study Area is economically significant to the municipality and the eastern region in terms of employment and output.
- Tally Ho is one of the largest commercial office concentrations in the eastern region. Key property indicators are relatively strong with low vacancies, strong rents and considerable re-investment made in recent years.
- The existing occupants serve a regional, municipal and sometimes national catchment, as opposed to businesses commonly located in activity centres which are often smaller in scale and support local population needs.
- There is a strong specialisation in technology and a cluster of emergency services administration. Such concentrations generate significant economic agglomeration benefits and are generally established over a relatively long period.
- Existing specialisations of the Study Area and surrounding parts of the activity centre are well aligned to regional and metropolitan strengths and competitive advantages in professional services and technology.
- Employment projections are for strong professional services job growth in the region, which is proving to be attractive to larger office tenants with strong absorption of new space.
- There is a relative lack of alternative large format office space in Whitehorse (except in Box Hill), and many of the newer large format office precincts in the broader region are poorly located to public transport.

Some risks to the ongoing attractiveness of the Study Area to the office market have been identified, primarily due to the age of existing buildings, the need to adapt and update space to meet changing business needs, and the need to facilitate opportunities for ongoing reinvestment and redevelopment.

PROSPECT OF RESIDENTIAL DEVELOPMENT

The Commercial 1 Zone allows 'accommodation' uses (i.e. dwellings) without the need for a planning permit and identifies residential uses in the purpose of the zone. This differs from the previous Business 2 Zone which did not include residential use in the purpose of the zone (instead, the purpose of the zone was to accommodate offices and associated commercial uses) and where a permit was required for 'accommodation' uses (dwellings).

The introduction of the Commercial 1 Zone in 2013 preceded a number of property sales in Tally Ho, and some interest has emerged for mixed use development in the Study Area incorporating residential apartments.

It is considered that substantial residential development could materially change the role and function of the centre and risk eroding the specialisation, value and employment role of the area. Therefore, accommodation (dwelling) uses should be considered only as a tertiary opportunity for the Study Area where the use would not impact on the core employment role and agglomeration. Residential opportunities could be potentially be considered on the northern periphery of sites to the north of the Burwood Highway (such as the former HP site) where a transition to other uses (i.e. nearby houses) could be achieved. This would be subject to each of these sites maintaining a predominantly commercial role, and it being demonstrated that allowing dwellings to establish here would not erode the specialisation, value and employment role of the location.

POLICY IMPLICATIONS

It is recommended that the existing planning policy be reviewed to ensure that the economic role and function of the Tally Ho centre is retained and that accommodation uses (i.e. dwellings) are supported only in peripheral locations.

Policy should seek to:

- Reinforce the vision for the area;
- Maintain an employment focus;

- Enable existing uses to continue to operate and grow;
- Encourage complementary land uses; and
- Encourage ongoing reinvestment and redevelopment.

The following land use recommendations should also be reflected in planning policy:

- Primary use: employment, primarily office-based;
- Secondary uses: retail and commercial uses supporting the employment role, including convenience retail, hospitality, visitor accommodation, recreation (public and commercial), health, childcare, banking and professional services;
- Tertiary uses: residential dwellings, located peripheral to the Study Area and not precluding opportunities for employment floorspace as the primary land use.

PLANNING ASSESSMENT

A planning assessment considered the range of statutory planning provisions that could be applied to the Study Area to facilitate the realisation of the employment and activity centre aspirations.

The planning assessment resulted in the following recommendations.

Recommendation 1 - Revise the existing Tally Ho Policy (clause 22.08) to make clearer the specific range of complementary uses that are supported by Council within the Study Area (and under what conditions).

Recommendation 2 - Apply the Commercial 3 Zone across the study area with schedules which apply the following controls:

- Tally Ho Business Park:
 - Prohibit dwellings (i.e. 0%); and
 - Permit residential buildings (e.g. hotels, short stay accommodation) with a floor area of up to 50% of the total floor area of a building;
- Former HP site :
 - Permit residential buildings with a floor area of up to 50% of the total floor area of a building anywhere within the site; and
 - If it is determined via a masterplanning process that some limited residential uses might be permissible as a transitional use in the northern part of the site) apply the default schedule for dwellings (35% of the floor area of a building) via a schedule to that part of the site only.

Recommendation 3 - Apply a site specific control to the existing Crossways church site which retains the same land use status for a place of worship that currently exists under the Commercial 1 Zone.

Recommendation 4 - In the event that Council considers that a specific part of the Study Area needed to be set aside for the provision of freestanding short-stay accommodation and/or some form of a small 'local activity centre' comprising a small supermarket and associated speciality shop uses, then part of the land could be differently zoned to allow this.

That part of the land could potentially remain in the Commercial 1 Zone with a Development Plan Overlay applied to ensure that the desired land use and built form outcomes were identified. The extent of any such land should be limited to the minimum size necessary to facilitate the desired mix and scale of uses. Further assessment of both the need for a small supermarket-based neighbourhood centre on the subject site and its impact on nearby neighbourhood centres should be undertaken before further considering this option.

Recommendation 5 - Consider undertaking a review of the existing built form controls that apply to the Study Area in the coming years. The review should focus on ensuring that the high quality building and landscape design vision established under the existing UDF and Design Guidelines is achieved whilst at the same time supporting the creation of a greater intensity and diversity of activities and also the renewal and redevelopment of ageing building stock within the Study Area.

1. INTRODUCTION

1.1. ENGAGEMENT AND BACKGROUND

Urban Enterprise was engaged by Whitehorse City Council (**Council**) to review the Commercial 1 Zone (**C1Z**) in the Tally Ho Activity Centre (**Tally Ho AC**).

The majority of land in the Tally Ho AC was within the Business 2 Zone (**B2Z**) prior to 2013. Changes to the commercial zones were made in 2013 as part of State government changes to commercial zones across Victoria, resulting in land in the B2Z being automatically rezoned to the Commercial 1 Zone.

Across the State, commercial zone changes generally resulted in greater flexibility for land uses in activity centres and other business and commercial areas, particularly relating to the opportunity for residential uses to be developed without the need for a permit in the Commercial 1 Zone.

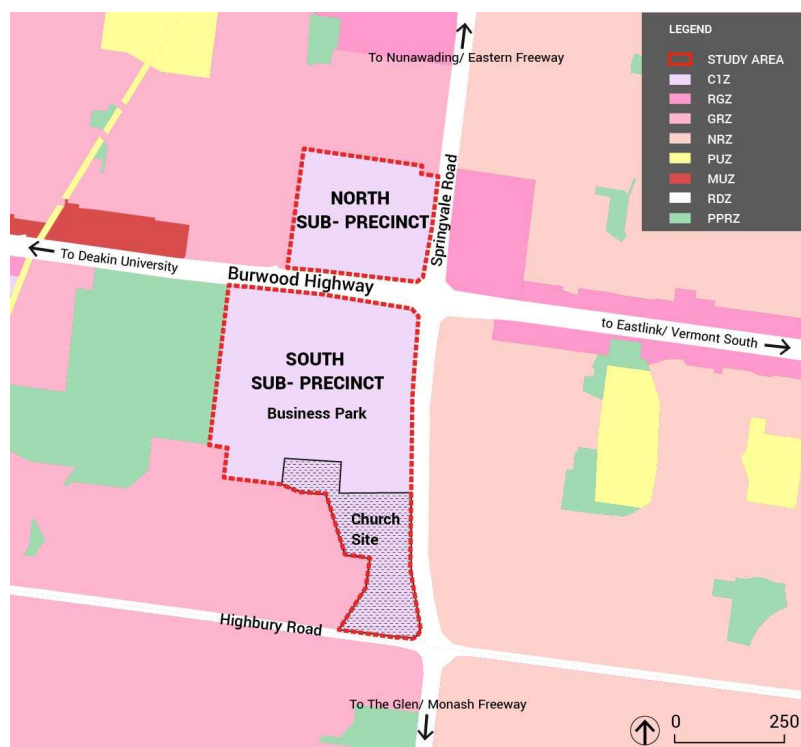
This project seeks to analyse the economic characteristics and role of the Commercial 1 Zone land in Tally Ho, assess the appropriateness of the building stock to meet the needs of potential business types, and consider the extent to which residential development might complement or conflict with existing employment uses. Subsequently, the project seeks to establish an economic evidence base to inform any changes to existing planning controls required to maintain and support a viable economic centre with strong competitive advantages.

1.2. STUDY AREA

The Study Area comprises approximately 34ha of land within the Commercial 1 Zone within the Tally Ho Activity Centre near the intersection of Springvale Road and Burwood Highway in the suburb of Burwood East. The Study Area boundaries are shown in Figure 1 (planning zones) and Figure 2 (aerial photo).

The Study Area includes a northern sub-precinct and a southern sub-precinct as shown in Figure 1.

F1. STUDY AREA PLANNING ZONES



Source: Planning Maps Online, 2019.

F2. STUDY AREA AERIAL



Source: NearMap, 2019

1.3. LOCATION AND ACCESSIBILITY

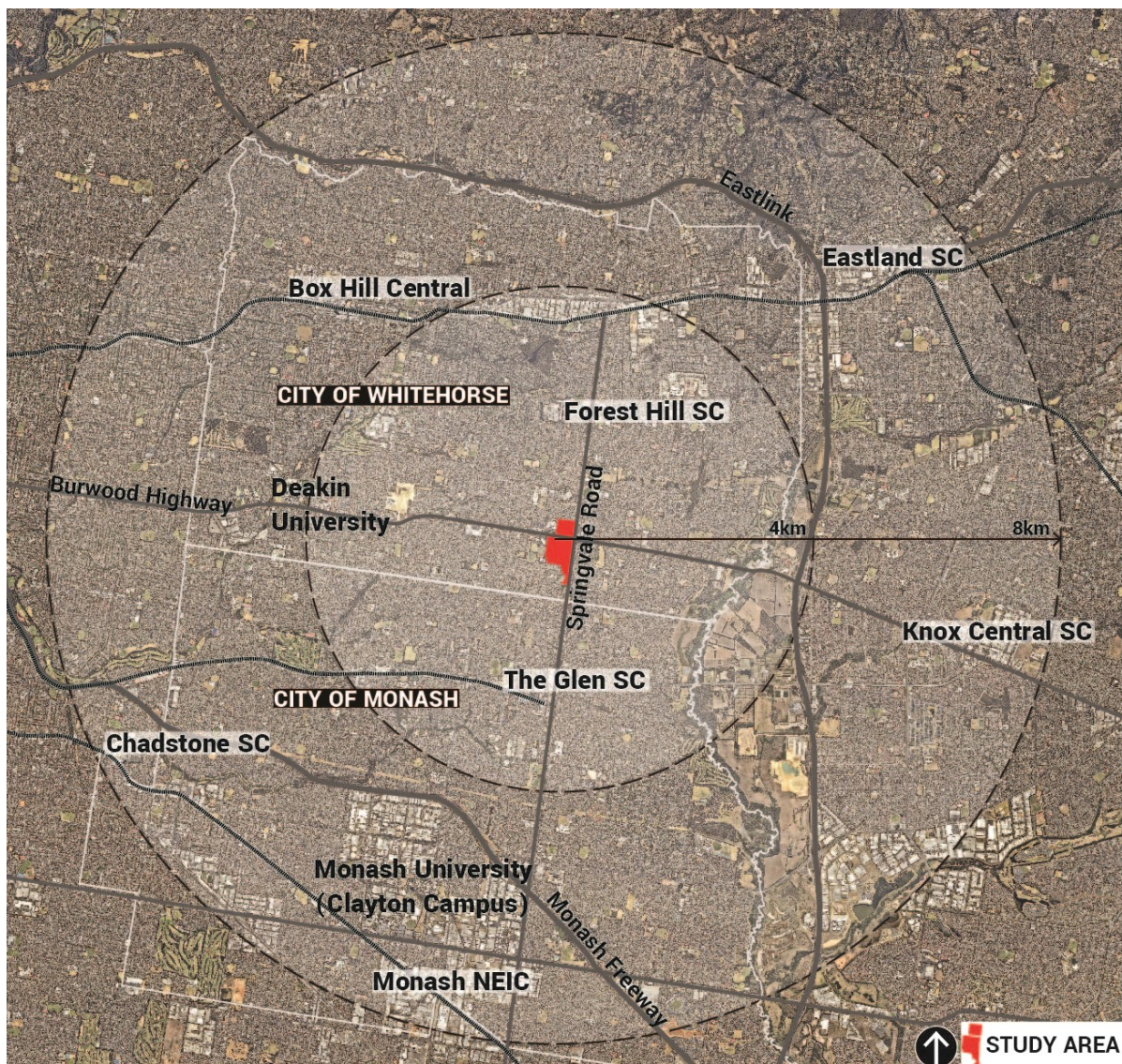
The Study Area is located within the City of Whitehorse near its southern boundary with the City of Monash.

The Study Area is located at the junction of Springvale Road and Burwood Highway – both major arterial roads that also form part of the Principal Public Transport Network (Springvale Road as a key bus route and Burwood Highway as a tram route).

The Route 75 Tram Corridor along Burwood Highway has two stops within the Study Area. The Study Area is approximately 4km to the west of the Eastlink Freeway, 5km north of the Monash Freeway and 6km south of the Eastern Freeway.

The Study Area is central to a large residential area across the Cities of Whitehorse, Monash, Manningham and Knox and is approximately 5km from the Monash National Employment and Innovation Cluster (Monash NEIC). See Figure 3.

F3. LOCATION CONTEXT



Source: Nearmap, annotated by Urban Enterprise 2019.

2. POLICY CONTEXT

2.1. INTRODUCTION

This section provides an overview of the State and local policies that are relevant to the Study Area and a review of current planning controls applicable.

2.2. STATE POLICY CONTEXT

PLAN MELBOURNE

Plan Melbourne (2017-2050) is the State government's overarching strategic plan which establishes a vision for Melbourne to continue to be a global city of opportunity and choice. Acknowledging projections for Melbourne's population to exceed 8 million residents within the planning period, Plan Melbourne places significant emphasis on the creation of 1.5 million new jobs over the next 35 years.

Plan Melbourne seeks to support Melbourne as a 'productive city' that attracts investment, supports innovation and creates jobs, as well as to be as Australia's pre-eminent knowledge economy, services sector and freight hub. It directs creation of jobs close to where people live to provide local employment and support local economies and the development of 20-minute neighbourhoods.

Tally Ho Activity Centre is identified as a Major Activity Centre in Plan Melbourne. Major Activity Centres are designated to support investment and job creation to ensure employment growth occurs outside of the central city. Plan Melbourne also identifies that Major Activity Centres present the opportunity to accommodate greater medium- and higher-density residential development in middle suburbs close to jobs and services.

2.3. LOCAL POLICY

TALLY HO URBAN DESIGN FRAMEWORK

The Tally Ho Major Activity Centre Urban Design Framework (UDF) was prepared by MGS Architects and adopted by Council in April 2007. The UDF is a reference document to the Whitehorse Planning Scheme and is implemented through Clause 22.08 – Tally Ho Activity Centre.

The UDF applies to a broader area than the Study Area, including land generally further north, east and west of Precinct North, and Burwood East Reserve.

The vision for the Activity Centre as set out in Clause 22.08 is to "*Maintain and enhance its primary role as a key eastern suburbs office and technology hub, while broadening its mix of uses to better meet the needs of the local resident and worker community.*"

Key objectives that are relevant to the economic role of the Tally Ho AC are:

- *to strengthen the centre's role as a high tech business hub of state significance;*
- *to strengthen relationships between high tech commerce and high quality education;*
- *to develop Tally Ho as an activity centre that meets the diverse needs of both business users and the broader community.*

The strategy for implementing the economic objectives was to facilitate the establishment of Tally Ho and Deakin University as the office and educational hubs for the Burwood Highway corridor, along with the creation of an education and knowledge corridor along Burwood Highway that links educational institutions (i.e. Deakin University and several colleges) and leading-edge businesses located in the Tally Ho Business Park. The UDF also sought to facilitate an increase in the mix of uses in existing and new developments.

In order to attract investment, the UDF aimed to improve the public realm (i.e. desirable built form and density, enhanced quality and extent of landscaping and reduction of at-grade car parking) and create better access to encourage alternate modes of transport (i.e. improved pedestrian and bicycle connectivity to and between key activity nodes and surrounding areas).

TALLY HO ACTIVITY CENTRE URBAN DESIGN AND LANDSCAPE GUIDELINES

The Tally Ho Activity Centre Urban Design and Landscape Guidelines (**Guidelines**) were prepared by Hansen in March 2013 to further articulate design requirements (in the context of urban form and landscape) that would realise the vision set out in the UDF. The Guidelines were subsequently updated in February 2015.

The Guidelines are a reference document to the Planning Scheme and development requirements are implemented through the Design and Development Overlay (DDO) Schedule 9. The guidelines apply to all commercially zoned land within the Tally Ho AC (i.e. the Study Area). Housing areas within Tally Ho AC are excluded.

The Guidelines provide background context to this review as to what ultimate built form and landscape outcomes were sought by the City of Whitehorse and considered appropriate should the Activity Centre be developed as a regional hub for high tech commerce and a centre for local community.

Figure 4 shows the preferred maximum building heights within the Tally Ho AC which vary by site but generally support development of between 2 and 6 stories.

F4. PREFERRED MAXIMUM BUILDING HEIGHTS



Source: Tally Ho Activity Centre Urban Design and Landscape Guidelines 2015.

HOUSING FRAMEWORK

The Whitehorse Housing and Neighbourhood Character Review 2014 (**Housing Review**) was prepared by Planisphere and adopted by Council in April 2014. The review was used as the basis of Council's application of the State Government's new residential zones and included a Housing Strategy (2014).

The Housing Review provided guidance on all housing development across the City of Whitehorse and it sought to, where possible:

- Address and facilitate activity centres as the focus of increased housing and employment densities, transport and service provision;
- Facilitate medium and higher density housing along transport corridors, i.e. train, tram and bus routes;
- Preserve areas of valued character and vegetation or landscape significance;
- Require affordable housing;
- Facilitate additional housing in areas near Deakin University Burwood Campus;
- Identify a need to develop or implement structure plans with objectives to improve housing affordability and special needs housing opportunities in activity centres.

Clause 21.06 of the Planning Scheme includes a Housing Framework Plan which identifies the preferred locations of 'Substantial Change', 'Natural Change' and 'Limited Change' in terms of residential development. An extract of the Framework Plan is shown in Figure 5 as it relates to the Burwood Highway corridor, identifying large 'Substantial change' areas to the north and east of the Study Area (the former AT0 television studios and the current Burvale Hotel site) and other areas identified for Substantial Change along the Burwood Highway corridor to the immediate west and east of the Activity Centre.

F5. HOUSING FRAMEWORK EXTRACT – BURWOOD HIGHWAY CORRIDOR



LEGEND

Change Area

- Limited Change
- Natural Change
- Substantial Change
- Commercial Zone
- Activity Centre with structure plan or urban design framework

Source: Whitehorse Planning Scheme.

2.4. KEY FINDINGS

- The Tally Ho Activity Centre is identified as Major Activity Centre in Plan Melbourne. Major Activity Centres are designated to facilitate employment and investment opportunities to provide jobs close to where people live.
- The Whitehorse Planning Scheme and supporting documents identify the Tally Ho AC as a significant high-tech business hub with a vision to maintain and enhance the primary role as an office hub;
- A range of strategies apply to the Activity Centre which primarily provide urban design guidance and direction to ensure that the business role of the centre is supported by ongoing improvements to the public realm, high quality development and providing height controls across the Study Area.
- Local policy supports greater housing densities in activity centres and a number of sites near the Study Area are identified as locations for 'Substantial' residential change.

3. DEVELOPMENT CONTEXT

3.1. INTRODUCTION

This section includes an assessment of existing site conditions (based on a site visit in March 2019) and reviews information on recent and potential developments.

Only limited access to buildings was possible during the site inspection and no consultation was undertaken with landowners, business operators or real estate agent representatives. The absence of direct consultation means that the assessment contained in this report is based primarily on desktop information, which should be verified and supplemented in the future through direct consultation with key stakeholders.

3.2. EXISTING CONDITIONS

A site visit was undertaken to observe land, buildings, businesses, vacancies, users and amenities available within the Study Area. Base-line property information was also provided by Council regarding floorspace, tenancies and building construction years.

Site inspection details are provided in Appendix A and photos provided in Appendix C.

LAND USE AND ACTIVITY

Key observations regarding current land use and activity include:

- Land in the Study Area is well occupied with no vacant properties / allotments identified (although some properties have sections that are underutilised);
- The most common building types are multi-storey offices, generally accommodating larger businesses and government agencies;
- Other land uses include health services, religious activities, a gymnasium, cafes and childcare centres;
- The most common industries are Professional, Scientific and Technical Services, Public Administration and Safety and Health Care and Social Assistance;
- There is an evident cluster of businesses relating to software, technology and telecommunications;
- There is an evident cluster of government agencies including emergency services administration;
- It is evident that many office spaces are used and presented as headquarters for larger corporations which serve regional, state and national catchments;
- Few parcels are underutilised, although some unused areas are located in the northern sub-precinct and there are a number of at-grade car parks throughout the Study Area;
- There are relatively limited opportunities for new buildings to occupy vacant or underutilised land and limited examples of recently constructed buildings.

Figure 6 provides a spatial illustration of land uses within and neighbouring the Study Area.

F6. CURRENT NON-RESIDENTIAL LAND USES WITHIN AND NEAR TALLY HO

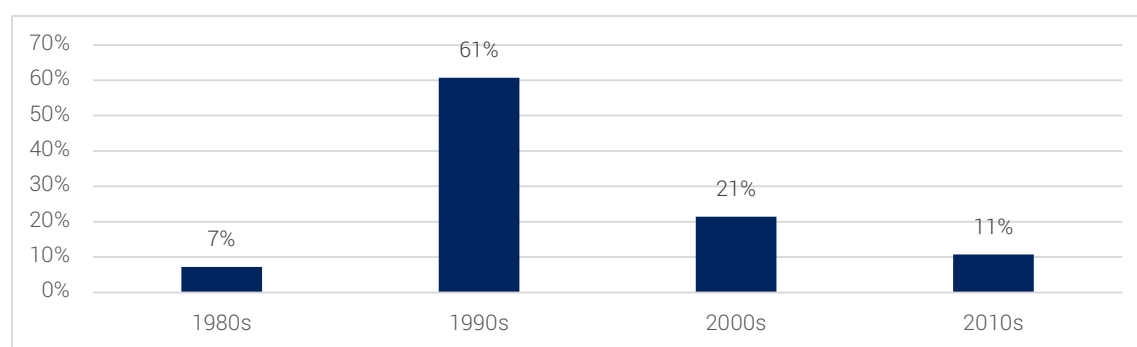


Source: Urban Enterprise, 2019.

Council's property data and observations of floorspace and built form show that:

- There is a total of over 120,000sqm of floorspace areas across 27 buildings, 105,000sqm of which is dedicated to commercial uses (once the church buildings and a stand-alone multi-storey car parking facility in the northern sub-precinct are excluded);
- The building stock was mostly developed in 1990s (two-thirds built in 1990s or earlier as shown in Figure 7);
- The majority of land in the Tally Ho Business Park is under the control of an owners' corporation;
- Only 3 buildings have more than 3 tenancies and 60% of the existing commercial buildings are single purpose office buildings;
- Most buildings are located within the Tally Ho Business Park and have at-grade and/or basement car-parking;
- Building heights are predominately 2-3 storey buildings with fewer 4-5 storey buildings evident. Most of the sites within the Study Area are observed to be close to or at the preferred heights that are recommended in the *Tally Ho Activity Centre Urban Design and Landscape Guidelines* however some re-development opportunities are likely (such as the HP site in the northern sub-precinct);
- Six of the 28 buildings were observed to contain some vacancies, although not all were advertised for lease, totalling an estimated 2,700sqm of vacant NLA, equating to less than 3% of the total commercial floorspace of 105,000sqm. An estimate of exact vacancies would require consultation with property managers;
- Based on current listings and recent transaction reports, offices in the Study Area are generally leased or advertised within the range of \$280 to \$340 per sqm.

F7. BUILDINGS BY YEAR OF CONSTRUCTION



Source: Property Data of Whitehorse City Council, 2019.

Table 1 provides a summary of the current land uses in the Study Area including approximate floorspace areas by industry sector.

T1. EXISTING BUSINESS AND LAND USE MIX / KEY INDUSTRIES BY OBSERVATION

	INDUSTRIES	CURRENT BUSINESSES / OCCUPANTS	APPROX. FLOORSPACE (SQM)	LAND USE CATEGORY
Main industries	Professional, Scientific and Technical Services	Smaller firms in building, property development, accounting and business coaching.	2,500	Office
		Computer System Design and Related Services: HP, Motorola, Pronto, Huawei, Yokogawa, SPS Commerce and DXC Technology.	33,400	
	Public Administration and Safety	Regional offices of CFA, VicRoads, Ambulance Victoria, National Archives of Australia, Emergency Services Telecommunications Authority.	21,100	Office
	Health Care and Social Assistance	Medical and radiology centre, Outcome Health, World Vision head offices	19,400	Office (including Medical Centre)
Ancillary Industries	Wholesale	Stago, Zimmer Biomet*	4,700	Warehouse
	Education and Training	Two childcare centres family day care management office	3,300	Child Care Centre Office
	Financial and Insurance	ANZ Business Centre Financial firms	1,400	Office
	Administrative and Support	Employment centre	1,100	Employment Training Centre
	Arts and Recreation Service	Personal training centres Material arts school	1,100	Indoor Recreation Facility
	Retail	Cafes	1,800	Food and Drink Premises
Other		Vacant floorspace (approximate)	2,700	
		Unidentifiable premises	6,000	
Total – Commercial Floorspace			105,000	

Source: Property Data of Whitehorse City Council, 2019 and Urban Enterprise 2019. Note: Stago and Zimmer Biomet appears to include both offices and industrial space. Areas rounded.

3.3. BUILDING QUALITY, AMENITY AND INVESTMENT

The following general observations are made regarding the quality of buildings and employee amenity:

- The Study Area is well maintained with provision of landscaping and wellmaintained roads and footpaths;
- The majority of buildings are well presented and maintained, many with modern entrances and interiors;
- The northern sub-precinct provides a range of supporting facilities for workers including an outdoor gym, childcare and café;
- The Business Park includes a small but relatively high amenity open space / water feature.

INVESTMENT

Analysis of building permits issued within the Study Area between 1 January 2010 and 14 March 2019 shows that a total of 80 building permits were issued with a total estimated construction value of over \$42m across 21 buildings. Permits are summarised in Table 2, showing that:

- Building works with a combined value of \$37.5m were invested in commercial buildings (i.e. excluding the church site), an average of \$4.7m per annum re-invested into commercial spaces per annum;
- Building permits had a value of \$20.5m in the Tally Ho Business Park and \$17m in Precinct North;
- The majority of investment related to building additions, alterations and internal fit-outs, as distinct from new buildings. This indicates that considerable reinvestment has been made into updating and upgrading the internal space within existing office buildings over recent years;
- Considerable investment in car parking has been made, primarily to construct a new multi-storey car park building in the northern sub-precinct; and
- The internal fit-out and car parking investment may have supported an increase in employment densities in existing buildings, however this would need to be confirmed through consultation with businesses.

T2. PERMITTED BUILDING INVESTMENT IN TALLY HO AC, 2010 - 2018

DEVELOPMENT TYPE	COST OF WORKS	%TOTAL
Church Development / Life Care Building	\$4,798,758	11%
Additions and/or Alterations	\$4,700,758	11%
Fitout	\$98,000	0%
Commercial Development in Precinct North	\$16,997,395	40%
Additions and/or Alterations	\$8,321,284	20%
Car Park	\$8,345,772	20%
Fitout	\$330,339	1%
Commercial Development in Tally Ho Business Park	\$20,457,596	48%
Additions and/or Alterations	\$13,743,807	33%
Fitout	\$6,701,649	16%
Signage	\$12,140	0%
Total	\$42,253,749	100%

Source: City of Whitehorse 2019, analysed by Urban Enterprise 2019.

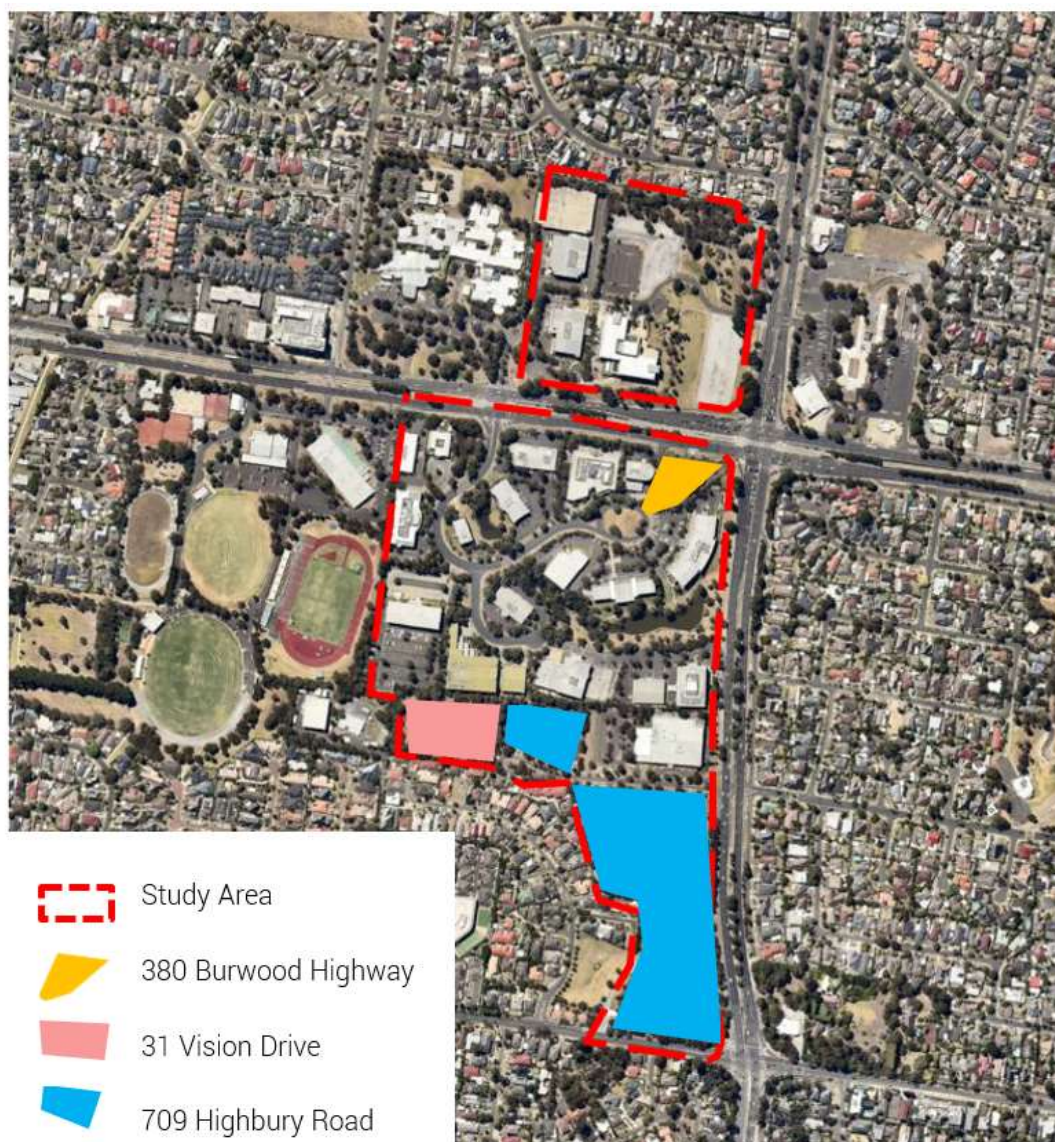
Note: percentage figures have been rounded to the nearest whole number and therefore may not equal 100%.

3.4. PROPOSED DEVELOPMENT

Council provided Urban Enterprise with a list of planning permits considered relevant to this review. These planning permits relate to the following properties (see Figure 8 – Location of Potential Development):

- 380 Burwood Highway, Burwood East: permit issued for an eight storey mixed-use development to replace the existing China Bar restaurant, yet to commence construction. The building would include retail, office, education centre and residential apartment uses;
- 31 Vision Drive, Burwood East: permit issued for an extension to the warehouse / storage space associated with the National Archives, however the permit has lapsed; and
- 709 Highbury Road, Burwood East: major extensions and development at the Crossway Baptist Church site (see details below).

F8. LOCATION OF POTENTIAL DEVELOPMENT



Source: NearMap, 2019, annotated by Urban Enterprise 2019.

CROSSWAY BAPTIST CHURCH

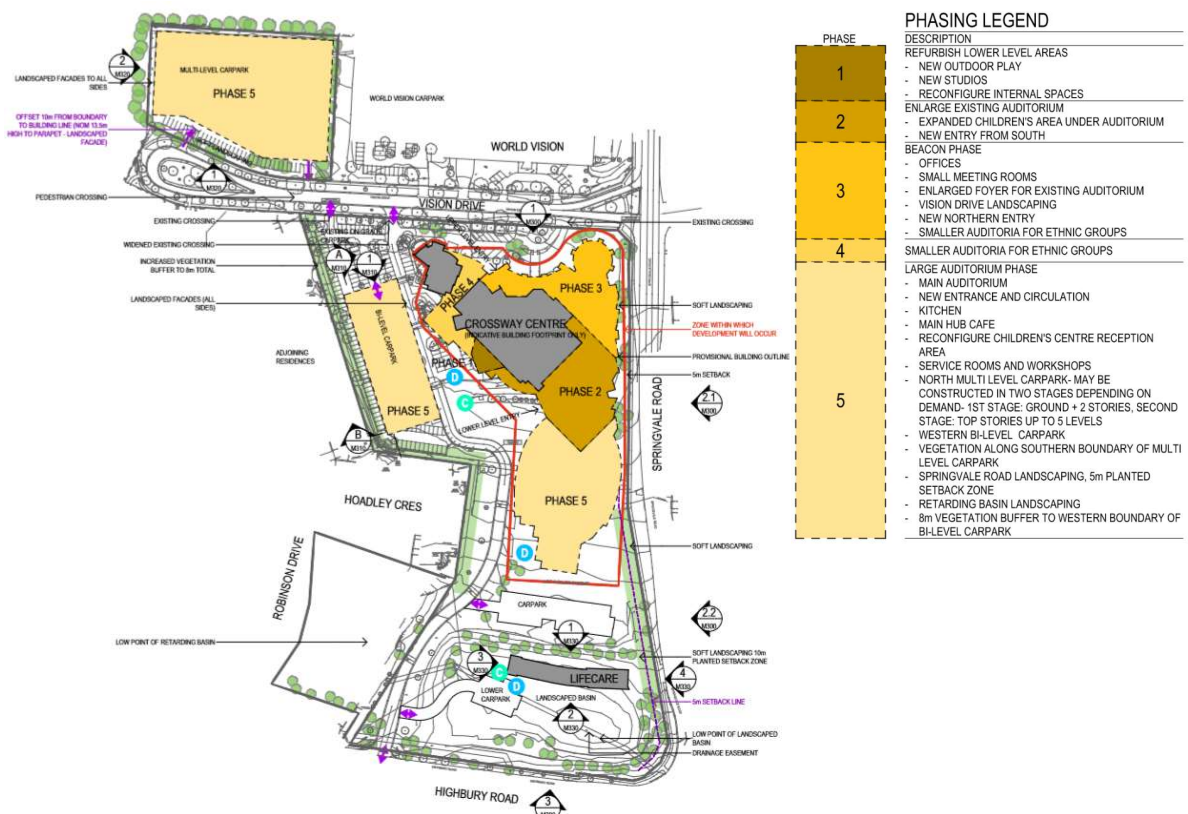
Amendment C123 to the Whitehorse Planning Scheme introduced a Development Plan Overlay (DPO) Schedule 4 to facilitate redevelopment of the Crossway Baptist Church. Amendment C123 was gazetted in October 2013.

Crossway Baptist Church has operated at 2-18 and 27-29 Vision Drive and 709 Highbury Road, Burwood East since 1995. A draft Development Plan has been prepared to guide the proposed redevelopment with the intended ultimate development outcomes shown in Figure 9 including five auditoriums, an expanded children's centre, an ancillary book shop and café and additional car parking. The Development Plan was approved by Council in June 2013 subject to conditions and is yet to be endorsed..

The long term vision for substantial expansions to the church and related facilities is significant to this study given that the large extent of land in the C1Z owned by the Church (approximately 5ha) is unlikely to be made available for any employment uses in the foreseeable future. The development plan shows the proposed extent of development with no surplus land.

Although there is a limited relationship between the church development and the economic and business role of the Tally Ho AC, there may be opportunities for existing and future infrastructure provided by the church (such as childcare and meeting / events space) to meet the needs of workers and visitors of the Tally Ho AC subject to availability.

F9. DRAFT CROSSWAY DEVELOPMENT PLAN



Source: Draft Crossway Development Plan 2017

3.6. KEY FINDINGS

- The Study Area is best defined as established and maturing office employment location with supporting retail and other uses.
- There is a total of over 120,000sqm NLA across 27 buildings (including approximately 105,000sqm commercial spaces), plus a multi-storey parking building (10,500 sqm).
- There is approximately 2,700sqm of vacant floorspace, resulting in an estimated low vacancy rate of 3%.
- The Study Area accommodates a specialisation in technology and computer related industries, which occupies approximate 32% of the commercial NLA, along with supporting uses in professional services, financial and insurance services and government services (20%).
- Headquarters for large corporations and substantial government offices result in the Study Area accommodating an economic role of regional significance.
- More than half of the building stock is at least 30 year old, which could result in decreasing building quality and attractiveness to contemporary business needs over coming years.
- Significant investment has been made in internal fit-outs, alterations and car parking in the Study Area over the past 10 years, reflecting the age of the building stock, the need to retain tenants seeking quality office space and maintain rent rates.
- There appear to be relatively limited opportunities for new commercial development within existing properties given existing height limits and land occupancy.

4. STUDY AREA EMPLOYMENT AND ECONOMIC ROLE

4.1. INTRODUCTION

This section provides an analysis of the existing employment in the Study Area and the economic role and value of businesses, include a review of the extent to which the Study Area performs a specialised or regional role. The section relies primarily on ABS data and REMPLAN Economy data and was prepared in early 2019.

4.2. EMPLOYMENT AND TRENDS

The smallest spatial area that ABS employment data is published for is the Destination Zone (DZ) level. The following two DZs apply to the Study Area, with boundaries shown in Figure 10:

- DZ1 (DZ11662338) includes the southern sub-precinct as well as land to the west including the East Burwood Reserve, a retirement village and a residential area; and
- DZ2 (DZ212692321) includes the northern sub-precinct as well as land further north and west including two large medical precincts, a large media company, former television studios and residential areas.

The Study Area Destination Zones contained a total of 4,729 jobs as at the 2016 Census.

F10. STUDY AREA DESTINATION ZONES



Source: NearMap, 2019, annotated by Urban Enterprise 2019.

Note: The destination zone areas in both 2011 and 2016 remain unchanged respectively.

Table 3 shows employment by industry and changes since 2011. The table shows that 'industrial' employment decreased over the 5 year period, however there was relatively strong employment growth in the Information Media and Telecommunications (+369 jobs) and Professional, Scientific and Technical Services (+231 jobs) sectors over the period. The largest employment decrease was in the computer wholesale sector, however this was almost fully offset by increases in employment in other computer and technology sectors including computer system design and telecommunication network operation.

There was limited change in government / public administration employment over the period.

T3. INDUSTRY OF EMPLOYMENT SEGMENT WITHIN THE STUDY AREA DESTINATION ZONES – 2011 & 2016

INDUSTRY OF EMPLOYMENT	TOTAL (DZS 1 AND 2)		
	2011	2016	+/-
Professional, Scientific and Technical Services	425	656	231
Information Media and Telecommunications	202	571	369
Public Administration and Safety	604	557	-47
Other Services*	526	505	-21
Financial and Insurance Services	224	205	-19
Administrative and Support Services	174	134	-40
Inadequately described	22	80	58
Accommodation and Food Services	80	78	-2
Retail Trade	30	74	44
Arts and Recreation Services	44	63	19
Not stated	0	63	63
Education and Training	14	42	28
Rental, Hiring and Real Estate Services	8	17	9
Electricity, Gas, Water and Waste Services	221	0	-221
Sub-total - Non-industrial	2,574	3,045	471
Wholesale Trade	1,445	774	-671
Transport, Postal and Warehousing	290	216	-74
Construction	79	37	-42
Manufacturing	352	14	-338
Sub-total - Industrial	2,166	1,041	-1,125
Health Care and Social Assistance	525	643	118
Sub-total - Health	525	643	118
Total	5,265	4,729	-536

Source: Census of Population and Housing, 2011 & 2016..

Note: Other Services include but are not limited to repair and maintenance (i.e. automotive / machinery and equipment repair), personal care services (i.e. hairdressing and beauty services, funeral crematorium services, laundry and dry-cleaning services and civic, professional and other interest group services).

Given that the Destination Zones encompass some land and businesses that are not within the Study Area, an estimate has been made of the proportion of these DZ jobs that are located in the Study Area.

This was completed by observing business types inside and outside the Study Area and comparing this balance against the detailed breakdown of employment by sub-sector (at the 4-digit ANZSIC level). Employment that was identified as clearly relating to an employer that is within a Destination Zone but outside the Study Area was removed from the job data. For example, employment relating to the Peter James Centre was identified and removed from the employment data by excluding all Health Care and Social Assistance employment from the northern DZ.

The resulting estimate of employment within the Study Area is shown in Table 4. There is an estimated total of approximately 3,750 jobs within the Study Area in 2016. This includes all full time, part time and casual jobs (i.e. not FTE).

In order to verify this estimate, if an employment density benchmark of 25-30sqm/job is applied to the commercial floorspace of 105,000sqm with a vacancy rate of 90% assumed, there would be approximately 3,100-3,800 jobs in the Study Area.

T4. ESTIMATED EMPLOYMENT WITHIN THE STUDY AREA - 2016

INDUSTRY	EMPLOYMENT ESTIMATE	% OF TOTAL
Wholesale Trade - Computer / IT related	670	18%
Professional, Scientific and Technical Services	660	18%
Public Administration and Safety	560	15%
Other Services	510	14%
Information Media and Telecommunications	370	10%
Health Care and Social Assistance	240	6%
Financial and Insurance Services	210	6%
Administrative and Support Services	130	3%
Inadequately described	80	2%
Accommodation and Food Services	80	2%
Retail Trade	70	2%
Arts and Recreation Services	60	2%
Not stated	60	2%
Education and Training	40	1%
Rental, Hiring and Real Estate Services	20	1%
Total	3,750	100%

Source: Census of Population and Housing, 2016, TableBuilder, derived by Urban Enterprise 2019. Figures are estimates and are rounded.

4.3. ECONOMIC OUTPUT AND VALUE

Input-output modelling has been used to prepare an estimate of the value of the economic activity occurring within the Study Area, based on the estimate of employment by industry and REMPLAN economic modelling software.

The results are shown in Table 5, with the Study Area estimated to accommodate uses which generate \$2.4bn in economic output and \$1.24bn in value added to the economy. This level of output equates to approximately 6% of the output across the City of Whitehorse (\$20bn), indicating that the economic activity occurring in the Study Area is of material significance to the municipal economy.

T5. ECONOMIC IMPACT SUMMARY – REMPLAN ECONOMY

IMPACT SUMMARY	DIRECT EFFECT	IN-DIRECT EFFECT	TOTAL EFFECT
Output (\$M)	\$1,139	\$1,260	\$2,399
Wages and Salaries (\$M)	\$360	\$328	\$688
Value-added (\$M)	\$597	\$644	\$1,241

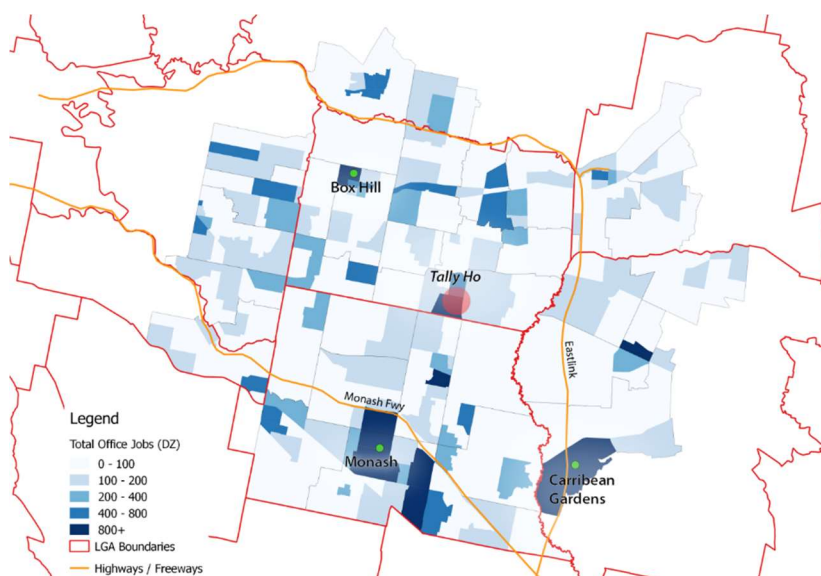
Source: REMPLAN Economy, 2017 and 2018. Note: this is a broad approximation of the economic value of the businesses and operations within the Study Area based on economic modelling benchmarks for each industry represented and their average indirect impact using input-output modelling.

4.4. SPECIALISATION AND CLUSTERS

The Study Area is observed to contain two main clusters or specialisations:

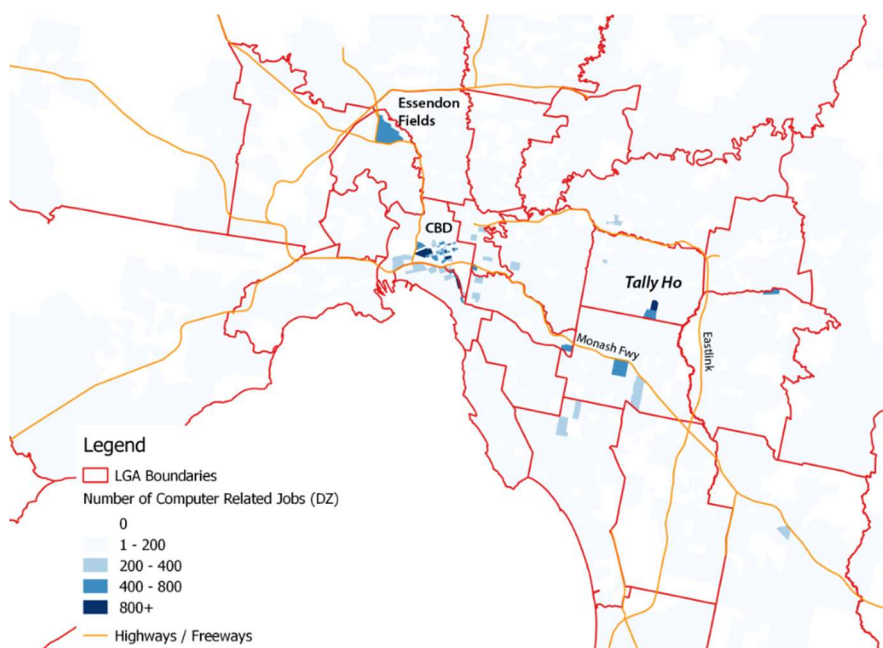
- The Study Area clearly contains a substantial supply of office floorspace and office employment, with an estimated 2,100 'office jobs'. This is the second greatest concentration of office employment of any DZ in Whitehorse behind the Box Hill Activity Centre, and together with Glen Waverley is one of only two clusters of office employment in the urban area between Box Hill and the Monash NEIC as shown in Figure 11; and
- There is a cluster of computer and technology related employment evident in the Study Area, with approximately 1,300 jobs that are computer or IT related. This cluster is significant at the metropolitan level as shown in Figure 12.

F11. TOTAL OFFICE-RELATED JOBS BY DZS – 2016



Source: ABS, Urban Enterprise. Office Category includes Professional, Scientific and Technical Services, Financial and Insurance Services, Public Administration and Safety, Administrative and Support Services and Information Media and Telecommunications.

F12. COMPUTER RELATED JOBS DISTRIBUTION IN MELBORNE METRO REGION – 2016



Source: ABS, Urban Enterprise.

4.5. KEY FINDINGS

- There were an estimated total of approximately 3,750 jobs within the Study Area in 2016. This includes all full time, part time and casual jobs.
- There has been relatively strong employment growth in the Information Media and Telecommunications and Professional, Scientific and Technical Services in recent years, however there has been limited change in government / public administration employment.
- The Study Area is estimated to accommodate uses which generate \$2.4bn in economic output and \$1.24bn in value added to the economy. This level of output equates to approximately 6% of the output across the City of Whitehorse, indicating that the economic activity occurring in the Study Area is of material significance to the municipal economy.
- The Study Area contains a substantial supply of office floorspace and office employment, with an estimate 2,100 'office jobs'. This is the second greatest concentration of office employment in Whitehorse behind Box Hill.
- There is a cluster of computer and technology related businesses in Tally Ho, with approximately 1,300 jobs that are computer or IT related. This cluster is significant at the metropolitan level.
- The business mix in the area generally serves a catchment far greater than the Whitehorse area and eastern metropolitan region.

5. ECONOMIC ASSESSMENT

5.1. INTRODUCTION

This section provides an assessment of the economic and property market conditions which will influence the future role and function of the Study Area. The assessment was prepared in early 2019.

5.2. SUB-REGIONAL EMPLOYMENT

Given the location of the Study Area near the boundary of the Cities of Whitehorse and Monash, a sub-regional catchment including the two municipalities has been adopted as shown in Figure 13.

F13. SUB-REGION MAP



Source: Urban Enterprise.

In 2016, there were approximately 175,000 jobs in the sub-region. Employment increased by 24,000 jobs between 2011 and 2016 at an average of approximately 4,800 jobs per annum. See Table 6 below.

T6. SUB-REGION EMPLOYMENT, 2011 – 2016

	2011	2016	CHANGES 2011 – 2016	AVERAGE ANNUAL GROWTH
Whitehorse (C)	61,434	69,186	+7,752	+1,550
Monash (C)	89,722	105,787	+16,065	+3,213
Total	151,151	174,976	+23,825	+4,765

Source: Census of Population and Housing, 2011 & 2016, TableBuilder, presented by Urban Enterprise.

When employment is analysed by industry (Table 7), it is clear that the primary industries of employment in the region include health care, education, retail trade and professional services. This reflects the presence of major institutions such as Monash Medical Centre, Box Hill Hospital, Epworth Eastern Hospital, Monash University and Deakin University in particular and indicates a sub-regional economy that is weighted towards population services and office-based businesses.

Over the period 2011 to 2016, the greatest employment increases were experienced in the health care, education, professional services, construction and accommodation and food services sectors.

The industries that are strongly represented in the Study Area are highlighted in Table 7, showing recent growth in the health care and professional services industries in particular and a reduction in wholesale trade employment.

T7. SUB-REGION EMPLOYMENT BY INDUSTRY, 2011 – 2016

INDUSTRY	2011	2016	% OF 2016 TOTAL	TOTAL
Health Care and Social Assistance	22,030	27,618	16%	5,588
Education and Training	18,506	22,232	13%	3,726
Retail Trade	16,730	18,144	10%	1,414
Professional, Scientific and Technical Services	12,041	14,412	8%	2,371
Manufacturing	16,729	13,542	8%	-3,187
Construction	8,436	11,485	7%	3,049
Wholesale Trade	12,672	9,531	5%	-3,141
Accommodation and Food Services	5,985	8,323	5%	2,338
Public Administration and Safety	6,959	7,228	4%	269
Other Services	6,222	6,861	4%	639
Administrative and Support Services	5,222	6,636	4%	1,414
Inadequately described	1,673	6,318	4%	4,645
Transport, Postal and Warehousing	4,579	5,658	3%	1,079
Financial and Insurance Services	3,989	4,222	2%	233
Information Media and Telecommunications	3,614	3,850	2%	236
Rental, Hiring and Real Estate Services	2,028	2,906	2%	878
Not stated	53	2,187	1%	2,134
Arts and Recreation Services	1,595	2,017	1%	422
Electricity, Gas, Water and Waste Services	1,881	1,493	1%	-388
Agriculture, Forestry and Fishing	116	235	0%	119
Mining	90	88	0%	-2
Total	151,151	174,976	100%	23,825

Source: Census of Population and Housing, 2016, TableBuilder.

5.3. POPULATION GROWTH

Resident population creates demand for services and jobs and also creates a labour force for businesses to draw from.

The sub-region around the Study Area had a total population of almost 360,000 in 2016. This is projected to increase to approximately 410,000 by 2031 at an average growth rate of 1% per annum, comparable to other areas in eastern Melbourne but considerably lower than the rate of growth projected for Victoria overall (1.7%) as shown in Table 8. The City of Whitehorse is projected to experience population growth of 1,700 additional residents per annum over the next 15 years.

T8. VICTORIA IN FUTURE POPULATION PROJECTIONS BY MUNICIPALITY, 2016-31

AREA	2016	2031	AAGR 2016-31	AAG 2016-31
Monash (C)	189,591	215,992	1.0%	1,760
Whitehorse (C)	167,971	193,589	1.0%	1,708
Total - Sub-region	357,563	409,581	1.0%	3,468
Boroondara (C)	177,053	199,314	0.9%	1,484
Manningham (C)	120,664	139,150	0.9%	1,232
Maroondah (C)	113,841	132,180	1.0%	1,223
Knox (C)	157,097	180,251	0.8%	1,544
Victoria	6,048,767	7,733,259	1.7%	112,299

Source: Victoria in Future 2016, analysed by Urban Enterprise 2019.

Note: AAGR = Average Annual Growth Rate; AAG = Average Annual Growth.

Population projections are also prepared at the municipal level for the City of Whitehorse by consultants Forecast ID. The results of these projections are considerably higher than the Victoria in Future projections, with a projected growth rate of 1.4% per annum and an annual increase of approximately 2,700 additional residents per year compared with 1,700 per year as shown in Table 9.

The Forecast ID projections take into account expected development activity at the local level, which in Whitehorse is driven by expectations for strong dwelling construction growth in the short term, primarily in higher density apartment developments in the Box hill Activity Centre.

T9. COMPARISON OF VIF AND FORECAST ID POPULATION PROJECTIONS FOR WHITEHORSE, 2016-31

PROJECTION SOURCE	2016	2031	AARG 2016-31	AAG 2016-31
Victoria in Future	167,971	193,589	1.0%	1,708
Forecast ID	169,641	210,027	1.4%	2,692
Difference	1,670	16,438	0.4%	985

Source: Forecast ID 2019 and Victoria in Future 2016.

5.4. REGIONAL EMPLOYMENT PROJECTIONS

Table 10 shows Federal government projections of employment growth across the Inner East and Outer East regions of Melbourne (hereafter referred as the 'region' for this review – see Figure 14 for location) over the five year period from 2018 to 2023.

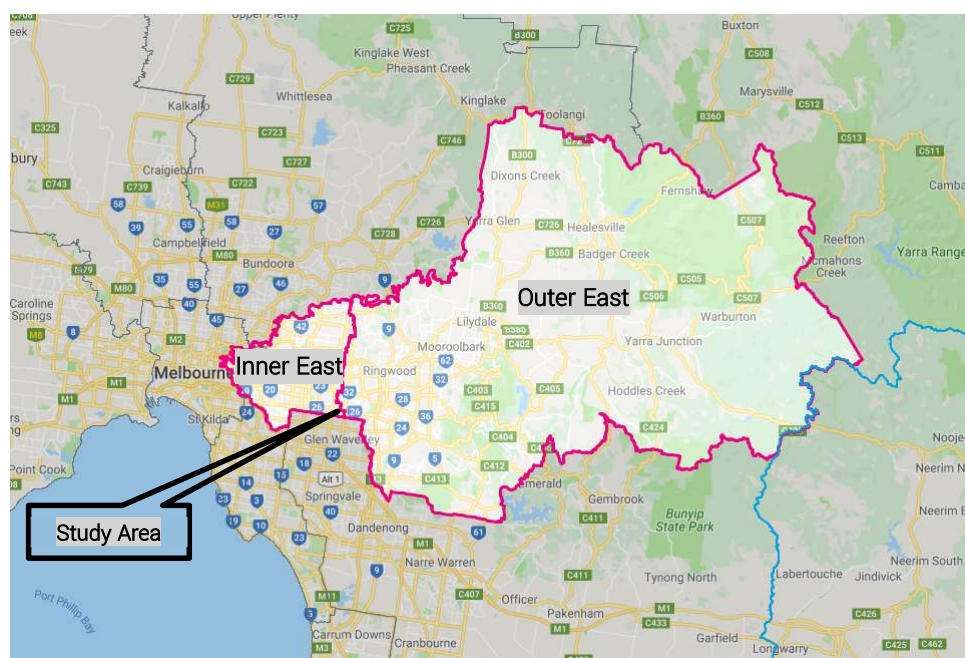
The region is projected to accommodate an additional 35,200 jobs between 2018 and 2023, an 8% increase on existing levels which equates to employment growth of 1.5% per annum and the need to accommodate an additional 7,000 jobs in the region each year.

T10. REGIONAL EMPLOYMENT PROJECTIONS TO MAY 2023

SA4 AREA	EMPLOYMENT GROWTH 2018 - 2023	% CHANGE
Melbourne - Inner East	13,400	7%
Melbourne - Outer East	21,800	8%
Total Region	35,200	8%
Greater Melbourne	231,300	9%

Source: Department of Jobs and Small Business 2018 Employment Projections, five years to May 2023.

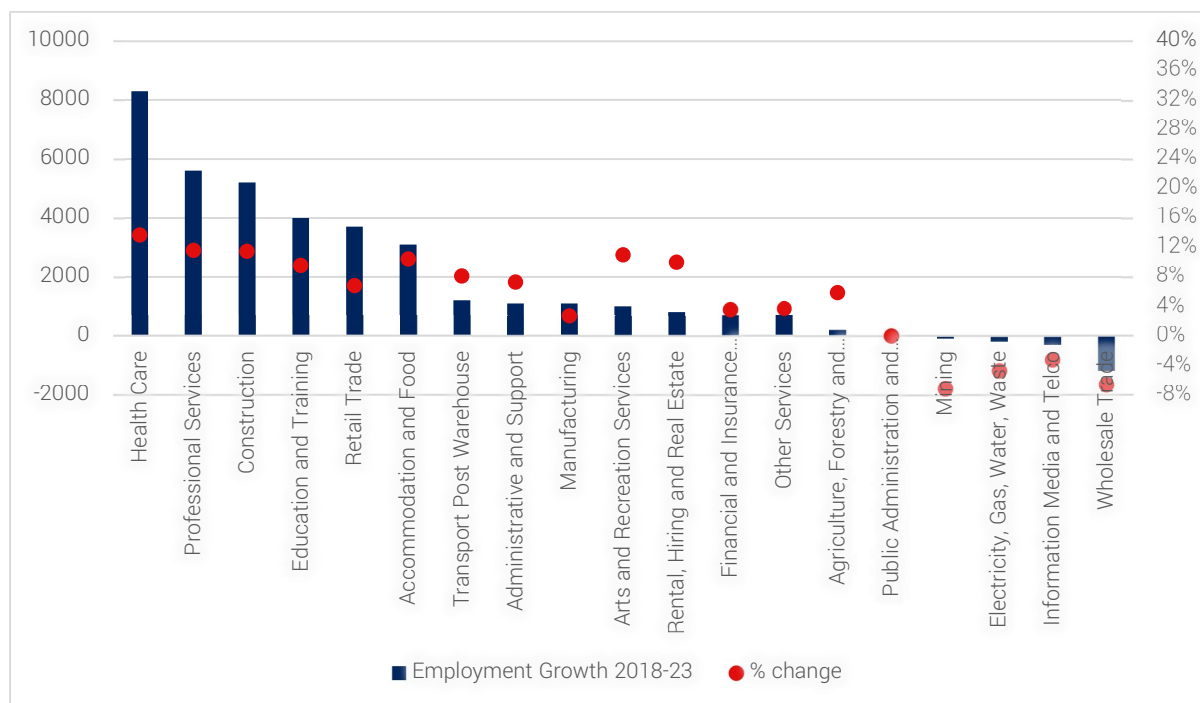
F14. REGION LOCATION



Source: REMPLAN 2019.

Figure 15 shows the regional employment projections by industry. The greatest employment growth is projected in the health care sector, followed by professional services and construction. The professional services sector is projected to experience employment growth of 5,600 jobs over the 5 year period, more than 1,000 additional jobs per year.

F15. REGIONAL EMPLOYMENT PROJECTIONS BY INDUSTRY

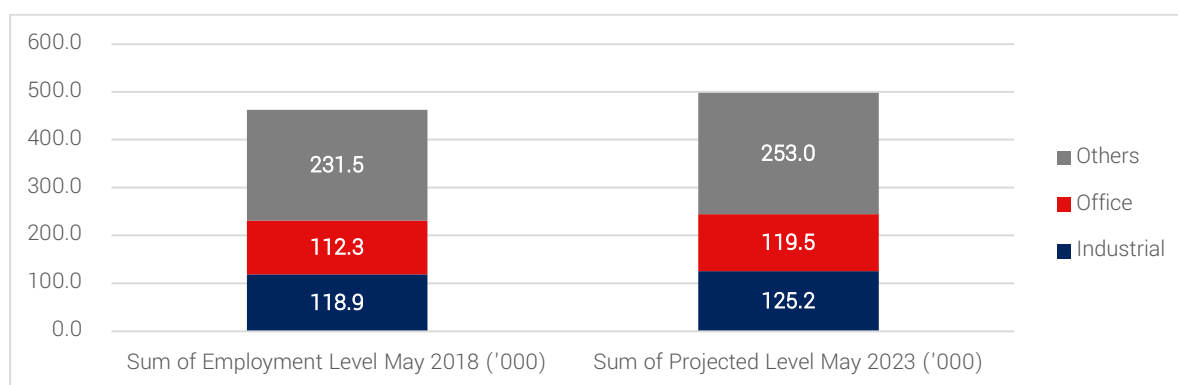


Source: Department of Jobs and Small Business 2018 Employment Projections, five years to May 2023.

Figure 16 shows the regional employment projections classified into three groups: industrial, office and other. The 'other' category includes retail, accommodation, food, health and education employment which is primarily population driven in nature. The other category is projected to experience the greatest employment growth over the period, driven primarily by growth in the health care and education sectors.

Employment in office-based sectors is expected to comprise 7,300 additional jobs over the 5 year period, approximately 20% of the projected employment growth across the region.

F16. EMPLOYMENT LEVEL IN MELBOURNE INNER EAST AND OUTER EAST, 2018 & 2023



Office includes Professional, Scientific and Technical Services, Financial and Insurance Services, Public Administration and Safety, Administrative and Support Services and Information Media and Telecommunications. 'Other' includes Health Care and Social Assistance, Education and Training, Accommodation and Food Services, Retail Trade, Arts and Recreation Services, Rental, Hiring and Real Estate Services, Agriculture, Forestry and Fishing, Mining, Electricity, Gas, Water and Waste Services and Other Services. 'Industrial' includes Wholesale Trade, Transport, Postal and Warehousing, Construction and Manufacturing.

5.5. GROWTH INDUSTRIES AND LOCATIONS

The Victorian government (through the Department of Jobs, Precincts and Regions) has identified and will support investment in the following 11 key sectors:

- Construction technologies;
- Creative industries;
- Defence technologies;
- Digital technologies;
- Food and fibre;
- International education;
- Medical technologies and pharmaceuticals;
- Professional services;
- Retail, transport distribution and logistics and postal;
- Space technologies; and
- Visitor economy.

The Study Area contains businesses and employment within a number of these sectors, especially professional services and digital technologies, indicating an alignment between the existing economic role of the Study Area and the industries that are expected to retain a competitive advantage and represent economic strengths in Melbourne into the future.

Plan Melbourne estimates that Melbourne will need to accommodate 1.5 million new jobs by 2050, including over 68,000 new jobs within the Eastern region. Plan Melbourne responds to the opportunity to position Melbourne as one of the world's foremost new knowledge economies by seeking to facilitate the development of national employment and innovation clusters (NEIC) such as the nearby Monash NEIC, and to support the significant employment and servicing role of health and education precincts across Melbourne, including the nearby Deakin University Burwood Campus.

Although the Study Area is not within a designated NEIC or health / education precinct, the identification of a number of such precincts in proximity to the Study Area will result in government and private sector investment in infrastructure and employment growth in the region. This will support demand for professional services in the area and strengthen business and employment conditions in the eastern region of Melbourne.

As a Major Activity Centre, Tally Ho is well positioned spatially, economically and in terms of planning policy to maintain and strengthen its employment role within industries that are well aligned to Victoria's competitive advantages.

The proximity to Deakin University and the Peter James Centre is considered to be a particular strength of the Study Area to attract businesses within or servicing the health and education sectors which are projected to experience considerable growth over the coming years.

5.6. COMMERCIAL OFFICE MARKET

MARKET CONDITIONS

The primary land use within the Study Area is commercial offices. The Melbourne commercial office market is performing strongly at present, underpinned by strong employment growth and a relative lack of new supply in inner areas. As Melbourne's economic specialisations continue to trend towards knowledge industries and population services, these general market conditions are expected to prevail in the short to medium term.

Table 11 provides a snapshot of non-CBD office market conditions across the regions of Melbourne. Associated commentary identifies the following factors and observations:

- The Melbourne metropolitan office vacancy rate has decreased for the third consecutive year, falling from 5.2% to 4.4% in the 12 months to January 2019, below the historical average of 5.9%. The overall vacancy rate is projected to continue to decline;
- Vacancy rates are low across most office stock grades and demand for 'A-Grade' stock remains particularly strong;
- The low office vacancy rates in CBD and inner areas are leading to increasing demand for larger format offices in outer areas. A growing number of residential developers are exploring the potential of office development in suburban centres such as Box Hill;
- The vacancy rate in the inner east region remains very low at 3.2%, with a higher vacancy rate of 7.3% in the outer east due to relatively strong increases in supply in recent years (such as Caribbean Park and others);
- The outer east region (which includes the Study Area) experienced the highest net absorption of office floorspace in the 12 months to April 2019 (approximately 22,000sqm) of any non-CBD region; and
- Prime or A-Grade office space is achieving net face rents of between \$300 and \$350 per sqm in the outer east region, with secondary space achieving rents in the order of \$220-\$270 per sqm.

T11. METROPOLITAN MELBOURNE OFFICE MARKET SNAPSHOT (NON-CBD)

Grade	Total Stock (sqm)	Vacancy Rate (%)	12 Month Net Absorption (sqm)	Average Prime Net Face Rent (\$/sqm)	Average Secondary Net Face Rent (\$/sqm)
City Fringe	1,026,247	2.2	3,579	450–580	350–400
Inner East	552,949	3.2	3,436	385–475	300–350
Outer East	910,138	7.3	21,850	300–350	220–270
South East	348,583	5.0	13,211	270–310	220–250
North & West	250,002	4.5	14,581	310–380	220–260
Total	3,087,919	4.4	56,657	381	19

Source: Melbourne Metropolitan Office Market Overview April 2019, Knight Frank.

TALLY HO'S POSITION IN THE MARKET

With approximately 100,000sqm of commercial office space, Tally Ho accommodates in the order 10% of the commercial office space in the Outer Eastern Region of Melbourne, making it a significant location for office uses.

Knight Frank identifies Burwood East (including the Study Area) as one of 7 'Major Metropolitan Hubs' in the eastern region alongside Box Hill, Doncaster, Glen Waverley, Mulgrave, Camberwell and Malvern (Figure 17).

F17. METROPOLITAN OFFICE REGIONS



Source: Melbourne Metropolitan Office Market Overview April 2018, Knight Frank.

The estimated vacancy rate of 3% at Tally Ho is considerably lower than the region vacancy rate of 7%, indicating that Tally Ho is well established, well occupied and remains in demand from office tenants.

Office rents reported as part of major building transactions in Tally Ho in the last 3 years are shown in Table 12 (as published by agents or media reports). Net rents for these buildings have ranged from \$270-\$375 per sqm, with more recent reports indicating rents between \$330 and \$370/sqm. These rents align with the overall 'prime' or 'A-grade' rents for the outer east region.

Reports also indicate that many office buildings within the Tally Ho Business Park have been purchased by overseas investors over the past 5 years, and listings often identify the development potential of land given the relatively low site coverages common and land use flexibility associated with the Commercial 1 Zone.

Note: it is recommended that this analysis is complemented by consultation with landowners and agents.

T12. REPORTED OFFICE RENTS FOR MAJOR TRANSACTIONS, TALLY HO 2016-2019

ADDRESS	MAJOR TENANT	YEAR	NET RENT P.A	NLA (SQM)	NET RENT (\$/SQM)
12 Lakeside Drive	VicRoads	2018	\$1,500,000	4500	\$333
8 Lakeside Drive	CFA	2019	\$1,700,000	4600	\$370
16 Lakeside Drive	CFA	2018	\$450,000*	1200	\$375*
10 Wesley Court	Motorola	2016	\$1,363,000	4998	\$273

Source: Media Reports and agents reported sales results and sales listings. Note: data not verified by agents, should be used as a guide only.

* Reported rent type (net or otherwise) not specified.

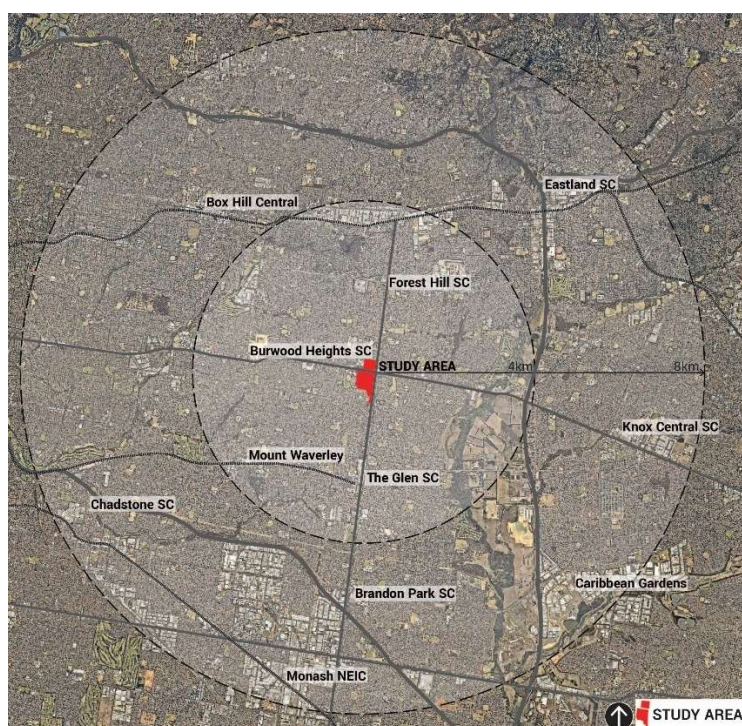
COMPETING CENTRES AND NEW SUPPLY

The location of major nearby and competing office and activity centre locations is shown in Figure 18. A profile of these centres, along with the land use zoning provisions, is included in Table 13.

The following observations are made:

- Tally Ho Activity Centre is centrally located to a number of activity centres which perform a predominantly retail role such as The Glen, Forest Hill Chase, Burwood Heights, Burwood One and Brandon Park.
- Three major regional shopping centres are located within 8km of the site, including Knox Central, Eastland Ringwood and Chadstone.
- The most comparable competing office locations of scale in the region include:
 - Caribbean Gardens, a large employment precinct which is currently delivering new office floorspace in large floorplate buildings as part of a long term development;
 - Greenwood Office Park, a local 3.4ha employment precinct, which is located approximately 4km to the west along Burwood Highway and provides similar office accommodation to the Study Area;
 - The Monash NEIC (especially in the northern section of the NEIC including the Nexus Business Park and new office development along Wellington Road in Mulgrave); and
 - Box Hill, where the activity centre performs a wide variety of roles including transport, health, retail, office and high density residential.
- New office floorspace has primarily been developed in brownfield and greenfield locations with excellent access to the freeway network or major arterial roads such as at Caribbean Gardens and Nexus Business Park. These locations are not serviced by the heavy or light rail network, indicating a significant competitive advantage at Tally Ho where tram access is available.
- The Monash NEIC is expected to continue to experience considerable office floorspace growth as traditional industrial businesses make way for professional, scientific and educational uses. This area is also relatively poorly serviced by public transport at present.
- Although there are a number of major employment areas to the south and east of the subject site, the areas to the north and west are predominantly residential and retail focused.

F18. COMPETING ACTIVITY CENTRES AND EMPLOYMENT CENTRES



Source: Urban Enterprise 2019. Base map from NearMap.

T13. ECONOMIC ROLE OF COMPETING ACTIVITY / EMPLOYMENT CENTRES

CENTRE NAME	ZONE	EMPLOYMENT ROLE DESCRIPTION
Box Hill Central	C1Z MUZ	A major activity centre with a wide mix of significant commercial, TAFE, hospitals and government land uses Existing office floor space (117,000sqm) and additional space projected (55,000-75,000sqm)
Ringwood (Eastland SC)	C1Z	Major retail and bulky goods centre, with some offices and government activities.
Forest Hill Chase SC	C1Z	Major retail centre with limited non-retail businesses.
Burwood One SC	C1Z	Retail centre with some non-retail businesses.
Mount Waverley	C1Z	Primarily convenience-based retail centre with limited non-retail activities.
The Glen SC	C1Z	Major shopping centre, with significant amount of office, accommodation, and government uses. Projected demand for up to 20,000sqm of office space.
Brandon Park	C1Z C2Z IN1Z	Retail centre with a mix of office (26,400sqm) and industrial uses nearby Approved office floorspace (12,000sqm) and additional space proposed.
Knox Central SC	C1Z MUZ	Major retail centre, with government and tertiary uses nearby within Activity Centre.
Chadstone SC	C1Z	Major shopping centre with limited non-retail activities, however some recent office floorspace developed adjacent to shopping centre.
Caribbean Gardens	C2Z	Existing industrial precinct with emerging major office precinct. New large floorplate office buildings under development, proposed ultimate office floorspace of 200,000sqm.
Monash National Employment & Innovation Cluster	SUZ	A major employment cluster of national significance, with a mix of education, research, professional services, industrial, medical and retail uses. Significant new office floorspace being developed.

Source: Urban Enterprise 2019.

OFFICE TRENDS

A number of trends are influencing office use, design, tenant expectations and densities, including the following:

- Smaller businesses and co-working spaces are increasing as a proportion of office space users. CBRE note that over the past five years Melbourne has seen exponential growth in the number of sites offering shared office space.¹
- Tenants and larger businesses are increasingly seeking locations and buildings which can accommodate greater work amenity, such as recreation, hospitality, child care and retail offer;
- Flexible working is increasing, with more companies and employees taking advantage of better technology, telecommunications and hardware mobility;
- Office designs are changing, with many larger firms adopting zoned approaches to internal areas including formal and informal meeting places, smaller workspaces and a variety of collaboration and social areas;
- Overall employment densities have increased in offices in Melbourne over a long period of time.

In respect of the office trends evident, Tally Ho has both strengths and weaknesses in its ability to adapt and remain relevant to tenants and investors, which can be summarised as follows

- The excellent public transport accessibility and proximity to residential areas will support high employment densities and the opportunity for flexible working, while the relatively large land area and floorplates provided the opportunity to continue to improve employee amenities through redevelopment.

¹ CBRE Pacific Corporate Co-working Survey, 2018.

- The aging nature of most buildings means that costs are likely to increase over time to maintain a high quality office environment and retain tenants (such as technology, telecommunications and environmental ratings).
- Traditional office spaces may also be less attractive to new and smaller business entrants if larger tenants are attracted to other office locations seeking newer buildings and greater employee amenity.
- It is therefore important that existing building owners have opportunities to continue to develop both built space and internal areas to adapt to the changing needs of the office user market, and that Council supports the ongoing employment and economic role of the precinct by facilitating accessibility, a high quality public realm and provision of supporting uses such as childcare, convenience retail, hospitality, visitor accommodation and recreation uses.
- The strong competition from new large floorplate supply in the region may present a risk to the retention of existing larger firms at Tally Ho.

5.7. KEY FINDINGS

- **Employment in the Whitehorse and Monash municipal areas is growing strongly, increasing by 24,000 jobs between 2011 and 2016. The greatest increases were in the health care, education, professional services, construction and accommodation and food services sectors.**
- **The Inner East and Outer East regions of Melbourne are projected to accommodate an additional 35,200 jobs between 2018 and 2023, an 8% increase on existing levels, with the professional services sector the second greatest increase (5,600 jobs over 5 years at more than 1,000 additional jobs per year).**
- **The Study Area contains businesses and employment within a number of sectors identified as growth sectors and areas of competitive advantage for Victoria, especially professional services and digital technologies.**
- **The Study Area is proximate to a number of precincts identified for major investment to support employment and services - this will support demand for professional services in the area and strengthen business and employment conditions in the eastern region of Melbourne.**
- **As a Major Activity Centre, Tally Ho is well positioned spatially, economically and in terms of planning policy to maintain and strengthen its employment role within industries that are well aligned to Victoria's competitive advantages.**
- **The Melbourne commercial office market is performing strongly at present, underpinned by strong employment growth and a relative lack of new supply in inner areas.**
- **The low office vacancy rates in CBD and inner areas are leading to increasing demand for larger format offices in outer areas, and the outer east region (which includes the Study Area) experienced the highest net absorption of office floorspace over the last year of any non-CBD region.**
- **With approximately 100,000sqm of commercial office space, Tally Ho accommodates in the order 10% of the commercial office space in the Outer Eastern Region of Melbourne, making it a significant location for office uses.**
- **The estimated vacancy rate of 3% at Tally Ho is considerably lower than the region vacancy rate of 7%, indicating that Tally Ho is well established, well occupied and remains in demand from office tenants.**
- **Net rents for buildings in Tally Ho have ranged from \$270-\$375 per sqm, with more recent reports indicating rents between \$330 and \$370/sqm. These rents align with the overall 'prime' or 'A-grade' rents for the outer east region.**
- **Given the strong competition from new large floorplate office spaces in the region, it is important that existing building owners have opportunities to continue to develop both built space (i.e. new buildings, redevelopment and additional floorspace) and internal areas (such as fitouts, alterations and refurbishments) to adapt to the changing needs of the office user market, especially given the age of the existing major office buildings.**

6. ANALYSIS AND IMPLICATIONS

6.1. SWOT ANALYSIS

Based on the preceding sections, a SWOT Analysis is shown in Table 14. This provides a guide as to the existing and future role of the Study Area.

T14. SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> Well-established major tenants (headquarters of larger corporations and government agencies) State-significant specialisation in computer technology Strong regional government and emergency services role Good accessibility by road, public transport (bus, tram) Proximity to a large, skilled labour force Well established and presented business park amenity, including open space and some recreation assets Genuine employment location with no conflicting uses 	<ul style="list-style-type: none"> Lack of vacant sites Limited opportunity to increase built space given existing controls Limited provision of supporting services such as retail and recreation Lack of visitor accommodation in proximity (with the exception of Quest Burwood) Current zoning provides limited opportunity to curate land uses
Opportunities	Threats
<ul style="list-style-type: none"> Respond to low office vacancies in inner areas and strong employment projections by accommodating increases in floorspace Redevelop older buildings and underutilised land to increase floorspace and diversity of uses, especially in the northern sub-precinct Facilitate increases in supporting services and amenity to remain competitive with new business parks Differentiate Tally Ho from broader mixed use activity centres and maintain and strengthen existing specialisations Respond to changing tenant needs, especially smaller, more flexible and collaborative space. 	<ul style="list-style-type: none"> Strong competition from new office parks in eastern region, which results in potential risk of major tenant relocation Major residential development could erode employment focus and value Building stock will reach end of life in medium term (potentially less attractive to headquarter and regional office role), requires opportunity for reinvestment Any decrease to employment role could weaken viability of the supporting businesses and services (eg. bank, childcare, cafes, etc)

Source: Urban Enterprise.

This analysis is used to assess two key questions relating to land use and the future zoning of the Study Area which are considered in the following sections.

6.2. RETAINING TALLY HO AS AN EMPLOYMENT HUB

Based on the evidence reviewed in this report, there is a strong case for retaining an employment focus for the Study Area. This is supported by the following main points:

- The Study Area is economically significant to the municipality and the eastern region in terms of employment and output.
- Tally Ho is one of the largest commercial office concentrations in the eastern region. Key property indicators are relatively strong with low vacancies, strong rents and considerable re-investment made in recent years.
- The existing occupants serve a regional, municipal and sometimes national catchment, as opposed to businesses commonly located in activity centres which are often smaller in scale and support local population needs.
- There is a strong specialisation in technology and a cluster of emergency services administration. Such concentrations generate significant economic agglomeration benefits and are generally established over a relatively long period.
- Existing specialisations of the Study Area and surrounding parts of the activity centre are well aligned to regional and metropolitan strengths and competitive advantages in professional services and technology.
- Employment projections are for strong professional services job growth in the region, which is proving to be attractive to larger office tenants with strong absorption of new space.
- There is a relative lack of alternative large format office space in Whitehorse (except in Box Hill), and many of the newer large format office precincts in the broader region are poorly located to public transport. Employment land in the broader region.

As noted in this report, some risks to the ongoing attractiveness of the Study Area to the office market have been identified, primarily due to the age of existing buildings, the need to adapt and update space to meet changing business needs, and the need to facilitate opportunities for ongoing reinvestment and redevelopment.

6.3. PROSPECT OF RESIDENTIAL DEVELOPMENT

The Commercial 1 Zone allows 'accommodation' uses (i.e. dwellings) without the need for a planning permit and identifies residential uses in the purpose of the zone. This differs from the previous Business 2 Zone which did not include residential use in the purpose of the zone (instead, the purpose of the zone was to accommodate offices and associated commercial uses) and where a permit was required for 'accommodation' uses (dwellings).

The introduction of the Commercial 1 Zone in 2013 preceded a number of property sales in Tally Ho, and some interest has emerged for mixed use development in the Study Area incorporating residential apartments.

The following comments are made in respect of the prospect of residential development within the Study Area:

- The Study Area is well located to transport, including public transport and roads, as well as proximate to employment and education facilities. At face value, therefore, the area is well suited to accommodating some level of residential use and would align with many residential-focused planning policy objectives.
- The Study Area was not included as a location for significant residential development in Council's Housing Strategy which related to the residential zones in the municipality. A number of sites outside the Commercial 1 Zone but within or near the broader Activity Centre are identified for residential development, particularly along the Burwood Highway corridor, indicating that substantial residential development will be possible and encouraged elsewhere within and adjacent to the Activity Centre near the Study Area;
- The Whitehorse Housing Strategy (28 April 2014) underpins the residential zones in Whitehorse and states that "a test was undertaken to determine the likely opportunities for additional housing that these categories of change created, to ensure that sufficient supply was available to meet future demand. Although the Review does not include design and development direction for non residential land (with the exception of the Neighbourhood Activity Centres, through the NAC Guidelines), the opportunities for development within commercial and other land (for instance, within the activity centres that have been subject to more detailed

Structure Planning or Urban Design Framework planning), were considered in analysing the opportunities required within the residential areas.” (p.112-3).

The Tally Ho UDF contemplates a greater mix of uses within the Activity Centre, however private residential development (i.e. apartments) was not proposed within the Study Area. This indicates that the Housing Strategy applied residential zones with sufficient capacity to accommodate housing needs without the expectation that the Study Area would deliver additional housing.

- Given the lack of vacant sites in the Study Area, any additional residential development would likely need to form part of a redevelopment of an existing commercial building. Although this could replace or even increase commercial floorspace, there would also be the prospect of a material reduction in office floorspace if residential development occurs.
- Given the nature of the businesses currently operating in the Study Area, it is considered unlikely that residential development would complement the existing commercial uses. These businesses primarily serve a wide catchment and do not rely to any great degree on ‘local’ trade.
- Some benefits of residential development could accrue to businesses through greater proximity to local labour and in greater demand for local supporting services such as retail, recreation and child care which could concurrently serve both a business and residential market. These benefits are considered relatively minor compared to the implications of loss of commercial floorspace.
- An existing strength of the employment role of the Study Area is the separation from residential areas and the concentration of office based buildings and infrastructure which supports agglomeration of use, separation of movements and the establishment of a professional ‘headquarter office’ environment, brand and reputation. This is a key point of differentiation from other activity centres in the municipality and nearby where office space is often co-located with greater retail and residential use.

It is considered that substantial residential development could materially change the role and function of the centre and risk eroding the specialisation, value and employment role of the area. Therefore, accommodation (dwelling) uses should be considered only as a tertiary opportunity for the Study Area where the use would not impact on the core employment role and agglomeration. Residential opportunities could be potentially be considered on the northern periphery of sites to the north of the Burwood Highway (such as the former HP site) where a transition to other uses (i.e. nearby houses) could be achieved. This would be subject to each of these sites maintaining a predominantly commercial role, and it being demonstrated that allowing dwellings to establish here would not erode the specialisation, value and employment role of the location..

6.4. IMPLICATIONS

Given the findings in this section, it is recommended that the existing planning policy be reviewed to ensure that the economic role and function of the Tally Ho centre is retained and that accommodation uses (i.e. dwellings) are supported only in peripheral locations.

Policy should seek to:

- Reinforce the vision for the area;
- Maintain an employment focus;
- Enable existing uses to continue to operate and grow;
- Encourage complementary land uses; and
- Encourage ongoing reinvestment and redevelopment.

The following land use recommendations should also be reflected in planning policy:

- Primary use: employment, primarily office-based;
- Secondary uses: retail and commercial uses supporting the employment role, including convenience retail, hospitality, visitor accommodation, recreation (public and commercial), health, childcare, banking and professional services;
- Tertiary uses: residential dwellings, located peripheral to the Study Area and not precluding opportunities for employment floorspace as the primary land use.

7. PLANNING ASSESSMENT

7.1. INTRODUCTION

This section, prepared by Echelon Planning, assesses the strategic and statutory planning framework that applies to the study area, including:

- A review of the existing planning policy framework and supporting strategic plans which apply to the Tally Ho Business Park.
- Consideration of the implications of the economic analysis undertaken as part of the background findings.
- A comparative analysis of the different statutory planning provisions that might potentially be applied to facilitate the realisation of the employment and activity centre aspirations set out in State and local planning policies for the Study Area.
- A recommended planning framework to apply to the Study Area.

7.2. THE EXISTING PLANNING POLICY FRAMEWORK

The existing planning policy framework for the Study Area and its environs comprises the following elements:

- State Planning Policy, including the metropolitan strategy – Plan Melbourne.
- Local Planning Policy, including the following:
 - Clause 21.04 (Strategic Directions)
 - Clause 21.06 (Housing)
 - Clause 21.07 (Economic Development)
 - Clause 22.04 (Residential Development)
 - Clause 22.06 (Activity Centres)
 - Clause 22.08 (Tally Ho Activity Centre)
- Strategic planning documents referenced in the Whitehorse Planning Scheme:
 - Tally Ho Major Activity Centre Urban Design Framework (2007)
 - Tally Ho Activity Centre Urban Design and Landscape Guidelines (updated 2015)

Each element is addressed below.

7.2.1. STATE PLANNING POLICY & PLAN MELBOURNE

THE METROPOLITAN SETTLEMENT FRAMEWORK

State Planning Policy seeks to focus investment and growth in places of state significance, which include the following locations²:

- Metropolitan Melbourne Central City.
- National Employment and Innovation Clusters.
- Metropolitan Activity Centres.
- State-Significant Industrial Precincts.
- Transport Gateways.
- Health and Education Precincts.

² SPP, Clause 11.01-1R

- Major Urban-Renewal Precincts.

It also seeks to develop a network of activity centres linked by transport – consisting of Metropolitan Activity Centres supported by a network of major and neighbourhood activity centres of varying size, role and function³.

Burwood East-Tally Ho is not identified as a place of State significance, but it is identified as a Major Activity Centre (MAC) in Plan Melbourne.

The Study Area and its environs were first designated as a MAC under the previous metropolitan strategy (Melbourne 2030) back in 2002. Prior to that time, the Study Area was characterised as a ‘major office/commercial precinct’ under the Whitehorse Planning Scheme⁴.

THE ROLE AND FUNCTION OF METROPOLITAN ACTIVITY CENTRES:

Plan Melbourne defines Major Activity Centres as:

“Suburban centres that provide access to a wide range of goods and services. They have different attributes and provide different functions [author emphasis], with some serving larger subregional catchments.”⁵

State Planning Policy seeks to build up activity centres as a focus for high-quality development, activity and living by developing a network of activity centres that:

- Comprise a range of centres that differ in size and function.
- Are a focus for business, shopping, working, leisure and community facilities.
- Provides different types of housing, including forms of higher density housing.
- Are connected by transport.
- Maximise choices in services, employment and social interaction.⁶

PLANNING FOR HOUSING GROWTH:

In relation to planning for housing growth, State Planning Policy supports developing housing and mixed use development opportunities in a various designated locations, including land in Major Activity Centres.⁷

PLANNING FOR COMMERCIAL LAND:

In relation to planning for commercial land, State Policy sets the following directions:

- Plan for an adequate supply of commercial land in appropriate locations.
- Ensure commercial facilities are aggregated and provide net community benefit in relation to their viability, accessibility and efficient use of infrastructure.
- Locate commercial facilities in existing or planned activity centres.⁸

Plan Melbourne notes that:

“Population growth will continue to drive demand for well-located and competitively priced commercial land. Growth could create demand for an additional 8 million square metres of stand-alone office floor space and 8 million square metres of retail floor space by 2051.”

³ ibid

⁴ Whitehorse New Format Planning Scheme, Clause 21.04

⁵ Refer Plan Melbourne appendices

⁶ SPP, Clause 11.03-1S

⁷ SPP, Cause 16.01-2R

⁸ SPP, Clause 17.02-1S

Plan Melbourne also notes the following in relation to the potential for competition and conflict between residential and commercial activities:

"Increasingly, there is desire for activity centres and commercial areas to allow mixed-use development, including retail, commercial and residential. While this approach supports greater flexibility of uses, it can also lead to residential uses competing with commercial uses and employment opportunities.

Once a commercial site is converted for a residential use, it is likely to be permanently lost to that market. Consideration needs to be given to ways in which commercial and residential development can be developed together."

7.2.2. LOCAL PLANNING POLICY

THE GEOGRAPHIC EXTENT OF THE TALLY HO ACTIVITY CENTRE

The Whitehorse Planning Scheme sets a boundary for the 'Burwood East–Tally Ho' Activity Centre⁹ as well as identifying a wider 'Study Area'¹⁰ for the centre.

The Activity Centre boundary encompasses the following precincts:

- The Tally-Ho Business Park - the Study Area (zoned C1)
- The Peter James Centre site (zoned GRZ)
- The Burvale Hotel precinct (zoned RGZ)
- A commercial strip along the Burwood Highway (zoned Mixed Use)

The wider Activity Centre 'Study Area' encompasses the following precincts:

- The Crossways Church site (zoned C1)
- The Channel 10 site (zoned RGZ)
- The East Burwood sports precinct (zoned PPRZ),
- Various established residential areas (zoned GRZ)

Whilst the above precincts do not fall within the Activity Centre boundary established in the planning scheme, they can and will play a complementary and supporting role for the Centre over time¹¹.

⁹ Whitehorse Planning Scheme, Clause 22.08

¹⁰ Whitehorse Planning Scheme, Clause 21.04.

¹¹ It should also be noted that these locations are also addressed in detail in the Tally Ho MAC Urban Design Framework (2007).

Tally Ho Activity Centre Precinct Plan



The housing policies contained within the Whitehorse Planning Scheme seek to give effect to the housing directions set out in adopted Structure Plans and Urban Design Frameworks for each activity centre¹². The housing directions contained within the Tally Ho MAC Urban Design Framework (UDF) are discussed further below.

The local economic development policies contained within the Whitehorse Planning Scheme note that all of the key activity centres within the municipality (including Burwood East-Tally Ho) are 'generally expected' to become the preferred locations for further retail, commercial and cultural activities, and to accommodate a significant proportion of the new dwellings that may be developed in the City¹³.

The local activity centre policy (clause 22.06) gives greater definition of the specific role that each centre is expected to play within the wider region. It sets the following direction for the Burwood-East-Tally Ho Activity Centre:

¹² Clause 21.06

¹³ Clause 21.07

"Tally Ho continues as an activity centre with a focus on creating a high quality built and natural environment for innovation, knowledge and technology based businesses while broadening its range of land uses."¹⁴

This policy direction is expanded on further in the Tally Ho Activity Centre policy (clause 22.08), which sets the following vision and directions for the Centre:

"The vision for the Centre is to maintain and enhance its primary role as a key eastern suburbs office and technology hub, while broadening its mix of uses to better meet the needs of the local resident and worker community.

...

There is great opportunity to support and complement the office precincts with growth in neighbourhood convenience retail, housing, hospitality and associated infrastructure. To achieve this, the Tally Ho Major Activity Centre Urban Design Framework 2007 identifies:

Where office floor areas can be increased.

....

Where residential development may occur.

....

Where a new retail centre can be developed.

...

For Tally Ho to remain competitive and serve its local community, it is important that future land use and development follow the strategies in the Urban Design Framework [author emphasis]."

7.2.3. WHAT THE TALLY HO MAC URBAN DESIGN FRAMEWORK ENVISAGES FOR THE STUDY AREA

The land use framework contained within the Tally Ho MAC Urban Design Framework (UDF) identifies the majority of the Study Area as having an ongoing commercial function, and it supported the continued application of the former Business 2 Zone to the Study Area.

Whilst the UDF identifies locations suitable for residential development within the wider UDF study area boundary, it does not identify land within the Study Area of the current review as being suitable for residential purposes.

It notes that there is a need to expand the range of services, infrastructure and facilities to meet the needs of the workforce based at Tally Ho. It encourages the introduction of a greater mix of complementary uses that fill current areas of high need, notably retail, business services, short term accommodation and high quality conference facilities¹⁵. However, the sub-precinct plans included within the UDF do not identify specific locations for the delivery of such complementary uses on and within the current Study Area¹⁶.

The UDF also provides broad guidance on preferred building scale, design and development patterns across the entire Activity Centre area. The Tally Ho Activity Centre Urban Design and Landscape Guidelines(2015) are a companion document that provide more detailed guidance on siting, building and landscape design. Both of these documents are given effect via the local planning policy (Clause 22.08) and a Design and Development overlay (DD0-9) under the Whitehorse Planning Scheme¹⁷.

¹⁴ Clause 22.06

¹⁵ Tally Ho UDF, page 8

¹⁶ This is a reference to Drawings 13, 14 and 16 from the UDF. Note however that there is one suggestion in Drawing 13 that there be retail uses at the ground for of any development on the corner of Springvale Road and the Burwood Highway.

¹⁷ Additional urban design and landscape guidelines have also been prepared for the Tally Ho Activity Centre (Hansen, 2015). These are also given effect via the DD0-9 under the Whitehorse Planning Scheme.

7.3. IMPLICATIONS OF THE ECONOMIC ANALYSIS

A primary issue to be resolved in this study is whether or not allowing residential use to establish in the Study area would contribute to or put at risk the realisation of the particular activity centre policy aspirations for the Study Area.

The economic assessment within this study has concluded that the Study Area is currently performing exceptionally well against the policy vision for the Activity Centre, and that future economic prospects for the location are very positive.

Further, the economic assessment concluded that commercial activities within the Study Area will gain only minor benefits from allowing residential uses to establish, and that allowing residential uses (other than short stay accommodation) to encroach into the Study Area could potentially materially change the role and function of the centre and risk eroding the specialisation, value and employment role of the centre. Notwithstanding this conclusion, there may be some limited opportunities to permit accommodation along the northern edge of the area (on sites north of the Burwood Highway) if it could be demonstrated that this would not be detrimental to the primary employment function of the precinct.

The economic assessment found that there was a need to supplement the commercial activities in the Study Area with some complementary small-scale uses such as convenience retailing, food and beverage and child care uses, however it did not find that there was a need for land within the study area to be developed for other uses such as activities such as neighbourhood scale retailing (i.e. full line supermarket), department stores, large format retail uses, trade supplies, gaming venues or similar.

These findings strongly support the need to review the Commercial 1 zoning that currently applies to the Study Area.

The economic assessment generally supports the continued application of the land-use elements of the current vision and policy framework for land within the Study Area, as articulated in Clause 22.08 and the Tally Ho MAC Urban Design Framework. However, the economic assessment also identified a number of opportunities and weaknesses. There is scope to refine the current Tally Ho Policy (clause 22.08) to address a number of these opportunities and weaknesses as follows.

7.3.1. LAND USE

The economic assessment re-confirmed the findings of earlier studies that the limited provision of complementary support services such as convenience retail, recreation and visitor accommodation within the Study area was a weakness of the precinct.

It will be important to ensure that any change to zoning over land within the Study Area continues to facilitate the delivery of such uses (as well as excluding the uses that are not consistent with the vision).

In addition to reviewing the zoning, there is also scope to amend the wording of the current Tally Ho Activity Centre policy to make clearer the specific range of complementary uses that are supported by Council within the study area (and under what conditions if any).

As it is currently drafted, the policy statements contained in Clause 22.08 could be interpreted to apply to the entire activity centre area (including the Study Area). So it would be open to interpret the policy to mean that residential development and opportunities for various forms of retail uses are supported on land in the Study Area.

The following activities are suggested as being uses that would be complementary to the primary use of the study area as a commercial (office) precinct:

T15. SUGGESTED COMPLEMENTARY USES IN THE STUDY AREA

Residential Hotel [inclusive of various forms of short stay accommodation such as serviced apartments]	
Child Care centre	Retail Premises, but limited to:
Education Centre, but limited to:	- Food and Drink premises
- Employment training centre	- Manufacturing sales
- Tertiary institution	- Markets
Industry, but limited to:	- Postal agencies
- Advanced manufacturing industries(which are undefined in the planning scheme)	- Shops (with floorspace restrictions)
- Research and development centre	Warehouse, but limited to:
Leisure and Recreation, but limited to:	- Commercial display area
- Minor sports and recreation facility	Art and craft centre
- Indoor recreation facility	Carpark
- Outdoor recreation facility	Emergency services facility
- Restricted recreation facility	Hospital
Place of Assembly, but limited to:	Research centre
- Exhibition Centre	Veterinary centre
- Function Centre	
- Hall	
- Restricted Place of Assembly	

Source: Echelon, 2019.

The following activities are suggested as being uses that are not complementary to the primary use of the study area as a commercial (office) precinct:

- Accommodation (other than residential hotel)
- Primary and secondary schools
- Industry (other than advanced manufacturing industries and R&D Centres)
- Leisure and recreation uses (other than listed in table 15)
- Places of Assembly (other than listed in table 15).
- Retail Premises (other than listed in table 15)
- Warehouse (other than listed in table 15)
- Brothel
- Cinema based entertainment facility
- Service Station.

A comparative analysis of the different statutory planning provisions is necessary to determine whether any of the standard VPP zones provides for the above outcomes, or whether a bespoke zone (such as the Activity Centre, Special Use or Comprehensive Development zones) should be considered for the Study area. This analysis is set out in section 7.4 of this report.

7.3.2. BUILT FORM AND DENSITY

The current built form controls that apply to the Tally Ho Activity Centre were introduced into the Whitehorse Planning Scheme in 2015¹⁸. These controls give effect to the Tally Ho MAC Urban and Landscape Design Guidelines (2015). The controls allow for redevelopment and intensification on sites within the Study area, albeit that the preferred heights, setbacks and streetscape treatments still seek to emphasise a relatively low-scale and landscaped outcome for the Study Area.

These controls were introduced following a rigorous assessment by an independent planning panel which recommended a series of changes to the built form framework to be applied to the Centre.

The economic analysis contained within this report identifies that the existing built form framework that applies to the Study Area may have implications on the future development feasibility of renewing of older buildings within the Study Area. Whilst the 'campus style' nature of Tally Ho is a distinguishing feature that has and should continue to differentiate it from other competing employment locations, this will need to be balanced against the need to provide sufficient commercial incentive for landowners and investors to make substantial reinvestment in redeveloping ageing building stock.

The planning framework for Tally Ho also needs to be considered in the context of the fast-changing nature of employment precincts across Australia and internationally whereby lower density suburban business parks are being renewed as more urban places that support a greater intensity and diversity of activities¹⁹.

The renewal and redevelopment of the older buildings within the study area will be critical to it being able to successfully compete for business investment against other precincts in the region such as Caribbean Gardens and various business parks located within the Monash NEIC. Increasing the height and density of sites at Tally Ho would have a positive economic benefit (by increasing commercial floorspace and employment numbers), as well as helping to support the viability of a wider range of complementary services within the study area. However, it would also be necessary to assess how a higher density built form would impact on the image and character of the precinct (ie its brand in the marketplace) as well as what impacts it might have on access, parking and traffic.

However any shift towards a more intensive built form outcome at Tally-Ho should be 'plan-led' rather than 'development led' so that the high quality landscape and building design vision of the current UDF and Guidelines.

A more detailed assessment is required to determine the precise implications of the current and potential alternative built form controls on both the development feasibility and on the wider image and function of the Study Area.

It is therefore recommended that Council considers undertaking a comprehensive review of the existing built form controls that apply to the Study Area in the coming years.

¹⁸ Amendment C110 introduced a Design and Development Overlay to land within the Activity Centre boundary.

¹⁹ Refer for example to the research of the Brookings Institute (<https://www.brookings.edu/essay/rise-of-innovation-districts/>) and Knight Frank (<https://architexturez.net/system/files/NGKF-White-Paper-Suburban-Office-Obsolescence.pdf>)

7.4. COMPARATIVE ANALYSIS OF STATUTORY PLANNING PROVISIONS

Sections 7.2 and 7.3 of this report concluded that the zoning that applies to the Study Area should allow a range of complementary uses that support the primary role of the Study Area as a commercial (office) precinct. It also concluded that the zoning should not allow accommodation uses (other than residential hotel) and various types of retail premises.

The following summarises how each of the standard VPP zones categorises the various land uses identified in Tables 16 and 17 of the preceding sections of this report.

OFFICE USES

T16. ASSESSMENT OF OFFICE USES UNDER VPP ZONES

ZONE	C1	C2	C3	MU	IN1	IN3
OFFICE USE	(1)			(2)	(3)	(3)

- (1) The leasable floor area must not exceed the amount specified in the schedule to this zone.
- (2) The leasable floor area must not exceed 250 square metres, otherwise discretionary
- (3) The leasable floor area must not exceed the amount specified in the schedule to this zone.

Code	Definition
	As of right (no permit required)
	Discretionary (permit required)
	Prohibited

ACCOMMODATION USES

T17. ASSESSMENT OF ACCOMMODATION USES UNDER VPP ZONES

ACCOMMODATION TYPE	C1	C2	C3	MU	IN1	IN3
DWELLING	(1)		(3)	(5)		
RESIDENTIAL HOTEL	(1)		(4)			
OTHER	(1)	(2)				

- (1) Any frontage at ground floor level must not exceed 2 metres (other than a bed and breakfast and caretaker's house).²⁰
- (2) Residential hotel and motel are discretionary (permit required) uses.
- (3) Floor area limits apply (35% default)
- (4) Floor area limits apply (35% default)
- (5) Community care accommodation and residential aged care also 'as of right'.

Code	Definition
	As of right (no permit required)
	Discretionary (permit required)
	Prohibited

²⁰ Note: the C1Z condition which applies a maximum ground floor frontage for accommodation uses means that these uses must be above ground floor in order not to require a permit. The condition is not considered material to the question of whether the residential development permissible under the existing C1Z would support the overall economic strength and ongoing viability of Tally Ho as a specialised office-based employment precinct. This is because the opportunity to develop a building primarily for accommodation in the zone without a permit clearly has the potential to displace office floorspace which currently occupies multiple levels of buildings and influence the ability of sites to accommodate a greater amount of office space into the future.

The following conclusions are drawn from Tables 16 and 17:

- If accommodation uses (other than residential hotels) were to be prohibited within the study area, then the Commercial 1 and Mixed Use zones would not be appropriate zones to apply to the land.
- The Industrial zones are not considered to be appropriate zones to apply to an office and technology precinct within an activity centre context. The purpose of the zone is not consistent with the vision and intended use of the study area, and the use of land for an office is discretionary rather than As of Right. The zones also do not permit land use be used for residential hotels or motels.
- The Commercial 2 Zone can be further considered on the basis that it prohibits accommodation uses other than residential hotels and motels.
- The Commercial 3 Zone can also be further considered because accommodation uses can be prohibited via a schedule to that zone.

RETAIL USES

The following table summarises how the suggested complementary retail uses (and the retail uses that are not likely to be complementary) are categorised under the Commercial 2 and Commercial 3 zones.

T18. ASSESSMENT OF RETAIL USES UNDER VPP ZONES

RETAIL USES	C2	Notes	C3	Notes
Complementary uses:				
Food and drink premises		Must be <100sqm		Must be < 150sqm
Manufacturing sales				
Markets				
Postal agencies				
Shop*		Must be <500sqm Must adjoin supermarket and have access to RDZ		Floor area must not exceed 200sqm. Otherwise prohibited
Potentially complementary uses:				
Supermarket		Must be <1800sqm and have access to RDZ		Floor area must not exceed 200sqm. Otherwise prohibited
Uses which are unlikely to be complementary:				
Restricted retail premises				Floor area must not exceed 200sqm. Otherwise prohibited
Trade supplies				

(* other than supermarket or restricted retail premises)

Code	Definition
	As of right (no permit required)
	Discretionary (permit required)
	Prohibited

The above table demonstrates that the Commercial 2 Zone provides the greatest flexibility for a wide range of retail uses to establish on an 'as of right' basis.

The following is a commentary on the appropriateness or otherwise of supermarket-anchored retail uses and restricted retail and trade supply uses in the study area.

Small supermarket-based neighbourhood centre in the Study Area:

The Commercial 2 Zone would allow the establishment of a supermarket based neighbourhood centre (ie 1800sqm supermarket and 500sqm specialty shops) on land with access to a Road Zone.

Tally Ho is located less than 1.5km from two activity centres containing supermarkets, and it is located circa 2km to the Glen and Forest Hill Activity Centres both of which are also Major Activity Centres. So whilst establishing a supermarket based retail centre on the subject land would no doubt add to the amenity and convenience for workers in the precinct, the impact of establishing another supermarket based centre in this location would require further assessment.

Restricted retail premises and trade supplies in the Study Area:

The Commercial 2 Zone would allow the establishment of restricted retail and trade supplies at Tally Ho on an 'as of right' basis. The zone does not limit the amount of floorspace allowable under its 'as of right' designation.

The vision and policy for the wider Tally Ho Activity Centre is to maintain and enhance its primary role as a key office and technology hub, while broadening its mix of uses to 'better meet the needs of the local resident and worker community'.

Restricted retail and trade supply uses have little synergy or relationship to office and technology uses, and they typically have large trade catchments. They are not in their nature activities which offer products and services solely geared towards serving local residents or workers. They typically require significant land parcels and if they were to establish on the subject site then they would displace opportunities for commercial (office) activities and related complementary uses.

There are also alternative locations within the municipality that already cater for such uses, including the Megamile in Whitehorse Road which is designated as a primary destination for such uses in this region.

For these reasons, the Commercial 2 Zone is not considered to be the most optimal zone for the study area.

DOES THE COMMERCIAL 3 ZONE PERMIT THE REMAINING RANGE OF SUGGESTED COMPLEMENTARY USES?

The above assessments leaves the Commercial 3 Zone as the remaining potential 'standard' VPP zone that might be considered for the study area.

The following table summarises how the remaining suggested complementary retail uses are categorised under the Commercial 3 Zone.

T19. ASSESSMENT OF OTHER COMPLEMENTARY USES UNDER VPP ZONES

OTHER COMPLEMENTARY USES	C3	Notes
Child care		
Employment training centre		
Tertiary institution		
Research & Development Centre		
Leisure and recreation*		
Place of Assembly (excl. place of worship)		Floor area must not exceed 200sqm, otherwise permit required.
Warehouse		Leasable floor area must not exceed 500sqm
Art and craft centre		
Carpark		
Emergency services facility		
Hospital		
Research centre		
Veterinary centre		

(*ie the specific leisure and recreation uses identified in Table 15 of this report)

Code	Definition
	As of right (no permit required)
	Discretionary (permit required)
	Prohibited

The above analysis demonstrates that the full range of remaining suggested complementary uses are either 'as of right' or discretionary (permit required) uses under the Commercial 3 Zone.

WOULD THE COMMERCIAL 3 ZONE ACHIEVE THE INTENDED POLICY OUTCOMES FOR THE STUDY AREA?

The Commercial 3 Zone is comparatively well aligned to the vision and policy for the wider Tally Ho Activity Centre, in that:

- The zone purpose supports the creation of high-amenity mixed use employment precincts.
- Commercial (office) uses are as of right under the zone.
- The full range of complementary uses identified in this report are either 'as of right' or permissible under the zone.
- Short-stay accommodation uses are permissible albeit on the basis that they make up no more than 50% of the gross floor area of a given development site.
- All other types of accommodation uses can be prohibited via a schedule to the zone.
- The zone allows for small-scale shop uses to establish.
- The zone allows for inclusion of place-based objectives to be achieved for an area

Planning Practice Note 85 ('Applying the Commercial 3 Zone') provides guidance on the role and application of this zone, and it notes the following:

"The Commercial 3 Zone should be applied following an assessment of the role and function of employment land in the municipality and wider region. Assessments should evaluate the ongoing suitability of established industrial and commercial areas for different types of employment purposes, and determine whether such areas should be retained in an existing industrial or commercial zone, or whether the Commercial 3 Zone should be applied as a means of enabling broader mixed-use employment outcomes."

The assessment contained within this report satisfies the above requirements. The conclusions from this assessment have confirmed that the Tally Ho precinct is performing well as an employment precinct and that it remains well-placed to perform a regionally significant employment function into the future.

The analysis contained in this report confirms that the Commercial 3 Zone will not only support the future growth of office based activities at Tally Ho but it will also facilitate the full range of complementary uses that have been identified as being needed in the precinct to support its core employment and commercial functions.

The following specific land use uses also warrant consideration in deciding whether or not to apply this zone:

ACCOMMODATION (OTHER THAN SHORT STAY ACCOMMODATION):

- The Planning Practice Note provides the following guidance in relation to accommodation uses in the Commercial 3 Zone:

"The primary purpose of the zone is to provide for a range of industrial, commercial, office and other employment generating uses."

In some instances the inclusion of limited residential uses within mixed-use developments may serve to complement the desired economic outcome of the locality by providing activation, amenity and supporting new types of live-work development models. However, residential use is only intended to be permitted where it can be demonstrated that such uses will complement the employment and economic development focus of the zone...

The maximum gross floor area able to be used for residential purposes can be varied via the schedule to this zone."

"The intent of permitting such uses on a conditional basis is to allow a genuine mix of uses to establish over time, but to ensure that such uses do not end up displacing industrial and commercial/office uses from such areas."

"...To apply a different maximum allowable gross floor area percentage requirement for residential uses, a strategic land use assessment should be completed which establishes why

a different land use, economic and employment outcome is required to that permitted under the default zone.

The assessment should articulate the role and function of employment land in the municipality and wider region, and the specific economic role that the subject land is intended to play in this wider context.

Determining what the right mix of uses is for a given locality will necessarily need to be informed by consideration of what is required to support economic vibrancy and diversity in the area. Consideration should be given to current and emerging land use and economic trends in the locality, and the foreseeable market feasibility of relevant development models within that context.

If the overriding objective in employment areas is to retain affordable commercial and industrial floorspace and to increase the diversity and quantum of such floorspace, then it will be critical to tightly control the quantum of residential development in such areas. In some instances, it may be necessary to prohibit residential use if allowing it is likely to have the effect of displacing commercial/industrial floorspace or undermining the economic basis of the area. "[underlining by report author]

The analysis contained within this report satisfies all of the above requirements. It has confirmed that there is neither a policy nor economic imperative for accommodation uses (other than short-stay accommodation) to establish in the study area. Further, the economic analysis has identified a risk that allowing dwellings to establish within the study area may materially change the role and function of the centre and erode the specialisation, value and employment role of the location.

This report has found that accommodation uses (other than short stay accommodation) should not be permitted in the majority of any proposed Commercial 3 zoning of the study areas on the basis that it is likely to have the effect of displacing commercial/industrial floorspace and undermining the economic basis of the area over time. Any consideration of residential uses at the northern periphery of the area should be limited so as to ensure that employment land uses remain as the primary land use and suitable land use transition to residential areas can be achieved.

THE NORTHERN (HEWLETT PACKARD) AREA:

- Consideration has been given to the question of whether the northern (Hewlett Packard) section of the Study Area has sufficiently different characteristics to warrant taking a different approach to considering accommodation to that described above.

This area is relatively less developed than the area south of the Burwood Highway, and there is scope for the future development of this area to be undertaken in a master planned manner. Whilst it is possible to envisage that any such masterplan might seek to integrate an element of accommodation uses within it, this is not considered to be critical to being able to achieve the housing, employment or activity centre aspiration for wider Tally Ho Activity Centre.

As noted elsewhere there are numerous alternative locations in the wider region (including sites immediately adjoining and opposite this site) that can deliver accommodation and other uses which will support the amenity and diversity of the centre. There are far fewer alternative locations for the establishment of specialised employment precincts across the region.

Including residential uses within the northern site will require land that has been identified as having strategic and economic value for employment purposes to be instead utilised for dwellings in a context where there is no over-riding need to do so in order to meet housing, activity centre or economic policy objectives. On that basis, it is recommended that accommodation uses (other than short stay accommodation) generally not be encouraged in this location. Some limited residential use could potentially be considered as a transition between commercial and existing residential use along the northern edge of this site (potentially via the Commercial 3 zoning) if such uses are secondary and peripheral to the 'primary' employment land uses envisaged for the site.

SHORT-STAY ACCOMMODATION:

- The Commercial 3 Zone separately lists dwellings and residential buildings as Section 2 uses. It sets a default condition against each use that specifies that the combined Gross Floor Area of dwellings and residential buildings must not exceed 35% of the total building GFA and a schedule to the zone allows this to be varied upwards (to 50%) or downwards (to 0%). So for instance the zone schedule can set the dwelling percentage at 0% and the residential building percentage at up to 50% if desired. Short stay accommodation (including residential hotels) fall within the definition of a residential building.

In a relatively low-scale suburban context 'mixed use' developments which combine both commercial and short stay accommodation uses are a relatively new concept in the suburban Melbourne context.

However, such uses do not necessarily need to be mixed within a single building. The land holdings within Tally Ho are large enough to accommodate the construction of multiple buildings within a single site, with each building having its own specific use.

There are also a number of sites close to the Study Area where the zoning allows for residential hotels to be established.

If it were desirable for part of the subject land to be set aside for the provision of single-use short-stay accommodation developments, then part of the land could be differently zoned to allow this. However, it is not evident that there is a need to take such an approach at this time.

SHOP USES:

- The zone only allows small-scale shop uses to establish – this is limited to 200sqm per shop. Because many of the existing buildings on the subject site have relatively large floor-plates (circa 1200sqm+) then the size of the shops permitted would only occupy a minor component of the ground floor area.

However, it is also likely that the ground floor of such buildings might also comprise corporate foyers and other uses complementary uses such as food and drink premises, child care, health, leisure, medical, function, commercial display or other uses. In this context the limitation of 200sqm shop floor area per building is not particularly problematic.

If it were desirable for part of the study area to be set aside for the provision of a 'local activity centre' comprising multiple shop uses, then part of the land could be differently zoned to allow this. Land within the northern precinct (eg. the Hewlett Packard land) might better lend itself to a master planned approach to delivering commercial uses with some form of small scale and ancillary 'local centre' function if Council saw that this was desirable to support the economic function of the wider Activity Centre as a regional employment hub. However, it is not evident that there is a need to take such an approach at this time, given the proximity of the site to a number of other retail-based activity centres nearby.

INDUSTRIAL USES:

- The zone allows certain industrial uses on an as of right basis (ie generally uses that are not listed in Clause 53.10).

The industrial uses that are permitted 'as of right' under the zone are typically those which do not generate adverse amenity conflicts, and the decision guidelines under the zone also require consideration of how the layout and design of any new development minimises its potential for adverse amenity impacts.

In any case, the commercial land values and rents in the study area can be expected to be prohibitively expensive for many manufacturing or industrial uses other than perhaps those that have a high focus on technology and a need to attract highly skilled workers (in which case they would be uses that would be encouraged to locate in the study area).

PLACES OF WORSHIP:

- The zone only allows a place of worship to establish if its leasable floor area does not exceed 250sqm.

Places of worship are not strongly aligned to vision and policy for the study area to maintain and enhance its primary role as a key eastern suburbs office and technology hub.

Whilst many places of worship are established to meet the needs of the local resident and/or worker communities, oftentimes such facilities attract congregations from large regional catchments. The Commercial 3 Zone allows for small-scale places of worship that cater for small congregations, but not for larger facilities.

The Study Area includes the existing Crossway Church and community facility. This site is currently in a Commercial 1 Zone and a place of worship which exceeds 250sqm is discretionary under that zone. The site has been used as church since 1995 and a Development Plan Overlay currently applies to this site which facilitates major expansions to the existing church uses on the site. The independent panel that considered the development plan concluded that the proposal was strongly supported by state and local policy.

If the church was to cease operating from the site, then this land holding would represent a major opportunity for expansion of commercial activities in this locality. In that sense the underlying principles regarding what zone to apply to this site are similar to those that apply to the rest of the land within the study area.

However, it is important to be cognisant of the potential implications of any recommendations to change the zoning on existing uses. In the event that this land holding was rezoned Commercial 3, then the existing use of the land as a place of worship could continue to occur under existing planning consents, and the 'existing use right' provisions of the planning scheme would also apply to that use.

If Council wished to take a 'no-change' approach in relation to the use of this land for church purposes, then a site specific control could be established for the land which retains the same land use status for a place of worship that currently exists under the Commercial 1 Zone.

COULD ANY OF THE 'SPECIAL PURPOSE' VPP ZONES BE CONSIDERED FOR THE SUBJECT SITE?

The Special Use, Comprehensive Development and Activity Centre Zones each have specific purposes under the Victorian planning system. They are generally intended to be used in circumstances where applying standard zones (in combination with local policy and/or overlays) cannot achieve the intended planning outcome.

The Practitioners Guide to Victoria's Planning System provides the following guidance in relation to these zones:

"Where the strategic intent of a site is unknown or the application of a combination of zones, overlays and local policies is not able to achieve the desired planning outcomes, a special purpose zone may be used. These zones include the Special Use Zone, the Comprehensive Development Zone, the Urban Growth Zone and the Activity Centre Zone.

*Maintaining consistency of planning controls across Victoria is a VPP principle. Using a special purpose zone is therefore discouraged unless there is clearly no suitable alternative."*²¹

Planning Practice Note 3 ('Applying the Special Use Zone') also notes that a Special Use Zone can be considered in circumstances when either:

- An appropriate combination of the other available zones, overlays and local policies cannot give effect to the desired objectives or requirements, or;
- The site adjoins more than one zone and the strategic intent of the site, if it was to be redeveloped, is not known and it is therefore not possible to determine which zone is appropriate.

It also notes that application of the Special Use Zone is not appropriate when an alternative zone can achieve a similar outcome, with appropriate support from local policies and overlays.

²¹ Practitioners Guide to Victoria's Planning System Version 1.1. Page 33

The assessment contained in this report identifies that it is possible to use a combination of standard zones, overlays and local policies to achieve the desired planning outcomes for the Study Area. It concludes that:

- The existing Tally Ho Policy (clause 22.08) could be revised to make clearer the specific range of complementary uses that are supported by Council within the Study Area (and under what conditions).
- The Commercial 3 Zone (with a schedule which prohibits dwellings but permits residential buildings with a floor area of 50% of the total floor area of a building) would enable the full range of desired land use planning outcomes for the Study Area to be realised.
- A site specific control could be applied to the existing Crossways site in order to retain the same land use status for a place of worship that currently exists under the Commercial 1 Zone in future.
- The existing DDO that applies to the subject land addresses the necessary range of design and built form measures. Whilst at a future point further analysis is the built form framework that applies to the Study Area may be desirable, the appropriateness of using the DDO as a tool to define the desired built form outcomes is not in question.

Given the above, there is not evident need to consider the use of a special purpose zone over the Study Area.

7.5. PREFERRED PLANNING FRAMEWORK

The following planning framework is recommended for the Study Area:

Recommendation 1 - Revise the existing Tally Ho Policy (clause 22.08) to make clearer the specific range of complementary uses that are supported by Council within the Study Area (and under what conditions).

Recommendation 2 - Apply the Commercial 3 Zone across the study area with schedules which apply the following controls:

- Tally Ho Business Park:
 - Prohibit dwellings (i.e. 0%); and
 - Permit residential buildings (e.g. hotels, short stay accommodation) with a floor area of up to 50% of the total floor area of a building;
- Former HP site :
 - Permit residential buildings with a floor area of up to 50% of the total floor area of a building anywhere within the site; and
 - If it is determined via a masterplanning process that some limited residential uses might be permissible as a transitional use in the northern part of the site) apply the default schedule for dwellings (35% of the floor area of a building) via a schedule to that part of the site only.

Recommendation 3 - Apply a site specific control to the existing Crossways church site which retains the same land use status for a place of worship that currently exists under the Commercial 1 Zone.

Recommendation 4 - In the event that Council considers that a specific part of the Study Area needed to be set aside for the provision of freestanding short-stay accommodation and/or some form of a small 'local activity centre' comprising a small supermarket and associated speciality shop uses, then part of the land could be differently zoned to allow this.

That part of the land could potentially remain in the Commercial 1 Zone with a Development Plan Overlay applied to ensure that the desired land use and built form outcomes were identified. The extent of any such land should be limited to the minimum size necessary to facilitate the desired mix and scale of uses. Further assessment of both the need for a small supermarket-based neighbourhood centre on the subject site and its impact on nearby neighbourhood centres should be undertaken before further considering this option.

Recommendation 5 - Consider undertaking a review of the existing built form controls that apply to the Study Area in the coming years. The review should focus on ensuring that the high quality building and landscape design vision established under the existing UDF and Design Guidelines is achieved whilst at the same time supporting

the creation of a greater intensity and diversity of activities and also the renewal and redevelopment of ageing building stock within the Study Area.

APPENDICES

APPENDIX A BUILDING ID MAP



APPENDIX B EXISTING BUSINESS MIX AND BUILDING CONDITIONS

ID	ADDRESS	PRECINCT	OCCUPIERS	SUPPORTING USES	STOREYS	PREFERRED HEIGHT LIMIT UNDER EXISTING DD09 (M)	VACANCY (SQM APPROX)	OBSERVATIONS
1	347 Burwood Hwy	Precinct North	NEC, Bolton Clark, Café, Petit Journey Long Day Care (6wks to 5yrs)	Café, childcare	2-3 storey office building	17m		The building is well maintained.
2	353 Burwood Hwy	Precinct North	Hewlett Packard	Outdoor dinning areas and an outdoor gym, bike loops, landscaping.	5 storey office building, including 2 levels of above-ground parking	17m		Recently renovated. Large at-grade car parks are located in the northern and eastern sections of the property, where the preferred height limits range from 14-17m.
3	351 Burwood Hwy	Precinct North	Multi-decking car park		3-storey car park	14m		
4	351 Burwood Hwy	Precinct North	Stago office and warehouse, Hamilton Morello	Basic landscape, a shelter for visitors	3-storey office building	14-17m		Pedestrian / pick up/ drop off point shelter
5	1 Lakeside Drive	Business Park	ANZ Business Centre, Marina Radiology, Mary Kay, Café/Restaurant Oggi	Cafe	2-storey office building	14m		The building is reasonably maintained.
6	5 Lakeside Drive	Business Park	Melbourne East GP Network, Outcome Health, Fire Equipment Services, Huawei		3 storey office building, including 1 level of above-ground parking	10m		Well presented and maintained.
7	9 Lakeside Drive	Business Park	Yokogawa		3 storey office building, including 1 level of above-ground parking	10-14m	225	It appears some renovation activities are occurring on site. Vacancy estimated by UE. Good outlook, top level appears unoccupied.
8	23 Lakeside Drive	Business Park	No business signs found. Office?		3 storey office building, including 1 level of above-ground parking	14m		
9	378 Burwood Highway	Business Park	Pronto Software Development Centre, Thrive Health & Fitness, Crossfit, Samsei Martial Arts, Sonos.		4 storey office building	14m	678	Two buildings attached, one is a warehouse. One lease sign, some vacancies apparent.

ID	ADDRESS	PRECINCT	OCCUPIERS	SUPPORTING USES	STOREYS	PREFERRED HEIGHT LIMIT UNDER EXISTING DD09 (M)	VACANCY (SQM APPROX)	OBSERVATIONS
10	380 Burwood Highway	Business Park	China Bar Restaurant		1	20m		The building is reasonably maintained.
11	33 Lakeside Drive	Business Park	ESTA 000		3 storey office building, including 1 level of above-ground parking	20m		Well presented.
12	24 Lakeside Drive	Business Park	Dexison Marketing Services, Alpha Nursing, WIKA Australia, PSV Consulting Engineers, Hillross Financial Planning, DJM Building Consultants, Praktika, Wolunteer Fire Brigades Victoria, Pharmount Pty Ltd, Bambini Childcare Services, Cray Australia, Centre of Influence/Action Coach, New Century Group, Auslong Property Group, Everkeen Constructions		2 storey office building	14m	270	One lease sign.
13	20 Lakeside Drive	Business Park	Pronto Software Head Office		1-2 storey office building	7m		
14	16 Lakeside Drive	Business Park	CFA		3 storey office building, including 1 level of above-ground parking	10-14m		Recently sold (sign).
15	4 Wesley Ct	Business Park	DXC Technology		4 storey office building	17m		Dated.
16	10 Wesley Ct	Business Park	Motorola, The Salvation Army Employment Plus		4 storeys office	17m		Well maintained.
17	10 Wesley Ct	Business Park	Two-level car park		2 storey car park	17m		
18	11 Wesley Ct	Business Park	Zimmer Biomet warehouse		1	20m		The building looks well maintained.
19	12 Wesley Ct	Business Park	SPS Commerce, Zimmer Biomet, Ambulance Victoria, Burwood East Business Centre		5 storey office building, including 1 level of above-ground parking	20m	1600	Two out of four storeys remain vacant, but not currently advertised. Some seated outdoor breakout areas are provided.

ID	ADDRESS	PRECINCT	OCCUPIERS	SUPPORTING USES	STOREYS	PREFERRED HEIGHT LIMIT UNDER EXISTING DD09 (M)	VACANCY (SQM APPROX)	OBSERVATIONS
20	4 Wesley Ct	Business Park	Private multi-decking car park		4 storeys car park	17m		Dated, lacking maintenance.
21	12 Lakeside Drive	Business Park	VicRoads		3-storey office building	14m		Large site, well presented and maintained. A sold sign visible.
22	8 Lakeside Drive	Business Park	CFA		3-storey office building, including 1 level of above-ground parking	14m		Well presented and maintained.
23	6 Lakeside Drive	Business Park	Greenwood Childcare	Childcare	1 storey building with a roof top fenced by brick and used for outdoor play spaces.	10m		The building is currently being renovated, childcare yet to commence operation. Land to the east (at the western corner of Lakeside Drive and Burwood Highway) has been developed as a waterway, not considered as developable land parcel as originally envisaged by DD09.
24	4 Lakeside Drive	Business Park	CFA Infrastructure Services Team, ED Infrastructure Services, ICT Services, Land and Building Services, Fleet Services, Environmental Compliance		2-storey office building	10m		
25	1 Vision Drive	Business Park	World Vision Australia	Cafe	2-storey office building	14m		
26	2 Vision Drive	Church	Crossway Administration and Lifecare Centre		2-storey office building	N/A		Very new building and car parks. Well presented.
27	2 Vision Drive	Church	Crossway Church Main Service Centre	Cafe	1-2 story buildings	N/A		8-9 services over the weekend with over 5000 visitors.
28	31 Vision Drive	Business Park	National Archives of Australia	Open space	2-storey office building	14m		

APPENDIX C PHOTOS

Building # 1



Building # 1



Building # 2



Building # 2



Building # 3



Building # 4



Building # 5



Building # 5



Building # 6



Building # 7



Building # 8



Building # 9



Building # 10



Building # 11



Building # 12



Building # 13



Building # 14



Building # 15



Building # 16



Building # 17



Building # 18



Building # 19



Building # 20



Building # 21



Building # 22



Building # 23



Building # 24



Building # 25



Building # 26

Building # 27



Building # 27



Building # 28



APPENDIX D PROPERTY DATA – BUILDINGS BY DECADE OF CONSTRUCTION

BUILDING ID	PROPERTY ADDRESS	NO. OF FORMALISED/SUBDIVIDED TENANCIES				
		1980s	1990s	2000s	2010s	Total
5	1 Lakeside Drive BURWOOD EAST		5			5
16 & 17	10 Wesley Court BURWOOD EAST			2		2
18 & 19	11-12 Wesley Court BURWOOD EAST			2		2
21	12 Lakeside Drive BURWOOD EAST		1			1
25	1-25 Vision Drive BURWOOD EAST		1			1
14	16 Lakeside Drive BURWOOD EAST			2		2
13	20 Lakeside Drive BURWOOD EAST		1			1
26 & 27	2-18 Vision Drive BURWOOD EAST		1		1	2
8	23 Lakeside Drive BURWOOD EAST	1				1
12	24 Lakeside Drive BURWOOD EAST			16		16
28	31 Vision Drive BURWOOD EAST		1			1
11	33 Lakeside Drive BURWOOD EAST		1			1
1 & 4	347 Burwood Highway FOREST HILL		2			2
2	353-383 Burwood Highway FOREST HILL			1		1
9	378 Burwood Highway BURWOOD EAST		4			4
10	380 Burwood Highway BURWOOD EAST		1			1
24	4 Lakeside Drive BURWOOD EAST		1			1
15 & 20	4 Wesley Court BURWOOD EAST		1			1
6	5 Lakeside Drive BURWOOD EAST		2			2
23	6 Lakeside Drive BURWOOD EAST		1			1
22	8 Lakeside Drive BURWOOD EAST		2			2
7	9 Lakeside Drive BURWOOD EAST		1			1
	Total Tenancies	1	26	23	1	51
	Total Buildings	2	17	6	2	27

Source: Property Data of Whitehorse City Council, 2019.

Note: the number of formalised / subdivided tenancies reflects land parcels and property addresses provided by Council, which may not reflect the number of existing buildings or landownerships. , i.e. Building ID 12 contains 16 tenancies.

