Office Development
Policy

produced by

Strategic Planning and Economic Development Units

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BOROONDARA
City of Harmony

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Office Development Policy

This policy is an "umbrella" document relating to office use and development to ensure that office development in the City of Boroondara is addressed in a coordinated and consistent manner. The policy will guide future actions and programs related to office use and development. With the preparation of the new Boroondara Planning Scheme much of the strategic land use planning work in relation to office use and development has been completed. This document distils from completed strategic work Council's philosophy with regard to offices, and outlines other actions that are yet to be undertaken.

1. Corporate Framework

Vision

The Office Development Policy has been prepared having regard to the City Vision which is:

A harmonious community, which recognises differences, engages and communicates with its citizens, and cherishes neighbourly values.
A community that moves forward by being both caring and enterprising, sharing a lifestyle rich in choice.
A clean, safe secure city in which to live, learn and work.
An evolving city, proud of its diverse heritage and sensitive to its environment.

Mission Statement

The Policy is particularly relevant to the following goal:

Encourage proactive planning and development, which protects and improves our built environment and landscape, and supports appropriate economic development.

Values

A number of the City's key values have relevance to the Office Development Policy including:

Responsiveness to the needs of our community
Respect for the rights of others
Leadership

2. Key Policy Statement

Through its Office Development Policy Council seeks to ensure appropriate office use and development which will assist in the long-term economic development of the City, and which will be accommodated without impacting adversely on character and amenity of existing development.

3. Strategy

Strategic Objective 1

Employment opportunities in the advanced services sector will be enhanced.

Action 1.1	Accommodate appropriate new office development in designated locations throughout the City.
Action 1.2	Encourage advanced service sector businesses to locate their offices in the City.
Action 1.3	Establish and maintain contact with key stakeholders to promote the City.
Action 1.4	Ensure that appropriate information is provided to all stakeholders to promote the City as a place to invest.

Strategic Objective 2

The role of Camberwell Junction Shopping Centre as the premier activity centre in the City will be strengthened and consolidated.

Action 2.1	Ensure that new office development contributes to the growth and diversity of the customer base of the Centre, and does not detract from its retail function and other activities.

Strategic Objective 3

Office development will assist in the maintenance of the competitiveness and viability of existing commercial centres and in new role development for select centres and areas.

Action 3.1	Encourage office development, which will assist in the growth and diversity of the customer base surrounding and within retail centres.
Action 3.2	Where a centre currently fulfils a retail role, office development, which detracts from the vibrancy of the retail core, will be discouraged.
Action 3.3	Accommodate new office development in commercial centres, which no longer have a strong retail role.
Action3.4	Accommodate new office development in mixed commercial and industrial areas, which no longer have a strong demand for industrial land.
Action 3.5	Ensure that large new office developments are located close to public transport, support services, and facilities required by staff.

Action 3.6 Discourage office development outside designated areas.

Strategic Objective 4

New office development will be well designed and the character and amenity of commercial and residential areas will be maintained and enhanced.

Action 4.1 Ensure that office developments do not materially affect the amenity of the area in which they are located or negatively impact on the community safety in the local area.

Action 4.2 Ensure that new office development is sited and designed so that it complements the characteristics of the commercial area in which it is located and does not materially affect the amenity of adjoining residential areas.

Action 4.3 Ensure that office developments are designed with due consideration to the access requirements of people with disabilities.

4. Background Information

Office Development Profile

Melbourne's commercial office market can be grouped into four regions, namely the CBD, St Kilda Road, the South Bank area and the suburbs. The suburban market comprises five smaller sectors, being the central, west, north, south and east. Within the eastern sector, Boroondara forms part of the inner eastern office market. This region has shown a strong increase in office development in recent years. Trends indicate that growth in office development in this region is likely to continue. This is clearly indicated in Table 1, which shows that the current growth in office development in the Inner East is the greatest of any area outside the Central area.

TABLE 1

Offices - Value of Construction

1996-97 to 1997-98 - $'000

	1996-97		1997-98	
	Value	%	Value	%
Central	278364	66.20%	227555	60.6%
Western	22236	5.30%	24305	6.5%
North Western	11367	2.70%	8607	2.3%
Northern	9542	2.30%	9277	2.5%
Inner East	57733	13.70%	60812	16.2%
Outer East	6480	1.50%	11088	3.0%
Inner South	20177	4.80%	17977	4.8%
Western Port	14461	3.40%	16192	4.3%

Total	420360	100.00%	375793	100.00%

Source: Australian Bureau of Statistics "Building Activity Data" as provided by J A Grant and Associates

Increased demand for office accommodation in the inner eastern region is the result of a complex interplay of factors that include the following macro factors:

- Overall growth in white collar employment.
- An emergence of "clean" industries - particularly telecommunications and bio-industry - requiring high quality offices.
- A changing occupational mix in industry; a number of industries have become more white collar orientated.

Office Development in the City of Boroondara

Currently, the drop in vacancy rates within most areas of office development in the City of Boroondara, coupled with a dramatic rise in rentals, indicates a revival in suburban office demand, which will need to be appropriately located. (U. S. E. Consultants Pty. Ltd November 1997. See Appendix 2.)

Increased demand for office accommodation in the City is also related to the interplay of a number of local factors including the following:

- The high skills base of the population. (See Table 2 which shows that the percentage of Boroondara residents with a Bachelors Degree or higher is 28.7% which is far higher than the Melbourne proportion of 13.1%. Table 3 shows that the City of Boroondara displays a significantly higher proportion of managers and administrators and professionals than the Melbourne Statistical District (MSD).)
- The growth in communications technology has enabled some offices particularly those with support functions to more easily decentralise.
- The relative ease of car parking is one of the most fundamental reasons why office tenants like locating in the suburbs.
- The attractive urban environment with its quality residential areas, open spaces, excellent social infrastructure and commercial activity centres.
- Strong and diverse set of economic activities.
- Internationally recognised educational institutions such as the Swinburne University of Technology provide potential for local business development and support.
- The City is close to the Melbourne Central Activities District (CAD), with good transportation links.
- The community is culturally diverse and demands a high standard from its service providers.

TABLE 2
QUALIFICATIONS

	1991			1996		
	Boroondara No.	%	MSD %	Boroondara No.	%	MSD %
Bachelors Degree or Higher	25706	22.1	9.6	34044	28.7	13.1
Diploma	9999	8.6	5.1	11001	9.3	6.3
Vocational Qualification	9338	8.0	12.1	8630	7.3	12.0
Not Qualified	56877	48.9	60.6	51713	43.6	56.9
Inad. Decr/Not Stated	14386	12.4	12.6	13120	11.1	11.8

Total	**116306** **100.0**	**100.0**	**118508**	**100.0**	**100.0**

Source: Australian Bureau of Statistics, Census of Population and Housing, 1991 and 1996

TABLE 3
OCCUPATION

	1991			1996		
	Boroondara		MSD	Boroondara		MSD
	No.	%	%	No.	%	%
Managers and Administrators	9884	15.3	10.3	8422	12.3	7.8
Professionals	18024	27.9	14.4	23531	34.3	19.1
Para-Professionals	4725	7.3	6.8	8896	13.0	11.4
Tradespersons	4132	6.4	13.2	3536	5.2	12.6
Clerical, Sales Services	19043	29.4	30.1	18905	27.5	30.0
Plant, Machine Operators & Drivers	1475	2.3	7.1	1764	2.6	8.8
Labourers	3601	5.6	11.4	2206	3.2	7.6
Inadeq. Described/ Not Stated	3783	5.8	6.9	1398	2.0	2.6
Total	64667	100.0	100.0	68658	100.0	100.0

Source: Australian Bureau of Statistics, Census of Population and Housing, 1991 and 1996

A significant restructuring of the manufacturing sector has taken place throughout Victoria over the last decade, which has seen a dramatic reduction or relocation of the number of manufacturing businesses. The effects of this trend, coupled with the high value of land within the City, has seen a continued demand for the redevelopment of industrial land for other uses, particularly offices. Council considers it important to continue to accommodate industrial activities that provide a service to local businesses and residents, while at the same time to provide opportunities for other uses, in particular the advanced services sector, to establish.

Land Use Information

The office stock of the City is recorded at approximately 320,000m^2 (Boroondara Economic Policy) with 160,000m^2 built since 1986. (U. S. E. Consultants)

Over this ten year period Boroondara accounted for nearly 23% of all new office construction in the eastern suburbs, highlighting the City's attractiveness and importance with the sector. Hawthorn is now the largest suburban office precinct outside the CBD, St. Kilda Road and Southbank.

The current approximate figures for Boroondara office space are:

Boroondara Office Space	
Area	**Amount in m^2**
Kew	46,000
Hawthorn	180,300
Camberwell	80,480

Source: USE Consultants 1997

Besides premises identified as commercial office properties, a significant amount of commercial activity occurs in ancillary and other offices. Available floorspace figures are therefore likely to underestimate the full extent of the commercial office sector.

Currently the major concentrations of commercial office property in Boroondara are along the Burwood Road/Camberwell Road corridor, and in and round Camberwell Junction. Other concentrations occur at Kew Junction, Canterbury Road, Whitehorse Road, Hartwell, Tooronga Road (Coles Myer), Church Street and Glenferrie Road.

Federal & State Government Roles

The State Planning Policy Framework of the Boroondara Planning Scheme includes guidelines in relation to office development that apply Statewide.

Business Victoria (Department of State Development) is the business investment recruitment agency of the State Government of Victoria. It is responsible for recruiting and facilitating foreign investment to build on Victoria's industry base and create jobs. Business Victoria, markets Victoria world wide as place to invest and do business. Council's Strategic and Economic Development Unit works closely with Business Victoria to attract appropriate investment.

Current Practice

Council's Role

Through its strategic planning, and in particular the Municipal Strategic Statement in Clause 21 of the new Boroondara Planning Scheme, Council has set the land use framework for all development in the City, including office development.

Council is also the responsible authority under the Planning and Environment Act, 1987, for decisions made in respect of planning permit applications. A planning permit is generally required for office development and may also be required for the use itself.

Council also has a role in the economic development of the City. Council promotes the City as a place to do business; maintains contact with key people in commerce; facilitates development; and works to retain businesses already present in the City.

Current Services & Facilities

Council has undertaken an extensive body of strategic planning work. There are aspects of this work that relate directly to office development. This is discussed below.

Corporate Plan

Council's attitude and approach to office development in the City is based on its Corporate Plan (1999 -2002).

The commercial sector is a vital component of the City's activities, and is recognised in the Corporate Plan. The relevant Corporate Objectives and 1999/2000 Outcomes are as follows:

Corporate Objectives	1999/2000 Outcomes
3.2 Enhance the urban character of our residential and commercial streetscapes.	3.2.2 Prepare and adopt an Office Policy
3.11 Promote the long-term prosperity of the Boroondara community by encouraging appropriate investment and supporting our existing enterprises.	3.11.7 Encourage office development, medium density residential development and community facilities in and near retail centres, where appropriate.

Economic Policy (1996)

The Economic Policy (1996) was prepared as part of Council's ongoing commitment to economic and strategic planning and management. It was prepared to assist in managing economic change for the long term benefit of the Boroondara community.

The guiding principles of this Policy have since been included in the City of Boroondara Office Supply and Demand Analyses November, 1997. (See Appendix 2.)

The economic goal of this Policy is now included in the Corporate Plan as Corporate Objective 3.11. (See above.)

In order to achieve this objective, the Policy lists a number of actions. The action relevant to office development is

Encourage appropriate office development.

This objective refers to the anticipated demand for office development in the City, as well as the fact that some small shopping centres are in need of new roles and that office development in these centres would revitalise them as commercial activity centres. Further office development can also reinforce the role of the larger centres by providing customers.

City of Boroondara Retail Policy (1997)

This policy provides the framework for the future use and development of the City's retail centres and ways in which Council can positively contribute to their trading environment. The Retail Policy falls under the umbrella of Council's Economic Policy and addresses office development where it relates to the development of Council's retail centres. The section of this Policy directly relevant to office development is as follows:

Strategic Objective (no.3)
Assist in the growth and diversity of the customer base surrounding and within retail centres.

Actions
Encourage the location of office development near/within retail centres as appropriate.

Implementation
Encourage office development to locate in or near retail centres designated as Business Support Centres through appropriate planning zoning and provisions, and the establishment of preferred office development nodes in the City.

Boroondara Office Supply and Demand Analyses

This document provides an analysis of future office demand and anticipated supply until the year 2010.

As stated above, the objectives and guiding principles in relation to office development and listed in the Boroondara Office Supply and Demand Analyses, are derived from the Economic Policy. (See Appendix 1.)

The Boroondara Office Supply and Demand Analyses concludes that there will be continued strong growth in office employment in the City and, therefore in line with Council's overall economic goals, there will be a requirement for further office floorspace to match this demand. (See Appendix 2)

The information provided in this document has since been used to determine the amount of land zoned to accommodate office development under the new Boroondara Planning Scheme.

Camberwell Junction Structure Plan

The Camberwell Junction Structure Plan outlines preferred land uses within the Junction and identifies potential development sites.

Under the Structure Plan a number of areas in the Junction are designated as "office", or "secondary retail and office". There is also potential for office development in other sections of the Junction where office development will not impact adversely on the preferred land use of the location as shown in the Structure Plan. (The relevant provisions of the Structure Plan are reflected in the Camberwell Junction Policy in Clause 22 of the new Boroondara Planning Scheme that is discussed below.)

New Boroondara Planning Scheme

At the end of 1996, the Planning and Environment (Planning Schemes) Act 1996 was passed which required all Councils to prepare new Planning Schemes.

A key component of the Planning Scheme is the Municipal Strategic Statement (MSS), which sets out the strategic land use policy directions of Council, the way they will be implemented, and the mechanisms that will be used to implement them.

The MSS expresses what Council wishes to achieve with regard to office use and development as well as different strategies to achieve this. Taking into account current trends and Council's objectives for future development as expressed in the Corporate Plan, Council aims to accommodate a significant amount of the anticipated new office development in the City. The MSS shows how the anticipated office demand, identified in the Boroondara Office Supply and Demand Analyses, is to be met under the provisions of the new Planning Scheme.

Under the MSS the **Objectives, Strategies and Implementation** for future commercial use and development that relate to offices are as follows:

OBJECTIVE 1
To achieve a 100% self-containment rate for employment in the City. (The ratio of employed residents within the City to the number of jobs provided in it.)

STRATEGY	IMPLEMENTATION
Accommodate new commercial development in designated commercial areas throughout the City.	**Application of Zones and Overlays** • Apply the **Business 1, 2, and 3 Zones** to commercial precincts, as appropriate, to facilitate to facilitate new

commercial development and to meet expected demand.

OBJECTIVE 4
To encourage office and other commercial development within the City.

STRATEGY	IMPLEMENTATION
Accommodate new office development in designated areas within the City.	**Application of Zones and Overlays** ▪ Apply the **Business 2 Zone** to accommodate office and other commercial development in commercial centres that no longer have a strong retail role. ▪ Apply the **Business 2 Zone** to encourage appropriate office development in defined areas and precincts. (particularly the Burwood/Camberwell Road Corridor, and on the fringes of existing shopping centres). ▪ Apply the **Business 3 Zone** to accommodate office and other commercial development. **Local Policies and the Exercise of Discretion** ▪ Apply local policy, the **Office Use and Development Policy** in Clause 22, to ensure that office development is appropriately designed and located. ▪ Apply local policy, the **Retail Centres Policy** in Clause 22, to ensure that office development is appropriately located in retail centres.

OBJECTIVE 5
To ensure that Council is a pro-active business partner, encouraging and facilitating appropriate investment opportunities within the City.

STRATEGY	IMPLEMENTATION
Comprehensively develop key sites within the City.	**Application of Zones and Overlays** ▪ Apply the **Comprehensive Development Zone** to the Tooronga Shopping Centre/Brickworks sites in Hawthorn, to enable specific development outcomes to be achieved.

As can be seen from the above, the MSS outlines the application of zones and overlays and the use of policies and discretion in relation to office development. (The zones, overlays and policies are discussed in more detail in Appendix 3.)

Recognising the decreased demand for industrial land and the increased demand for office development, the new Boroondara Planning Scheme has included many of the current industrial areas in a zone where offices are as-of-right uses. Thus a key component of the new Planning Scheme is the application of the Business 2 and 3 Zones to land that is currently industrially zoned.

It is estimated that in Boroondara, under the provisions of the new Planning Scheme, there will be approximately 220,000m^2 of land that could accommodate new office floorspace (the area of land which is proposed to be zoned Business 2 or 3 under the new Planning

Scheme). The largest areas of this supply are likely to be the Burwood Road corridor (50,000m^2), the Canterbury Road Corridor, (30,000m^2), Cato Street (20,000m^2), the Hawthorn Town Hall area (17,000m^2) and Camberwell Road (14,000m^2).

Gaps in Services and Facilities

Although Council has an extensive body of strategic work relating to office use and development, it was felt important to consolidate this work into one document. In addition Council's work in advocating for economic growth is included in the Economic Policy.

Community Consultation & Community Priorities

The Office Development Policy brings together direction established in current strategic work and the new Boroondara Planning Scheme. As such the Policy has had community input in its development. This was particularly so with the development of the MSS where community groups were involved with the development of the issues and strategies.

Summary of Main Issues

From the above it can be seen that the main issues with regard to the Office Development Policy are:

- There is an increased demand for office space in the eastern Melbourne region and Boroondara.
- New office space is to be accommodated in select areas as shown in the new Boroondara Planning Scheme.
- Some of the areas where new office space is to be accommodated have been identified as areas undergoing transition.
- New office development should be in keeping with the character of the commercial area in which it is to be located.
- New office development must not affect the amenity of adjoining residential areas or commercial precincts.

APPENDIX 1

The **Boroondara Economic Policy 1996,** sets the context for the approach to the economic development of the City. The following are the guiding principles for economic development:

Guiding Principles

The following economic development principles were derived from existing Council policy, initial consultations with local enterprises and background research, and were used to guide the formulation of the economic policy:

- Council will encourage appropriate investment in the municipality.
- Council will work to ensure that the municipality is positioned to take advantage of economic change.
- Council will seek to continually improve the level of services in the Boroondara.
- Council will work with stakeholders to improve the value of the community's investment and to resolve conflicts over land use and activity.
- Council will promote Boroondara to public sector investors to improve the social and physical infrastructure of the municipality.
- Council will integrate the economic policy objectives into all Council program areas.

Economic Goal

The economic goal of the Policy is:

> *Ensure the long term prosperity of the Boroondara community by encouraging appropriate investment and supporting our existing enterprises.*

Objectives

In order to achieve the above goal, Council will use its powers directly and in conjunction with all the stakeholders in the community to:

- maximise competitive advantages in the advanced services sector, creating a place which is attractive in a global context for investment in these activities;
- reinforce the sophisticated supporting services, culture and infrastructure which make the municipality an attractive place to live and invest;
- support existing enterprises to grow and prosper; and
- ensure that a diverse range of jobs and services is available for local and regional communities.

APPENDIX 2

Boroondara Office Supply and Demand Analyses, U.S.E. Consultants Pty Ltd, November 1997

The following is a summary of the demand and supply analysis in the City of Boroondara taken from the above document.

Office Demand and Supply in the City of Boroondara

It is estimated that there is a potential for employment growth of 13,000, up until 2010, based upon a gradual move from 72% to 100% in self-containment rates.

The strong growth areas are envisaged to be the service sector, local educational and medical facilities, an expansion of existing local businesses and the establishment of new businesses. This demand is fuelled by Boroondara's distinct market segment.

This demand equates to 195,000m^2 (given the standard 15m^2 per employee) over the period 1997-2010.

Market characteristics (falling vacancy rates and rising rentals) indicate that conditions are fertile enough for office building to accelerate again and that we are close to the beginning of this cycle. This is especially so for Boroondara with current vacancies at only 4.1% and with rentals at a comparatively high $163 per m^2.

Using previous historical building trends and accounting for the strength of the previous recession, it is forecast that the overall demand will rise from the current 320,000m^2 to around 515,000m^2 by the end of the forecast period (2010). The distribution of this expansion is likely to be much more even than the previous "boom-bust" cycle with the expected peak being around 25,000m^2 in any one year, falling to 5000m^2 by the end of the cycle.

It is estimated the corporate market (offices greater than 2000m^2) will require 2.5 hectares, with the small office market (less than 2000m^2) accounting for 6.1 hectares, giving an overall requirement of approximately 8.6 hectares.

The potential supply of land zoned for office development is likely to be approximately 220,000m^2 (which is slightly higher than the forecast demand of 195,000m^2) with the major areas being the Burwood Road corridor, the Canterbury Road corridor, Whitehorse Road and Camberwell Junction. Other areas with significant potential include Camberwell Road, Cotham Road and the area around the old Hawthorn Town Hall.

APPENDIX 3

New Boroondara Planning Scheme

As indicated in the MSS, office development will be accommodated in the Business 1, 2 and 3 Zones. A description of the zones follows below.

Subject to conditions, offices are as-of-right in the Business 1, Business 2 and Business 3 zones. The locations of the areas zoned Business 1, 2, and 3 are shown on the Planning Scheme maps. See Planning Scheme Map and Ordinance for details.

Business 1 Zone

Council has applied the Business 1 zone to all shopping centres that perform a primary retail function. The purpose of the Business 1 Zone is:

> *To encourage the intensive development of business centres for retailing and other complementary commercial, entertainment and community uses.*

In the Business 1 Zone, office is a Section 1 use subject to the following conditions:

- The combined leasable floor area must not exceed 500m^2. (In Maling Road this amount is zero.)
- Any frontage at ground floor level must not exceed 2 metres.

Business 2 Zone

This zone has been applied to the periphery of some shopping centres, some centres themselves which are no longer perceived to perform a primary retail function, and also former industrially zoned land, particularly along Burwood Road /Camberwell Road, and High Street, East Kew.

Purpose of Business 2 zone:

> *To encourage the development of offices and associated commercial uses.*

Offices are an as-of-right use in this zone subject to the condition that for any lot in the zone the leasable floor area must not exceed 2000m^2. This means that for a development greater than 2000m^2 a permit will be required for the use as well as the development.

Business 3 Zone

This zone is found in the following parts of the City: the Burwood Road/ Camberwell Road corridor, Whitehorse Road, Kew Junction, High Street, Kew, Canterbury Road, and select commercial areas.

Purpose of the Business 3 Zone

> *To encourage the integrated development of offices and manufacturing industries and associated commercial and industrial uses.*

Offices are an as-of-right use in this zone. The Business 3 zone applies to mixed use areas where offices and light industry and associated commercial uses are Section 1 uses. The Schedule to the zone limits as-of-right offices with frontage to Canterbury Road to 2000m^2. In other Business 3 areas, where industry is seen as having a stronger role, and offices will not be the dominant use, the schedule limits as-of-right offices to 500m^2.

Policies

Under Clause 22 of the new Planning Scheme the following policies affect office development:

- The Office Use and Development Policy which sets guidelines where a permit is required for the development of an office building or for an office use where the proposal does not comply with the Section 1 conditions.

- The Camberwell Junction Policy which includes decision guidelines for preferred land use areas.

- The Toorak Road Mixed Use Policy which encourages building design which will enhance the section of Toorak Road between Auburn and Tooronga Roads.