

**MINTA FARM  
CITY OF CASEY  
PLANNING SCHEME  
AMENDMENT C228**

**ECONOMIC EXPERT  
WITNESS STATEMENT**

**URBIS**

5 APRIL 2018

**URBIS STAFF RESPONSIBLE FOR THIS REPORT WERE:**

Director	Rhys Quick
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Project Code	PER0869

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## Appendix A Curriculum Vitae



# INTRODUCTION

## PLANNING PANELS EXPERT WITNESS STATEMENT

1. This report has been prepared by Rhys Matthew Quick, Director, Property Economics & Research, Urbis Pty Ltd, 12th Floor, 120 Collins Street, Melbourne.
2. My qualifications and experience include a Bachelor of Economics (Honours) from Monash University, together with more than 19 years' experience in Property Economics and Research consulting, with my specialisation being the preparation of Economic Impact and Supply and Demand Assessments relating to the development of property. My Curriculum Vitae is attached as Appendix A.
3. Assistance in undertaking some of the analysis in this report has been provided by Mike Zhang, Senior Consultant and Lily Havers, Research Analyst, both employees of Urbis.
4. I was initially engaged by The Minta Group (TMG) Pty Ltd in late February 2018 in relation to their proposal to have employment land in the future Minta Farm Precinct Structure Plan (PSP) rezoned.
5. I received formal written instructions in this matter from Ms Alexandra Guild, Special Counsel, on behalf of Ms. Sally Macindoe, Partner of Norton Rose Fulbright (NRF) Australia, detailed in a letter dated 5 February 2018 as follows:

*We refer to your telephone conversation with Alex Guild on 1 February 2018 and confirm that we act for Marshall Baillieu and The Minta Group (TMG) in relation to Amendment C228 (Amendment) to the Casey Planning Scheme (Planning Scheme).*

...

*Our client wishes to engage you to:*

- (a) *review the Amendment documents and background materials;*
  - (b) *confer with instructing solicitors and counsel where necessary;*
  - (c) *prepare an expert report addressing economic matters. A more specific brief will be provided shortly; and*
  - (d) *if necessary, appear at Planning Panels Victoria at the hearing commencing 16 April 2018 for the purpose of presenting your expert opinion concerning these matters.*
6. The more specific brief referred to in point 3 above was received from Alexandra Guild on 5 March 2018 containing the following further instructions:

*...we specifically request that your report considers supply and demand for employment land as relevant to the Amendment and TMG's proposed future urban structure, details of which will be provided to you by 16 March 2018.*
7. I also received written instructions from Ms Jessica Kaczmarek, Senior Associate at King & Wood Mallesons on behalf of Stockland, the owner of the southern portion of the PSP at 2-106 Soldiers Road, Berwick (Vol 11436 Fol 906), who are working jointly with TMG. That email correspondence dated 22 March 2018 related to a request to address the viability of the proposed Local Convenience Centre (LCC) designated at the south-east corner of the Exhibited PSP:

*You will have received briefing materials from NRF and have previously prepared advice for Stockland regarding the proposed Local Convenience Centre (LCC) located on Stockland's landholding (letter from Urbis dated 1 December 2017 which Stockland attached to its written submission).*

*In your written evidence in this matter, could you please address the following matter on behalf of Stockland:*

  - *comment on the viability of the proposed LCC.*

8. In preparing this report, I have had reference to all documents provided to the Panel to this time relating to the preparation of the Amendment and the submissions received in response.
9. I, Rhys Matthew Quick, hereby adopt this Expert Witness report as my evidence and state as follows:
- the factual matters stated in this report are, as far as I know, true;
  - I have made all the inquiries that I believe are desirable and appropriate and no matters of significance which I regard as relevant have to my knowledge been withheld from the Panel;
  - the opinions stated in this statement of evidence are genuinely held by me;
  - the statement of evidence contains reference to all matters that I consider significant; and
  - I understand the expert's duty to the Panel and have complied with that duty.



Rhys Quick      Signed:  
Director, Property Economics & Research  
Urbis Pty Ltd      Dated: 5 April 2018

## SUMMARY OF OPINIONS

10. Based on the analysis presented in this statement, the following points represent the summary of my opinions in this matter:

- The Minta Farm land has long been **set aside to provide employment for the Region**. The nature of employment (industrial vs high tech vs commercial) and the mix of other uses such as residential within the precinct has shifted at various times, however the PSP has in recent years consistently been seen as capable of providing 10,000+ jobs. The Exhibited PSP and proposed Minta City concept put forward by TMG are both **consistent with this strategic planning outcome**.
- While there isn't a shortage of jobs within the Southern Region in general, the **significant outflow of jobs in higher value office-based industries** such as Professional, Scientific and Technical Services, Financial and Insurance Services, etc. highlights the need for the Region to provide quality office space to attract and retain such jobs in the short to medium term.
- The **current supply of industrial land available and in the pipeline** within the Southern Region is **more than sufficient** to meet future demand for industrial land over the next four to five decades. The majority of this future industrial land is likely to be accommodated in the Officer/Pakenham State Significant Industrial Precinct. This precinct will benefit from stronger infrastructure connections and a critical mass of industrial land, with the ability to attract and retain major industrial land tenants.
- In contrast, **Minta Farm as an industrial location lacks the strategic advantages of other larger precincts**, due primarily to a small, light industrial zone where tenants won't benefit as much from synergies of co-location. Industrial users will also need to operate closely with other commercial and residential uses which can restrict their activity. The precinct will therefore be a secondary industrial offer, with the 'innovation' focus further **targeting a niche market** where there does not need to be a large area of land set aside.
- Melbourne will face **increasing pressure to increase the supply of suburban office floorspace** to ensure residents of middle and outer areas have access to **jobs closer to where they live**. In the case of Southern Region, while some of this office space demand will be catered for outside of the Region, such as in the Monash NEIC or still the central city, increasingly it should be expected the Southern Region will cater for a higher share of its residents who work in an office.
- With limited office capacity within existing Metropolitan Activity Centres, Minta Farm will be **one of the few locations suitable for a major expansion of office floorspace** within the Southern Region and will play an important role in catering to future demand.
- The employment precinct at the proposed Minta City, with a total of around 184,000 sq.m of office space, is forecast to **account for up to 13% of the future demand for new office space** within the Region. This share is considered achievable given the lack of other dedicated office precincts within the Region. The ability to **cater for a greater share of future office workers** living in the region will be a **positive outcome of the Minta City proposal** relative to the Exhibited PSP (which will only cater to 9-10% of office jobs).
- In general, there is a **positive outlook and hence need for employment floorspace** at Minta Farm. Strong population growth, a change in demographic profile of residents from blue-collar to white-collar employment and a large competing supply of industrial land are all factors **favouring the delivery of more office-related jobs rather than industrial jobs**.

- Despite the two proposed precincts being in virtually the same location, and therefore facing similar access and exposure conditions, the **Minta City proposal is assessed as being likely to provide a more successful employment precinct** supported by:
  - a. A **greater critical mass** of office space acting as a drawcard for potential tenants.
  - b. A smaller land area for employment creating a greater **concentration of activity**, better **walkability and amenity**, and **synergies** between businesses and uses; all drivers of successful office and technology precincts.
  - c. The **integration of the employment precinct with the town centre**, combined with an allowance for **residential development** within the precinct, also enhances the **amenity** of the precinct, allowing day and night time activity.
- While in most established business precincts with a large office provision, density of floorspace and employment is relatively modest, some of the **newer suburban precincts** in Australia are **more ambitiously targeting higher densities**. This is reflecting a trend towards higher built-form outcomes in these suburban areas to help **concentrate activity** and reduce the footprint of business precincts.
- In comparison to some of the targeted densities in recently planned precincts, the **job density of 289 jobs/gross ha within the proposed Minta City Urban Core** and an average employment density of **226 jobs/gross ha for the entire proposed Minta City employment precinct appear not only reasonable but achievable**. Of course, this is not to say these proposed higher density office or light industrial developments will be realised immediately – in fact, even the Exhibited PSP where density outcomes are lower would be a long-term commitment.
- To change the focus from central CBDs providing the vast majority of higher-value jobs, **new thinking needs to be applied**. The **Minta City proposal is ambitious** when considered against current business precinct thinking, but over the longer term, **greater density and consolidation** must be pursued where possible.
- The **designated LCC at the south-east corner of the Exhibited PSP is unlikely to be viable**, due to the small catchment area population, a small retail offer impacting its ability to compete with other larger centres proposed within the PSP, and the lack of activity generators nearby.
- Should Stockland provide a **food and drink premises on the creek corridor** as an alternative retail outcome to the LCC, it would be in my opinion **a superior outcome** to a potentially under-utilised centre. A food and drink outlet, if developed well, will appeal to a broader market as a destination given the aspect and experience that could be afforded. The broader draw relative to the LCC would help to support it.



## SOURCES OF INFORMATION

11. This statement draws on a variety of information and sources provided to this office, the most important of which are:

- City of Casey, Casey C21 A Vision for Our Future, September 2002
- City of Casey & City of Cardinia, Casey Cardinia Region Economic Development Strategy 2016-17
- Department of Environment, Land, Water and Planning, South East Growth Corridor Plan, 2012
- Department of Environment, Land, Water and Planning, Victoria in the Future 2016.
- Department of Environment, Land, Water and Planning, Urban Development Program, 2017
- Department of Environment Land, Water and Planning, Plan Melbourne 2017-2050, 2017
- Department of Environment Land, Water and Planning, Plan Melbourne 2017-2050 Five-Year Implementation Plan, 2017
- Estimated Resident Population (ERP) figures as published by the Australian Bureau of Statistics (ABS).
- Planning Panels Victoria, Casey Planning Scheme Amendment C219, Panel Report, January 2018
- Statistical information provided by the ABS, including the 2001, 2006, 2011 and 2016 Censuses of Population and Housing.
- Victoria Planning Authority, Minta Farm Precinct Structure Plan, October 2017
- Victoria Planning Authority, Minta Farm Precinct Structure Plan Employment Precinct Land Review, October 2017

## ABBREVIATIONS

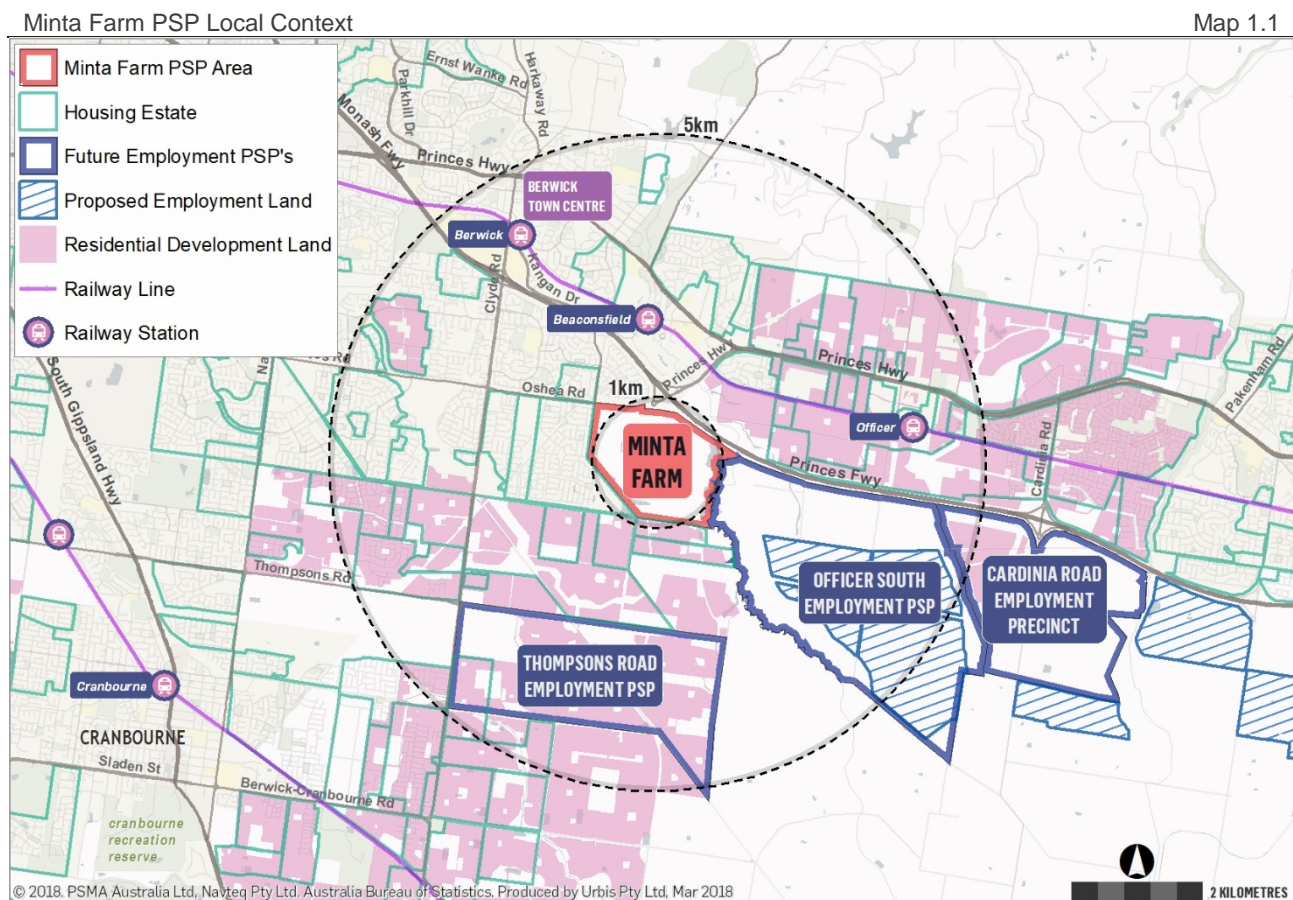
ABS	Australian Bureau of Statistics
CBD	Central Business District
DELWP	Department of Environment, Land, Water and Planning
ERP	Estimated Resident Population
GAA	Growth Area Authority
LCC	Local Convenience Centre
LGA	Local Government Area
MAC	Metropolitan Activity Centre
NEIC	National Employment and Innovation Cluster
NRF	Norton Rose Fulbright
PSP	Precinct Structure Plan
SSIP	State Significant Industrial Precinct
TMG	The Minta Group
UDP	Urban Development Plan
UGZ	Urban Growth Zone
VPA	Victorian Planning Authority

# 1. AMENDMENT CONTEXT

12. In this section, I review the proposed employment precinct development in the currently Exhibited Minta Farm PSP and the TMG proposed Minta City development. I also consider the context for planning for local jobs as detailed in various State and local policy documents.

## 1.1. LOCAL CONTEXT

13. The subject PSP and the local context are shown in Map 1.1.
- The Minta Farm PSP sits within Melbourne's South East Growth Corridor in the City of Casey, approximately 45 kilometres south east of the CBD.
  - The PSP area comprises approximately 285 hectares of land and is bounded by the Princes Freeway and Oshera Road to the north, Cardinia Creek to the east, Grices Road to the south and Soldiers Road to the west.
  - The surrounding area largely comprises low density residential housing, in particular the large estates development the neighbouring suburbs of Officer and Clyde North.
  - The closest train station, the Beaconsfield Station on the Pakenham Line, is located approximately 2.2 kilometres from the northern entrance of the precinct. Berwick township is located 4 kilometres north west.
  - Adjacent to the precinct to the south east is the future Officer South Employment Precinct, which comprises approximately 581 ha of employment land, predominantly for industrial purposes. There is also large area of industrial land reserved in the Cardinia Road Employment Precinct and surrounds.



## 1.2. PLANNING FOR AN EMPLOYMENT PRECINCT AT MINTA FARM

14. In this sub-section I provide an overview of the various planning documents which have outcomes impacting the employment land use within the Minta Farm PSP, to provide context for strategic justification for the employment precinct and the number of jobs to be provided within the PSP. This is presented and summarised in Table 1.1. Of note:

- Minta Farm was first highlighted in the City of Casey's city plan *Casey C21 – A Vision for Our City* (2002) as 'C21 Business Park' (Map 1, pg. 28), one of the key activity centres. While no specific job target was set, the plan recognises the strategic importance in providing future jobs for the entire municipality. As the plan states:

*C21 Business Park. Investigation of the development of a C21 Business Park which is to be linked to the successful development of the Casey Technology Park. The C21 Park would provide for a quality business and elaborately transformed manufacturing developments in a high amenity setting.*

Source: Casey C21 – A Vision for Our City (September 2002), Pg. 26

- In an updated version of the plan Casey C21 – Building A Great City (July 2011), Minta Farm was recognised as a future 'Key Employment Precinct' (pg. 27), alongside other existing and future precincts including Dandenong South, Officer/Pakenham industrial corridor, the Berwick town centre, the Thompsons Road and the Cranbourne West PSP areas.
- The Minta Farm area appeared in a previous version of Plan Melbourne (Plan Melbourne 2014) as a 'Business & Residential' area (Map 34, pg. 182) and a strategic precinct as having future 'investment and employment opportunity' (Map 12, pg. 50). This was the first time that the area was recognised in a State strategic planning document. While it falls outside of the neighbouring Officer/Pakenham State Significant Industrial Precinct (SSIP), its strategic importance was nonetheless recognised.
- The Essential Economics report prepared for the Growth Areas Authority (GAA) (a predecessor to the VPA) in 2010 specified that Minta Farm could accommodate a mix of office and industrial uses providing between 8,575 and 13,575 jobs on some 100-135 ha of land.
- Following this, the job target of 10,000+ at Minta Farm was generally adopted and supported by other major documents, including the Casey Cardinia Region Economic Development Strategy 2016-17 and The Minta Farm PSP Employment Land Review (October 2017).
- In the Minta Farm PSP Employment Land Review (October 2017), the VPA used employment density benchmarks of various existing cases of employment precincts across the country to demonstrate that the planned density at Minta Farm (i.e. 132 jobs/ha average) would be achievable. It also recognised that modern precincts such as University Hill and Essendon Fields have a more varied employment density with a mix of retail, office and other commercial uses providing 200 to 500 jobs per hectare.

*Applying this to the Minta Farm employment precinct:*

*An average job density of over 100 jobs per hectare is achievable, balancing employment land uses between more traditional densities with modern precincts.*

*The highest densities will be in the commercial areas surrounding the town centre.*

*The lowest densities will be in the technology and niche employment areas.*

*Densities within the town centre, SLEP and mixed uses would be relatively comparable.*

Source: Minta Farm PSP Employment Land Review (October 2017), Pg. 22

- More recently, the Planning Panels Victoria's report on Casey Planning Scheme Amendment C219 (January 2018) presents a summary on the debate around the proposed changes to the Cranbourne West PSP where a large piece of land originally set aside for industrial use is subject to be rezoned to residential land, resulting in a reduced employment area. The
-

- Panel generally supported the proposed reduction in industrial land and recognised the sufficiency of industrial land supply within the Southern Region. As the report stated:

*There is sufficient medium to long term industrial land supply in the Southern region if the Amendment is approved.*

*The approval of the Amendment would have only a minor impact on the supply of industrial land in the Southern region.*

*The constraints on the land, particularly its proximity to residential land, will make it difficult to attract some industrial uses.*

Source: Executive summary, Casey Planning Scheme Amendment C219, Panel Report, 4 January 2018

These statements are equally applicable to Minta Farm.

Table 1.1 – Summary of Key Outcome from Relevant Planning Documents

Planning Document	Release Year	Key Outcome Impacting Minta Farm
<b>Casey C21 – A Vision for Our City</b>	2002	<ul style="list-style-type: none"> <li>Minta Farm was highlighted as a C21 Business Park and a key activity centre within Casey.</li> </ul>
<b>Casey C21 – Building A Great City</b>	2011	<ul style="list-style-type: none"> <li>Minta Farm was identified as one of the ‘Key Employment Precincts’ within Casey</li> </ul>
<b>Essential Economics, Employment Planning for C21 Business Park (August 2010)</b> , prepared for the GAA	2010	<ul style="list-style-type: none"> <li>This Essential Economics report prepared for the GAA (then state planning authority preceding the Victoria Planning Authority) suggested the Minta Farm employment precinct could be a mixed use commercial office and industrial precinct to accommodate between approximately 8,575 and 13,575 jobs on some 100-135 ha of land.</li> </ul>
<b>Plan Melbourne 2014</b>	2014	<ul style="list-style-type: none"> <li>Recognised the Minta Farm area as a ‘Business &amp; Residential’ precinct and a future employment precinct of having infrastructure investment opportunities.</li> </ul>
<b>Casey Cardinia Region Economic Development Strategy 2016-17</b>	2017	<ul style="list-style-type: none"> <li>Recognised the importance to ensure there is sufficient employment to meet the needs of local business and supported the 10,000 jobs target at the Minta Farm Employment Precinct.</li> </ul>
<b>The Minta Farm PSP Employment Land Review (October 2017)</b>	2017	<ul style="list-style-type: none"> <li>A comprehensive study on the appropriateness to support the projected 10,953 jobs at Minta Farm supported dense employment land development (132 jobs/ha on average on 83 ha of employment land), using benchmarks derived from established employment precincts.</li> </ul>
<b>Casey Planning Scheme Amendment C219</b>	2018	<ul style="list-style-type: none"> <li>Generally supported the proposed reduction in industrial land in the Cranbourne West PSP.</li> <li>Recognised the sufficient medium to long term industrial land supply in the Southern Region.</li> <li>Recognised the approval of the Amendment would have immaterial impact on the supply of industrial land in the Region.</li> <li>Recognised the difficulty for small industrial precincts to attract and retain some major industrial uses.</li> </ul>

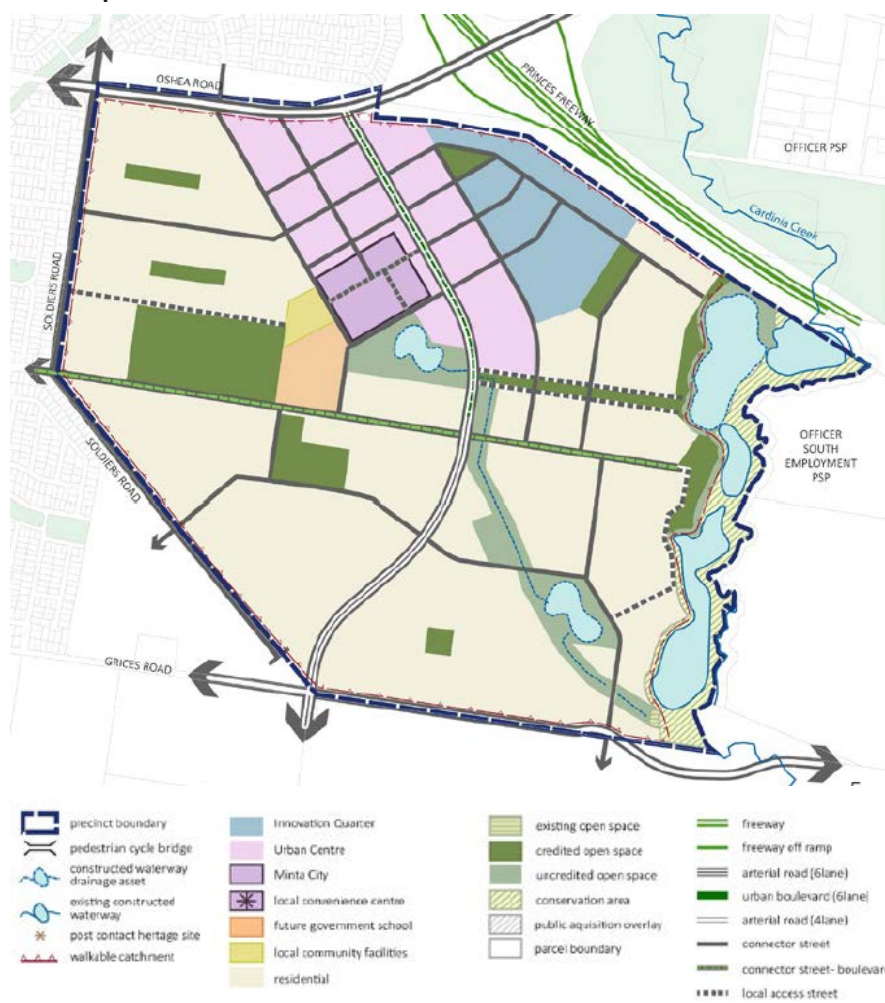
Source: Various planning documents; Urbis

### 1.3. AMENDMENT C228: EXHIBITED PLAN VS MINTA CITY PROPOSAL

15. Amendment C228 proposes to incorporate the Minta Farm Precinct Structure Plan (PSP) into the Planning Scheme and make associated changes. The PSP covers an area of 281 hectares of land, to be developed for a mix of residential uses and a major employment precinct of 83 hectares.
16. The Minta Group have put forward an alternative development outcome for the PSP area, proposing to consolidate employment land designated in the northern proportion of the PSP, as shown in Figure 1 overleaf. Detailed comparison of the key land use metrics is summarised in Table 1.2.
17. Key changes include:
  - Consolidate the currently exhibited Commercial and Office, Mixed use sub-precincts of 37 ha into a proposed Urban Core of 30 ha;
  - Consolidate the Innovation and Technology and the Small Local Enterprise sub-precincts of 43 ha as exhibited, into the proposed Innovation Quarter of 16 ha; and,
  - Expand the separate Local Town Centre of 3.6 ha into a larger 6 ha Town Centre integrated with the Urban Core
18. Stockland have separately requested the removal of the designated Local Convenience Centre (LCC) in the south-east corner of the Exhibited PSP.
19. Consequently, the consolidation of the employment land uses would lead to increased development density as well as employment density, in a more compact footprint and intensive built-form. This means that while the employment target of 10,000 jobs as designated in the Exhibited PSP will be the same (if not higher), these jobs will then be accommodated within a smaller area.
20. These key changes lead to the following questions that I intend to address through the remainder of this report:
  - Whether the reduced land area for the Innovation Quarter will be sufficient to accommodate future growth in the demand for industrial land in the region, given supply and demand conditions?
  - Whether the consolidated Urban Core and the Town Centre would be more likely to achieve the proposed density, hence accommodating the employment target on a reduced area? and,
  - Whether the LCC would be viable should it remain at its designated location?

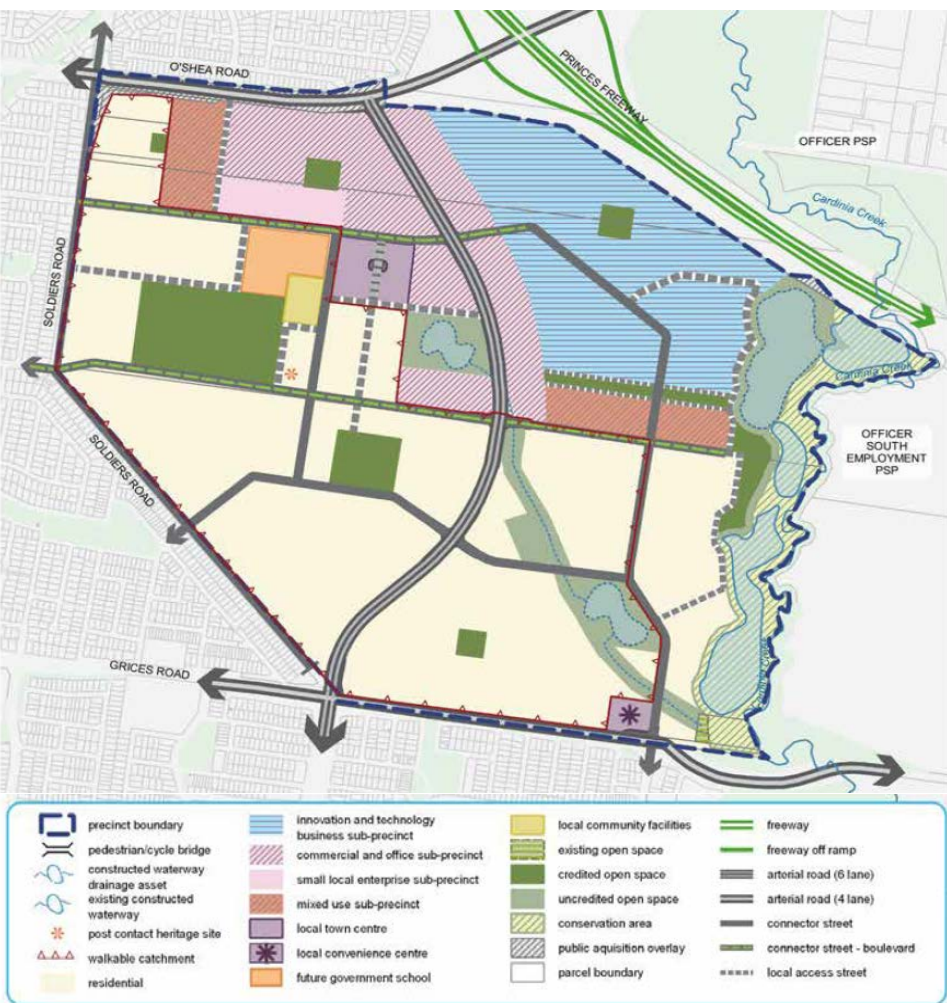


Figure 1 – TMG Proposed PSP vs. Exhibited Minta Farm PSP  
**TMG Proposed PSP**



Source: Exhibited Minta Farm PSP; TMG

**Exhibited Minta Farm PSP**



## Proposed Minta City Employment Precinct vs. Exhibited Minta Farm PSP

Comparison of Key Land Use Metrics

Table 1.2

Proposed Minta City Employment Precinct	Land Area (gross ha)	Floorspace (sq.m)				Total	Est. Jobs	Job Density (jobs/ha)	Exhibited PSP Employment Precinct	Land Area (gross ha)	Est. Jobs	Job Density (jobs/ha)
		Office	Ware-house	Retail	Other Uses							
Urban Core	30.0	145,920	-	-	11,680	157,600	8,669	289	Commercial & Office	36.6	7,904	216
									Commercial & Office Sub-precinct	26.2	7,322	280
									Mixed Use Sub-precinct	10.4	582	56
Innovation Quarter	16.0	34,080	41,320	-	-	75,400	2,361	148	Light Industrial	42.7	2,735	64
									Innovation & Technology Sub-precinct	39.3	2,199	56
									Small Local Enterprise Sub-precinct	3.4	536	158
Town Centre	6.0	3,900	-	13,000	3,073	19,973	705	118	Local Town Centre	3.6	314	87
Total Employment Precinct	52.0	183,900	41,320	13,000	14,753	252,973	11,735	226	Total Employment Precinct	82.8	10,953	132
<b>Balance PSP</b>									<b>Balance PSP</b>			
Council Kindergarten							10		Council Kindergarten			
Community Centre							10		Community Centre			
Government Primary School							40		Government Primary School			
Private Child Care Facility							15		Private Child Care Facility			
Local Convenience Centre							-		Local Convenience Centre			
Home-based Business							193		Home-based Business			
<b>Total Balance PSP</b>							<b>268</b>		<b>Total Balance PSP</b>			
<b>Total PSP</b>							<b>12,003</b>		<b>Total PSP</b>			

Source: Exhibited Minta Farm PSP; TMG



## 2. EVOLUTION TOWARDS HIGHER VALUE EMPLOYMENT

### 2.1. REGIONAL EMPLOYMENT CHARACTERISTICS & TRENDS

21. Consistent with the latest Plan Melbourne, Urbis have adopted a regional approach to reviewing and assessing the employment characteristics and trends across the wider Southern Region, rather than focusing on individual municipalities. This section therefore summarises these key characteristics and trends through a high-level analysis of the latest employment data from the 2016 Census.

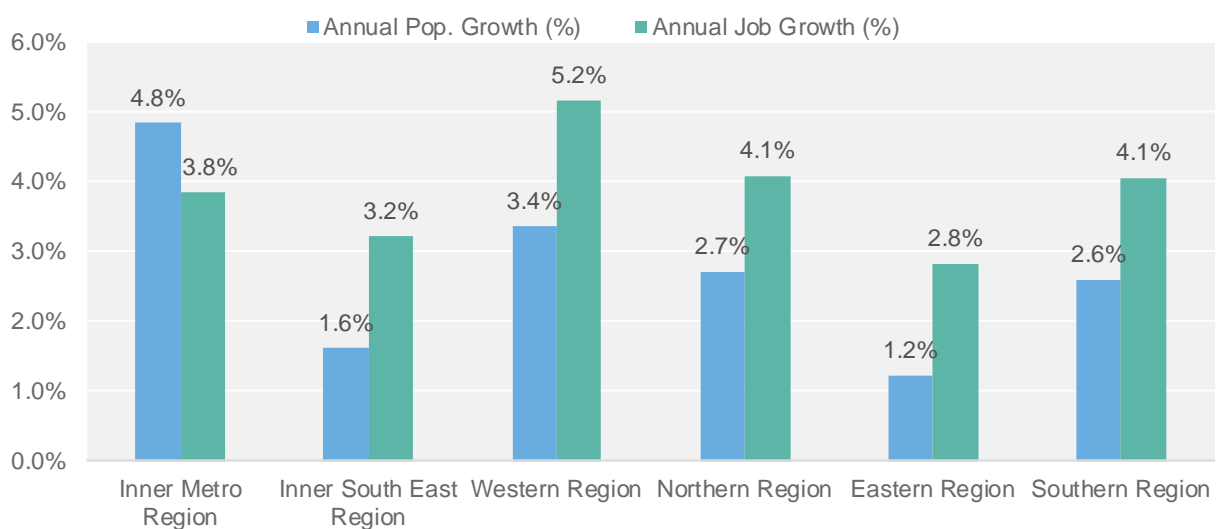
#### 2.1.1. Job Growth Higher Than Population Growth

22. With a total of over 350,000 jobs, the Southern Region is now the second largest region in Melbourne in terms of employment provision. Between 2011 and 2016, the Region added some 12,600 additional jobs per annum on average. While this was less than the average annual increase in population (almost 25,000 people annually), in percentage terms, job growth outstripped population growth (Chart 2.1).

#### Population Growth Vs Job Growth (Annual % Change)

Metropolitan Regions, 2011-2016, Year Ending June

Chart 2.1



Source: ABS Censuses 2011 & 2016; Urbis

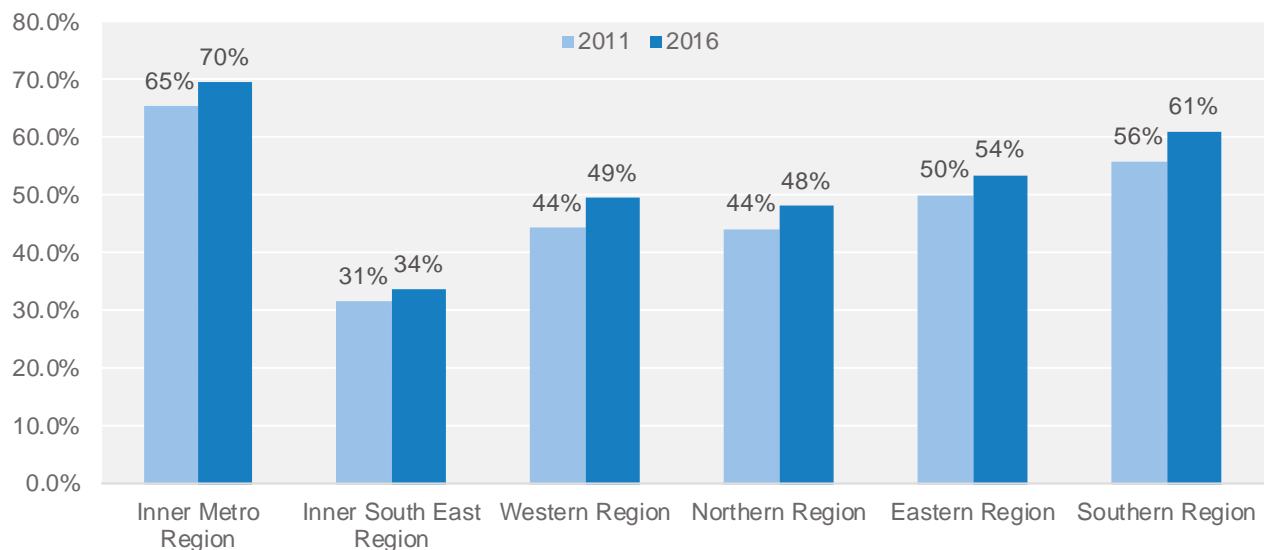
### 2.1.2. High Job Containment within the Region

23. Job containment refers to local residents who live and work in the same region as a share of total resident workers in that region. As illustrated in Charts 2.2 & 2.3, the Southern Region has the second highest proportion of residents who live and work in the same region, with growth in this statistic over the last Census periods (56% in 2011 vs. 61% in 2016). This is in part influenced by the Southern Region being the most remote of any region from central Melbourne.
24. Containment at an occupation category level is also high, with containment of Community, Retail & Local Services and Blue Collar jobs being the highest across all metropolitan regions (69% & 62% respectively). However, office-based job containment is lower at 56%.

#### Proportion of Resident Workers Living and Working in the Region<sup>1</sup>

Metropolitan Regions, 2011 vs. 2016, Year Ending June

Chart 2.2



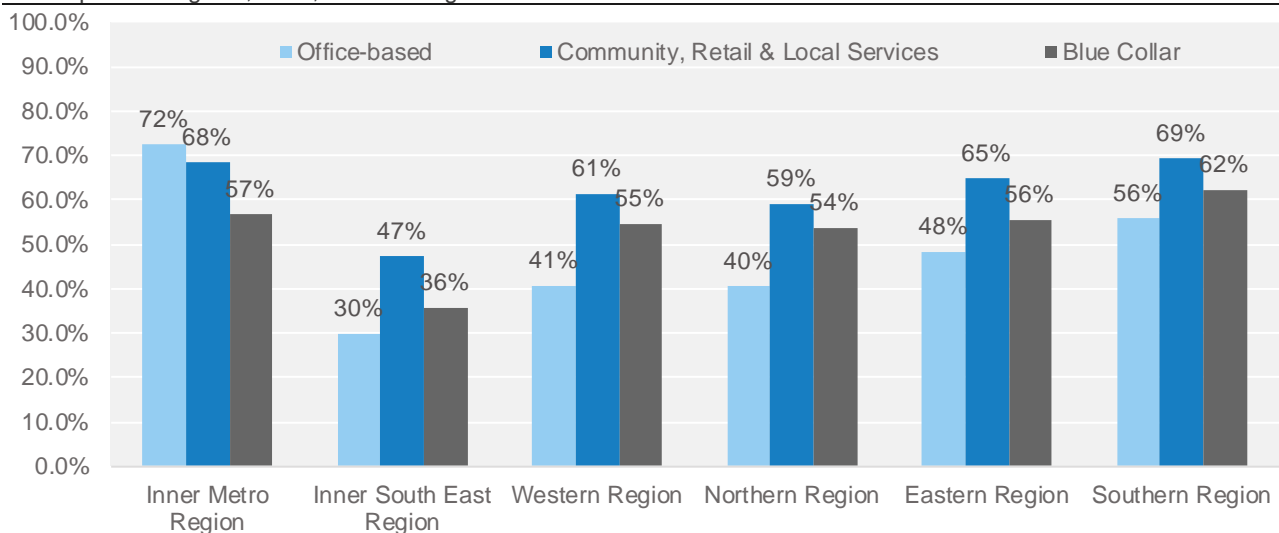
1. Excludes those recorded as 'Inadequately described', 'Not stated' or 'Not applicable'.

Source: ABS Census 2016; Urbis

#### Job Containment by Occupation Categories<sup>1</sup>

Metropolitan Regions, 2016, Year Ending June

Chart 2.3



1. Excludes those recorded as 'Inadequately described', 'Not stated' or 'Not applicable'.

Source: ABS Census 2016; Urbis

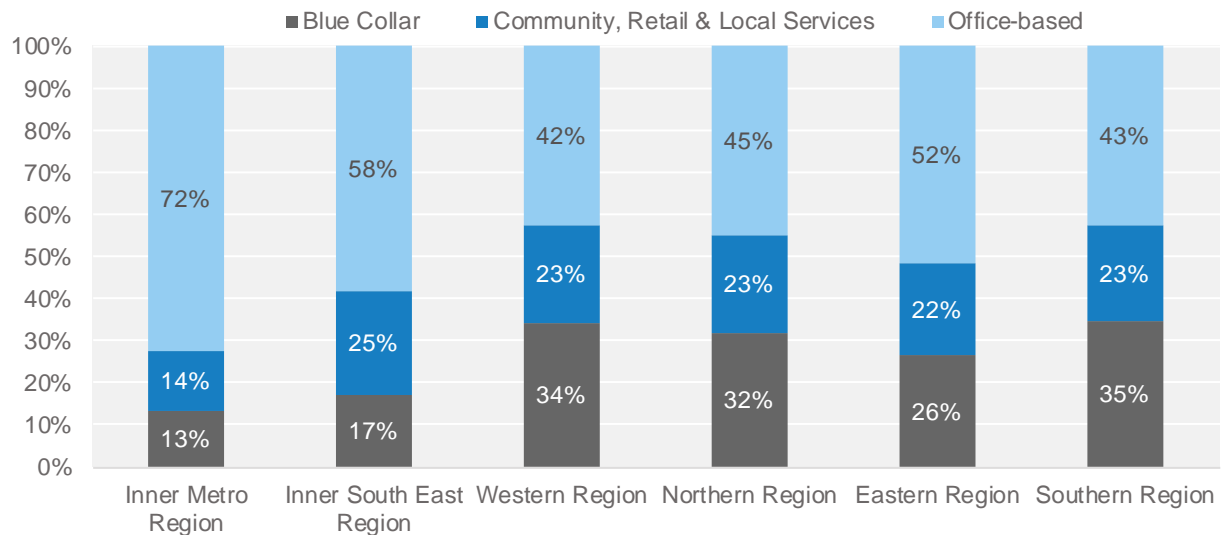
### 2.1.3. Low Provision of Office-based Jobs

25. Of the 350,000 jobs in the Region, only 43% were in higher value office-based occupations (i.e. Managers, Professionals and Clerical and Administration Workers), the second lowest across all regions, just marginally higher than in the Western Region (42%). While it is common for outer regions to have a lower proportion of office-based jobs as most of these jobs are concentrated in the inner regions, the proportion of higher-value, office-based jobs in the Southern Region is nonetheless low.

#### Proportion of Local Jobs by Occupation Categories<sup>1</sup>

Metropolitan Regions, 2016, Year Ending June

Chart 2.4



1. Excludes those recorded as 'Inadequately described', 'Not stated' or 'Not applicable'.

Source: ABS Censuses 2011 & 2016; Urbis

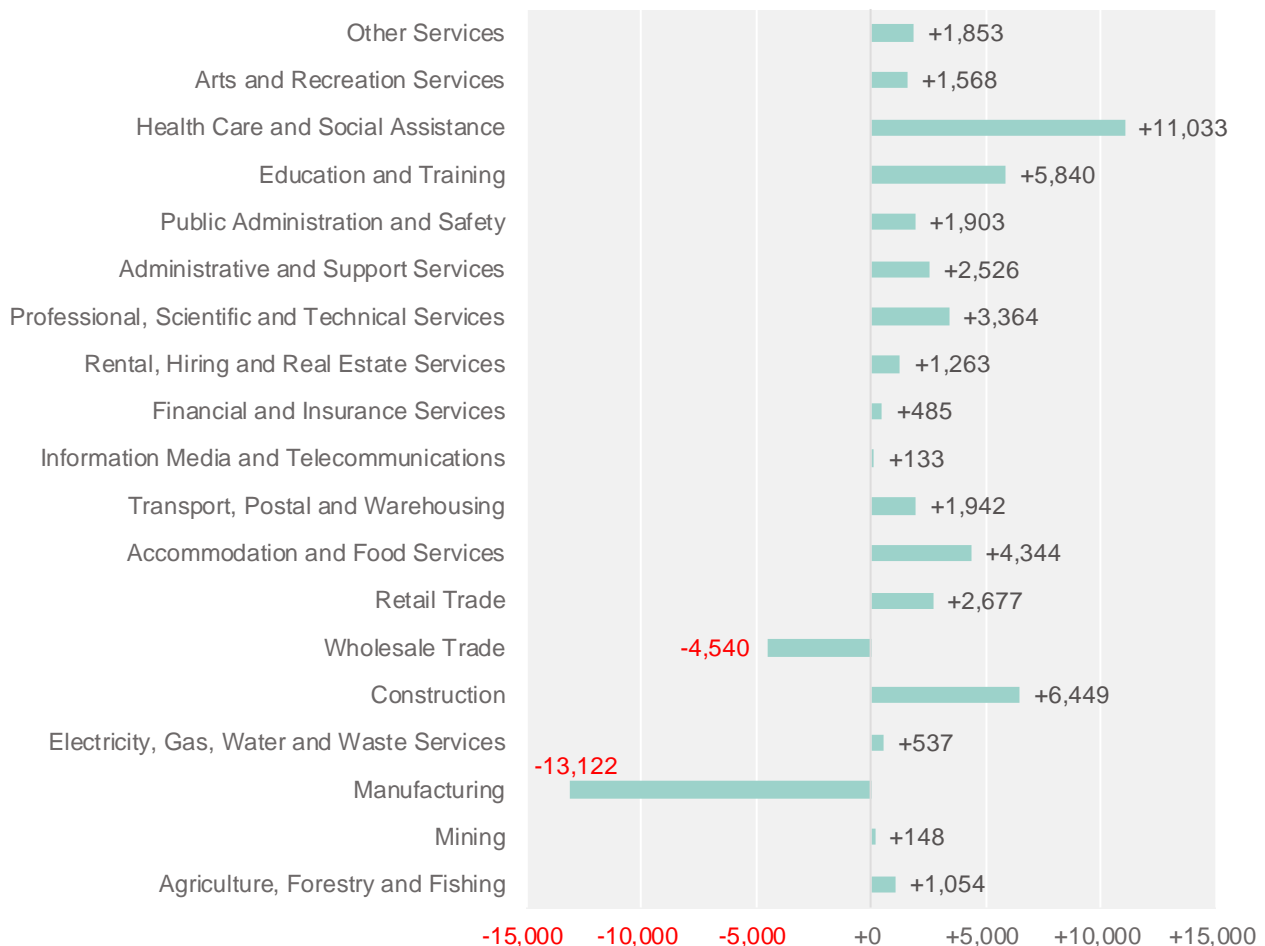
## 2.1.4. Continued Decline in Industrial Jobs

26. While the absolute provision of Blue Collar jobs remains high, the Southern Region has witnessed continued decline in industrial-related jobs. Between 2011 and 2016, Manufacturing and Wholesale Trade sectors saw a decline in resident workers (Chart 2.5), despite an increase in total jobs for the municipality of around 63,000 jobs over the period. All other industries experienced positive growth in employed residents within the Region.

### Changes in Resident Workers by Industry<sup>1</sup>

Southern Region, 2011 vs. 2016, Year Ending June

Chart 2.5



1. Excludes those recorded as 'Inadequately described', 'Not stated' or 'Not applicable'.

Source: ABS Censuses 2011 & 2016; Urbis

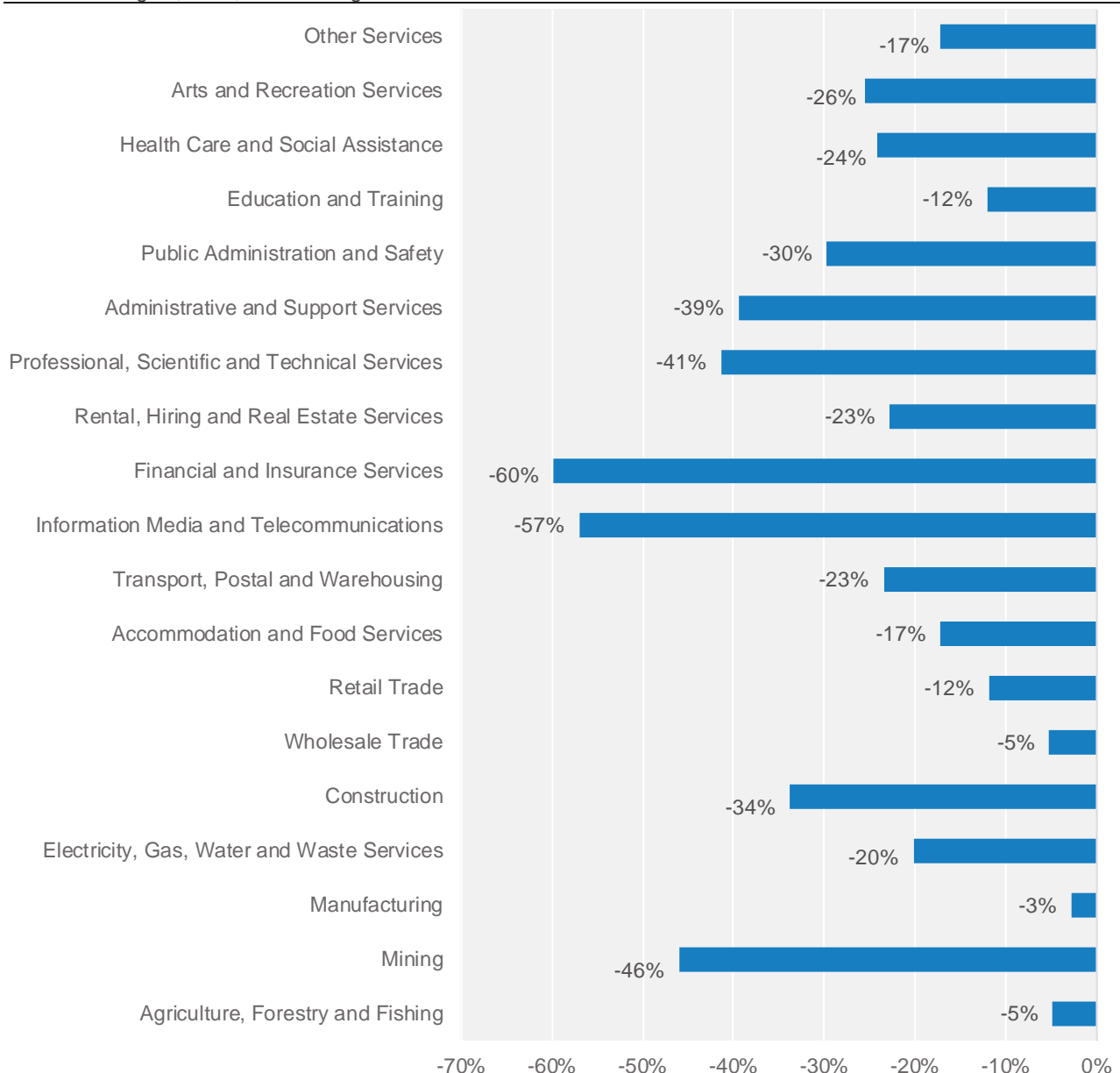
### 2.1.5. High Job Deficit in Higher Value Industries

27. While there may have been sufficient provision of jobs within the Region, there remains an under-supply of jobs in high-value, white-collar based industries such as Information Media and Telecommunications and Financial and Insurance Services, not the blue-collar industries intended to be catered for by industrial land supply.
28. This is further illustrated in Chart 2.6 which clearly shows that the higher value industries in the Southern Region record the largest job deficit relative to the total number of residents employed in that industry (Job deficit equals the number of jobs provided in the region minus the number of residents working in that industry). The sectors with the greatest deficit include Professional, Scientific and Technical Services; Information Media and Telecommunications; and Financial and Insurance Services as the key sectors driving demand for office space.

#### Job Surplus/Deficit as a Proportion of Resident Workers<sup>1</sup>

Southern Region, 2016, Year Ending June

Chart 2.6



1. Job deficit/surplus is the difference between jobs provided in an industry/area versus residents who work in that industry and live in the area. The proportion is calculated by dividing the deficit/surplus by the total number of residents in the area employed in that industry.

2. Excludes those recorded as 'Inadequately described', 'Not stated' or 'Not applicable'.

Source: ABS Censuses 2016; Urbis

## 2.2. IMPLICATIONS FOR MINTA FARM

29. To recap, the analysis in this section highlights that in the Southern Region:
- Job growth is still around half of population growth in volume terms;
  - Job containment is higher than in other suburban regions and growing, in part reflecting the distance from central Melbourne;
  - Job containment is still however, lower in white-collar employment than other employment types;
  - Office-based employment in the Region as a proportion of total employment is low;
  - Industrial-related jobs are in decline, despite overall growth in employment;
  - Predominantly white-collar industries are experiencing a job deficit (more residents employed in the industry than jobs available), while industrial jobs are more in balance.
30. The analysis in this section leads me to conclude that in order to respond to the skills of residents and provide more employment opportunities closer to where people live, the Southern Region needs to provide more jobs in white-collar industries. The blue-collar industries, and to some extent, Community, Retail and Service industries, are well catered for.
31. To retain the increasingly white-collar workforce resident in the Region, there is a need to provide greater opportunities for white-collar industry through the provision of quality office space. At the same time, industrial employment is on the decline, indicating a reduced need for industrial land supply.
32. In the context of the Minta Farm PSP, it would appear the Minta City concept put forward by TMG is an appropriate response to employment trends. The Region requires more office-based employment, but has an adequate provision of jobs that are catered for on industrial land.
33. The following sections will consider the relative supply to meet demand for industrial land and office space respectively, further highlighting the need for a shift in the balance of industrial vs. office employment in the Region.

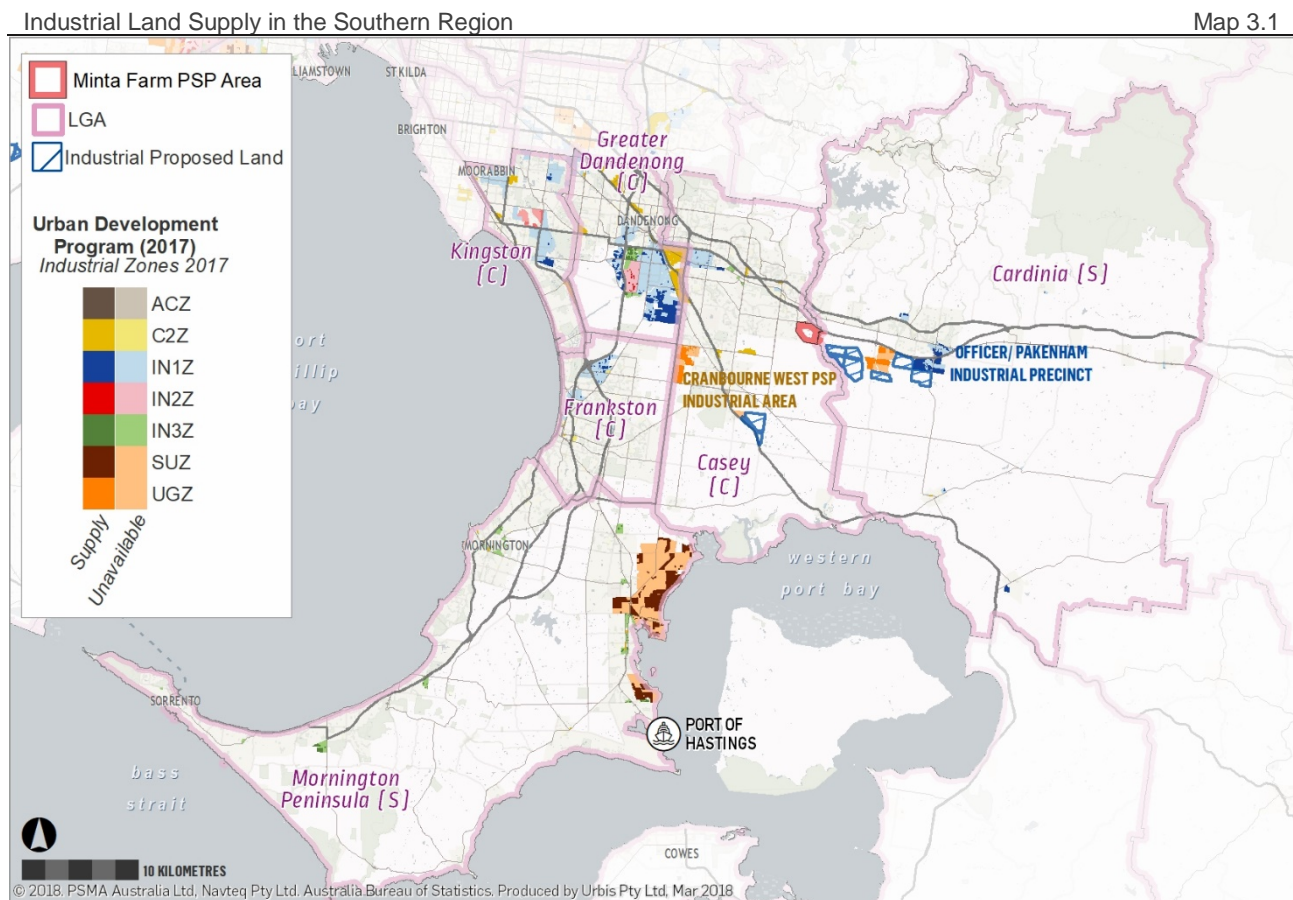
### 3. ADEQUACY OF INDUSTRIAL LAND

34. In this section, I consider first the supply and demand status of the industrial land market in the Southern Region to determine whether there is a need for Minta Farm to provide for industrial use in the context of continued shift away from industrial employment.

#### 3.1. SUPPLY OF INDUSTRIAL LAND

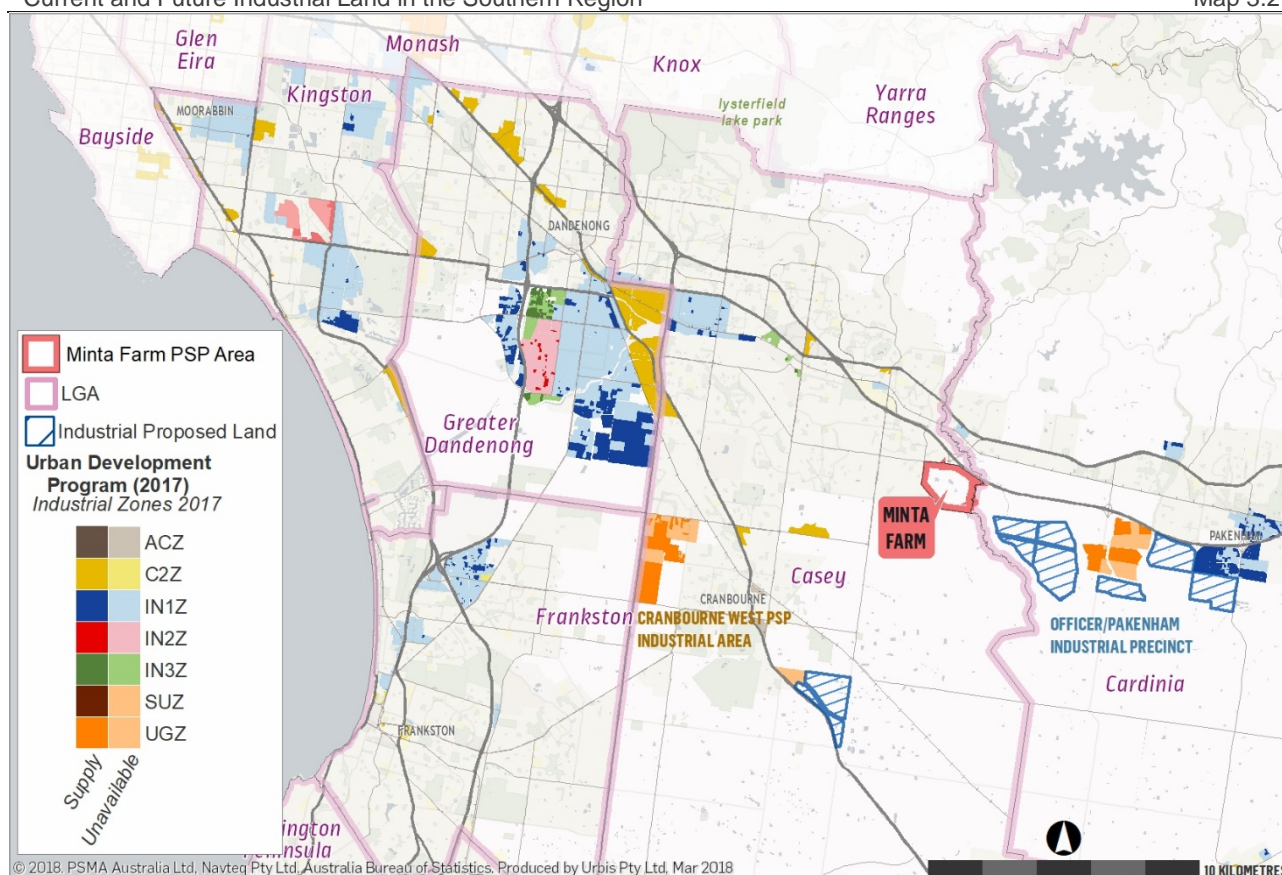
##### 3.1.1. Zoned Supply

35. The Department of Environment, Land, Water and Planning (DELWP) publishes an annual Urban Development Program (UDP) report providing information on the supply of and demand for residential and industrial land across Victoria. The UDP defines industrial land as being either unavailable or supply/available land based on aerial photographic assessments.
36. The 2017 UDP indicates the Southern Region contains 8,613 gross ha of land zoned to allow industrial use without a permit (Industrial 1, Industrial 2, Industrial 3, Commercial 2 or Business 4 (Frankston only), or with a permit in the case of the large area zoned Special Use 1 near Hastings to allow for industrial uses associated with the port activities. **The land recorded as vacant or 'available' supply in the UDP is 2,028 gross ha across the Southern Region.**
37. Maps 3.1 and 3.2 show that the distribution of industrial land in the Southern Region is primarily focused around Dandenong South, with other large concentrations in the City of Kingston, near Hastings and large areas of future industrial land near Officer/Pakenham. The Minta Farm PSP area is located to the immediate west of the Officer/Pakenham Industrial Precinct. It is relatively small compared to the other major precincts in the Southern Region.



Source: Urban Development Program 2017; Urbis.





Source: Urban Development Program 2017; Urbis.

### 3.1.2. Urban Growth Zone

38. In addition to the industrial/commercial zones, the UDP also considers land that is within the Urban Growth Zone (UGZ) and is designated to be used for industrial or commercial purposes. While the maps above show the UGZ areas in Cranbourne West, Cranbourne South and Officer/Pakenham, Urbis have considered the applied zones that make up the UGZ land and matched those areas against what the UDP indicates as either available or occupied. **There is a total of 630 ha in the Region that has an applied zone suitable for use as industrial land, of which 341 ha are considered available.**

### 3.1.3. Future Proposed Supply

39. In addition to the existing zoned industrial land and the defined UGZ land, the 2017 UDP makes an allowance for land in proposed industrial land precincts, primarily based on the 2012 South East Growth Corridor Plan. In the Southern Region, these proposed areas include the future Casey Fields South Employment PSP (i.e. the South Gippsland Highway Industrial Node as defined in the Growth Corridor Plan) and the further expansion of the Officer-Pakenham industrial precinct (Map 3.2). **These areas allow for an additional 1,225 ha of industrial land in total.**

### 3.1.4. Industrial Land in Other Commercial Precincts

40. In preparing the Growth Corridor Plans for Melbourne, the Growth Area Authority (or GAA, the state statutory authority preceding the Victoria Planning Authority or VPA) provided estimates of the proportion of other future employment land (commercial and mixed use) that would likely be used for industrial purposes. In total, there was an allowance for 437 ha of commercial land and 104 ha of mixed use land in the Southern Region. The allowance made was for 50% of commercial precincts to be used for industrial purposes, and 25% of mixed use precincts<sup>1</sup>.

<sup>1</sup> GAA, Planning for Employment and Industry in Melbourne's Growth Areas, October 2011



### 3.1.5. Total Supply

41. Summarising the discussion above, Table 3.1 details the level of occupied (unavailable) and vacant (supply) industrial land in the Southern Region that is either zoned, proposed or allowed for within commercial and mixed use precincts. Note that the proposed industrial land use within Minta Farm has not been included in the analysis at this stage.

#### Industrial Land Supply by Type

Southern Region

Table 3.1

	Total - Southern Region (gross ha)
<b>Zoned Industrial Land<sup>1</sup></b>	
Unavailable Land	6,585
Supply	2,028
<b>Total Industrial Land</b>	<b>8,613</b>
<b>Applied Zones Under Urban Growth Zone – IN or C2<sup>2</sup></b>	
Unavailable Land	289
Supply	341
<b>Total UGZ</b>	<b>630</b>
<b>Additional Future Supply</b>	
<b>Proposed Areas Future Supply<sup>2</sup></b>	<b>1,225</b>
<b>Allowance for Industrial Uses in Other Zones<sup>3</sup></b>	
Commercial Precincts (50%)	437
Mixed Used Precincts (25%)	104
<b>Total Other Industrial</b>	<b>541</b>

1. Industrial Land includes Industrial 1, Industrial 2, Industrial 3, Commercial 2, Business 4 (Frankston only), Special Use Zone 1 (Mornington Peninsula only) zoned land.

2. Area of applied zones suitable for industrial purposes that correspond to areas of unavailability or supply as defined in the UDP 2017.

3. GAA Report on Industrial Land quoted numbers for Casey, while the remainder of the 1,290 gross ha from the South East Growth Corridor Report is expected to be located in Cardinia (Officer/Pakenham), assumed to be two thirds commercial and one third mixed use.

Source: UDP 2017; GAA Report on Industrial Land for Growth Areas, October 2011; Urbis

42. The total future industrial land supply for the Southern Region is summarised in Table 3.2. When all four sources of future industrial land supply are combined (excluding currently occupied land), there is an estimated **4,135 gross ha of land available** across the Southern Region to meet future demand.
43. This analysis does account for the applied zones within the UGZ that are suitable for industrial use, although no adjustment has been made for the understatement of available supply that results from the methodology applied within the UDP. As such, we expect the true supply of industrial land is greater than shown here.

## Industrial Land Supply Summary

Southern Region

Table 3.2

	Total - Southern Region (gross ha)
<b>Industrial Land<sup>1</sup></b>	
Current Supply	2,028
Urban Growth Zone <sup>2</sup>	341
Additional Future Supply	1,225
Other Industrial (Business Land)	541
<b>Total Future Supply</b>	<b>4,135</b>

1. Industrial Land includes Industrial 1, Industrial 2, Industrial 3, Commercial 2, Business 4 (Frankston only), Special Use Zone 1 (Mornington Peninsula only) zoned land.

2. Urban Growth Zone includes Urban Growth 1 and Urban Growth 2 zoned land.

Source: UDP 2017; GAA Report on Industrial Land for Growth Areas, October 2011; Urbis

Note: Supply above includes the land that was the subject of the City of Casey Amendment C219 which is now recommended to be converted to residential use by the Panel. The exclusion of this land (108 ha) will only reduce the future supply marginally.

44. At just 43 gross ha under the Exhibited PSP, or 16 gross ha under the TMG proposed PSP, the Innovation Quarter/Light Industrial precinct proposed at Minta Farm is very small compared to the other major precincts in the Southern Region. In comparison, there is some 938 ha of industrial zoned land nearby in Officer/Pakenham available for future development. Representing at most 1% of the total future supply, the region is not reliant in any way on Minta Farm delivering the industrial land necessary for future development. We consider below the future demand for industrial land to highlight the extensive supply that is available elsewhere through the region.

## 3.2. DEMAND FOR INDUSTRIAL LAND

45. In assessing the demand for industrial land, Urbis have used the UDP information from two time periods (2007 and 2017) to estimate the past take-up of industrial land in the Southern Region.
46. In areas outside of the Urban Growth Zones in the Southern Region, average annual consumption of land zoned for industrial purposes between 2007 and 2017 was recorded in UDP at around 62 hectares (refer Table 3.3). The absolute majority of this was taken up primarily in the state-significant Dandenong South area which is attractive to industrial users.
47. The consumption levels calculated here also overstate the true take up of industrial land, as the 2007 supply excluded the B4 (mixed use) zone. Some of the increase in unavailable land between 2007 and 2017 was simply the inclusion of B4 land that may already have been unavailable in 2007 and therefore was not 'consumed' during the relevant period.
48. Given continued strong population growth in the Southern Region, it is reasonable to assume that annual consumption of land zoned for industrial purposes could increase in the Region in general. As a result, we have conservatively allowed for increased consumption rates with the release of the UGZ industrial land.
49. In total, across the Southern Region we have allowed for **between 80-100 gross hectares of industrial land** to be consumed annually in future which is around 30%-60% higher than observed levels over the last decade or so.
50. Note that this approach has the potential to overstate the future land requirement, as it does not allow for a continued decline in industrial employment (particularly manufacturing) which could lead to a reducing annual demand for industrial land.

### 3.3. ADEQUACY OF INDUSTRIAL LAND SUPPLY

51. In the Growth Corridor Plans released in 2012, it was indicated the plans provided sufficient industrial land for up to the next 40 years (i.e. 34 years from 2018). Having established the future supply of and demand for industrial land within the Southern Region, we consider whether the supply is indeed adequate to meet this 40-year time period.
52. Based on our estimated historical absorption rate of industrial land between 2007 and 2017, **the future supply of 4,135 ha of industrial land would be able to meet the demand across the Region for the next four or five decades (41-51 years from now), substantially greater than the 40-year benchmark.** This is based on a rather generous assumption for future industrial land consumption of 80-100 ha per annum. There is a great possibility that the future supply could meet the demand for a much longer period.

#### Provision of Industrial Land

No. of Years of Available Supply, Southern Region

Table 3.3

	Total - Southern Region (gross ha)
<b>Industrial Land<sup>1</sup></b>	
2007 Unavailable Land	<b>5,966</b>
2017 Unavailable Land	<b>6,585</b>
<b>Net Absorption 2007 - 2017</b>	
Total	619
Annual Average (ha/yr)	61.9
<b>Assumed Future Consumption</b>	<b>80-100</b>
Future Supply (gross ha)	4,135
<b>Total Available Supply (yrs)</b>	<b>41-51</b>

1. Industrial Land includes Industrial 1, Industrial 2, Industrial 3, Commercial 2, Business 4 (Frankston only), Special Use Zone 1 (Mornington Peninsula only) zoned land.

Source: UDP 2017; Urbis

### 3.4. IMPLICATIONS FOR MINTA FARM

53. The analysis presented in this section suggests that:

- The current supply of industrial land available and in the pipeline within the Southern Region is more than sufficient to meet future demand over the next four to five decades.
- The majority of future industrial land is likely to be accommodated in the Officer/Pakenham State Significant Industrial Precinct, and to a lesser extent, other proposed employment precinct more dedicated to industrial uses, such as the Thompsons Road PSP, the future Casey Fields South PSP, etc. These areas are more likely to have the benefits of stronger infrastructure connections and a higher volume of industrial land, with the ability to attract and retain major industrial land tenants hence precipitates considerable economies of scale.
- In contrast, Minta Farm largely lacks the strategic advantages of other larger precincts, due primarily to the following:
  - Minta Farm is small and therefore largely insignificant in comparison to the huge pipeline of industrial land supply within the Region;
  - Being located outside of any existing or future State Significant Industrial Precincts (SSIPs), the industrial precinct within Minta Farm will only be a secondary location for industrial uses;
  - Despite the ‘innovation’ focus as suggested by the Exhibited PSP, it is still at its heart a light industrial precinct which will face intensive market competition from Officer/Pakenham where businesses are more likely to form an industrial cluster and therefore benefit from greater synergies and aligned activities.
  - While a small industrial precinct such as that in Minta Farm might still be warranted and be able to provide innovation or technology-related jobs, it will be reliant on the activities of a larger commercial office precinct, rather than generating its own activity.
- Consequently, while it is likely that there will be some demand for industrial land at Minta Farm, it is expected to be limited to a local service role, rather than serving a more significant regional role.

## 4. FUTURE DEMAND FOR COMMERCIAL OFFICE

54. In this section, I provide an overview of the current provision of office floorspace across the Southern Region, before presenting a high-level assessment of the additional demand for commercial office space that could be created in the Region over the next 20 years.

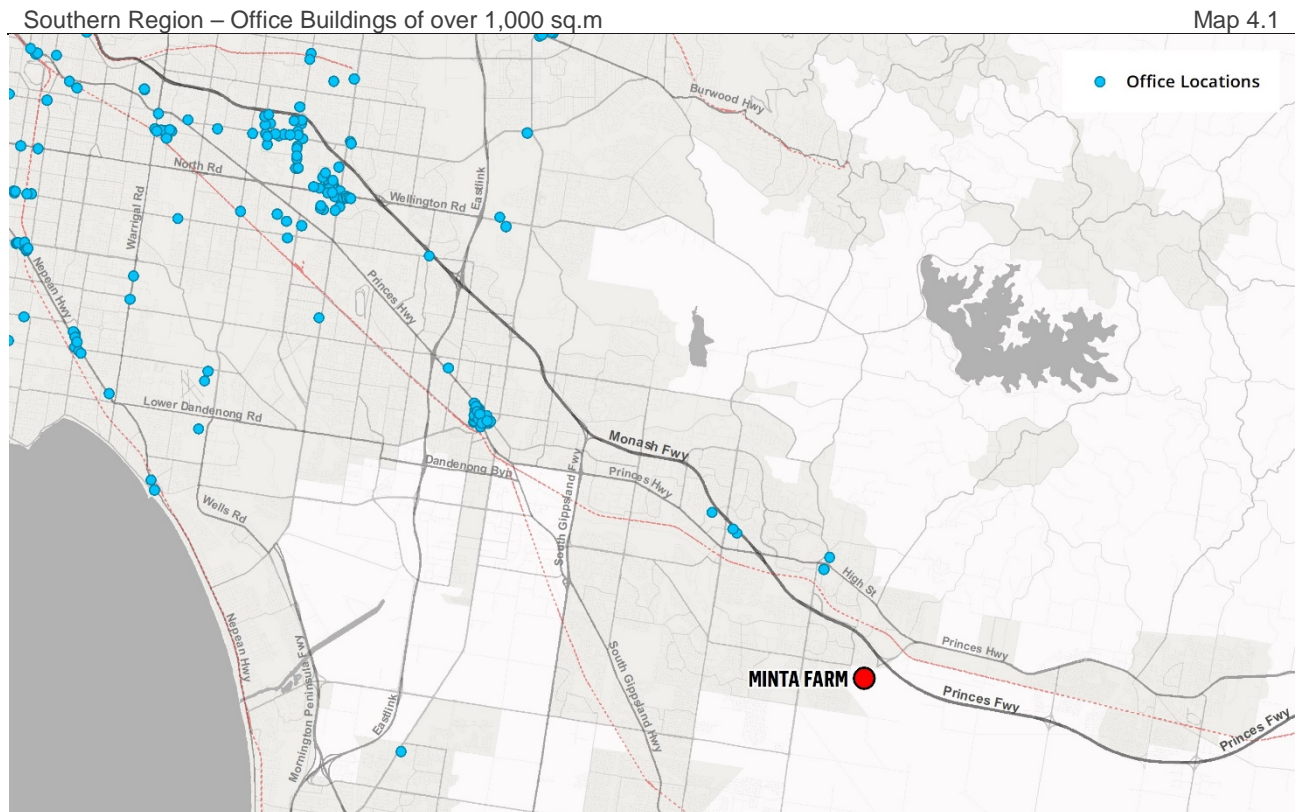
### 4.1. SUBURBAN OFFICE DEVELOPMENT DRIVERS

55. Melbourne's office market has traditionally been dominated by the Melbourne CBD and other central areas. White-collar workers have gravitated towards the city centre, with the radial design of Melbourne and its transport networks supporting this. Consequently, suburban office development has been modest.
56. However, in time, it is recognised that Melbourne will need to provide greater higher-value jobs closer to where people live in suburban areas. As the city continues to grow and expand outwards, travel times will continue to increase, inducing some businesses to choose to locate closer to where they can access a large, skilled workforce in the suburbs. Also, as the central city areas approach physical capacity constraints, in part due to the competition for development sites from residential developers, office rents will increase making cheaper alternatives in the suburbs more attractive.
57. As shown earlier in Section 2, the number of white-collar workers in the Southern Region has been growing over the last decade. If those workers are going to be provided with more opportunities to work locally, then the provision of office space will need to increase. While the location of office workers is certainly not the only driver of where office space is developed, access to a skilled workforce creates the possibility of suburban office development in future.
58. These influences have already been seen in somewhere like Sydney where travelling across the city is more difficult and a lack of developable land to increase office supply in the central area has increased the rent differential to outlying areas. As a result, major suburban nodes such as North Sydney, North Ryde and Parramatta have developed, providing alternatives to the central city.

### 4.2. CURRENT SUPPLY OF COMMERCIAL OFFICE

59. Current supply of commercial office space within the Southern Region is largely distributed across the various activity centres. These include:
- The Dandenong Metropolitan Activity Centre (MAC). The Dandenong MAC is currently the largest and the highest order commercial office market within the Region, with a total of around 186,000 sq.m of floorspace according to the City of Greater Dandenong's *Dandenong Activity Centre Profile (2016)*. Most of this space was built a long time ago and takes the form of shopfront offices, with a limited number of modern office developments completed in recent years, such as the Department of Human Services building, 14-16 Mason Street, etc.
  - The Frankston Metropolitan Activity Centre (MAC). The Frankston MAC is the major office precinct within the City of Frankston. Existing office spaces are largely concentrated within the town centre, whereas future commercial offices are generally directed towards the Cranbourne Road Office and Commercial precinct along Cranbourne Road, according to the *Frankston Metropolitan Activity Centre Structure Plan (2015)*. These future offices are intended to service small businesses and start-ups from the local area.
  - Fountain Gate – Narre Warren Metropolitan Activity Centre (MAC). According to the *Fountain Gate-Narre Warren CBD Structure Plan (2016)*, the MAC provides around 32,000 sq.m of commercial office space, with the potential to add another 60,000-80,000 sq.m of floorspace by 2036 to accommodate future job growth in the area. While there might be some potential for quality commercial office developments within the planned Business Park in the eastern half of the MAC, the precinct will likely remain poorly integrated from the rest of the MAC which has traditionally been a low-density development with a high dependency on cars.
60. Other smaller activity centres within the Southern Region such as Pakenham, Berwick, Springvale and Noble Park provide small office floorspace provisions servicing local businesses only.

61. Map 4.1 indicates the location of office buildings providing more than 1,000 sq.m of gross lettable area (GLA) in the Southern Region, as well as office precincts just outside the region such as the Monash NEIC.



Source: Urbis

62. In order to provide expansion of the office provision in the Southern Region, these activity centres will likely continue to see some office developments. However, in Dandenong and Frankston in particular, the availability of land in these established areas will limit the extent to which the office provision can be expanded, with commercial development competing with residential development.
63. Outside of the MACs, the opportunities for providing major growth in office space in the Southern Region are limited to small developments in other activity centres, expansion in health and education precincts such as in Frankston and Berwick, some potential in new activity or commercial centres such as Officer, and then the Minta Farm employment precinct.
64. The analysis to follow considers how much office floorspace could be required if local white-collar workers are to have increased employment opportunities locally.



### 4.3. FUTURE ADDITIONAL DEMAND FOR COMMERCIAL OFFICE

65. Having analysed the existing condition of office supply within the Southern Region, this sub-section presents a high-level forecast on the demand for additional commercial office space over the period to 2036. Assumptions are made around the ability of local office-based workers to work within the region. This highlights the demand for office space within the Region to accommodate higher-value employment growth and the relative position and likelihood of Minta Farm in meeting some of this demand. Detailed calculation steps are shown in Table 4.1 and explained in more detail here.
66. The steps involved in this office floorspace demand methodology are as follows:
- Row 1 – The population estimate is largely derived from forecast.id estimates for the LGAs within the Southern Region to 2036, except for the City of Greater Dandenong where an estimate was prepared by Urbis. The population growth in the Region is estimated at 358,000 from 2016 to 2036.
  - Row 2 - The working age population (those aged 15+) resident in the Region is forecast to grow by almost 300,000 people from 2016 to 2036. The working age population as a proportion of the total population is expected to increase over time as this currently young family area moves to more closely reflects Greater Melbourne where a greater proportion of residents are aged over 15. Currently around 52% of the working age population is employed. We anticipate this will increase in time in line with Greater Melbourne where 55% of the population over 15 are currently employed.
  - Row 3 – The number of employed residents is calculated by multiplying the working age population by the proportion of that population who work. There is expected to be 215,000 more employed residents in the Region in 2036 compared to 2016.
  - Row 4 – The proportion of resident workers in office-based employment is estimated to increase over the forecast period, growing to 49% (from 43% currently). Office-based employment is defined as those engaged in the occupations of Managers, Professionals and Clerical and Administrative Workers.
  - Row 5 – Multiplying the number of resident workers by the proportion in office-based jobs gives the total number of office-based resident workers. An additional 132,000 workers who reside in the Southern Region will work in an office-environment.
  - Rows 6 and 7 – I have then estimated the proportion of office-based resident workers who work in the Southern Region based on two alternative scenarios relating to the job containment proportion. The first assumes the proportion remains constant at the 55.8% mark that it was in 2016. The second allows for an increase in this proportion (i.e. allowing for more people to live and work within the region). At around 60% by 2036, the level of job containment would be high for a suburban area, but the increase is necessary if more workers are going to be able to live and work in the same area. This is not considered an unlikely scenario given the continued transition towards higher value, office-based employment within the Region, and the on-going trends of de-industrialisation, as analysed earlier in Section 2.
  - Rows 8 and 9 – The number of office-based resident workers working within the Southern Region is estimated by multiplying the total number of office-based resident workers by the respective local working proportion from row 7 or 8.
  - Rows 10 and 11 – The change in the total number of office-based resident workers working within the Southern Region between 2016 and 2036 is calculated. This indicates that under these scenarios, the increase in residents of the Region who will require work in an office environment in the Region could be between 73,500 and 86,400.
  - Rows 12 and 13 – The change is applied to the assumed office employment density of 20 sq.m per worker to give the total additional office floorspace requirement within the Southern Region for 2036. This employment density assumption was also used by the VPA in its *Minta Farm PSP Employment Precinct Land Review (2017)* report. The result is an office floorspace increase required of around 1.5 million sq.m to 1.7 million sq.m. This is a very sizeable increase in the context of the currently modest office provision in the region.

- Row 14 – The office floorspace as proposed for the new Minta City development is around 183,900 sq.m across all employment areas.
- Rows 15 and 16 – The relative share of the proposed Minta City office floorspace against the forecast additional requirement for office within the Southern Region is calculated to be in the order of 11% - 13%.

## Commercial Office Demand Forecast

Southern Region, 2016-2036

Table 4.1

Office-based Resident Workers	Calculation	Historical		Urbis Forecast	
		2011	2016	2026	2036
(1) Working Age Pop. (15 Years+)	(1)	742,800	841,500	1,005,600	1,133,800
(2) % Working Age Pop. (15 Years+)	(2)	53.1%	52.3%	55.0%	57.8%
(3) Resident Workers	(3) = (1) x (2)	394,700	440,200	552,900	655,300
(4) % of Resident Workers in Office-based Jobs	(4)	42.9%	43.0%	46.0%	49.0%
<b>(5) Office-based Resident Workers</b>	<b>(5) = (3) x (4)</b>	<b>169,500</b>	<b>189,100</b>	<b>254,100</b>	<b>320,800</b>
<b>% of Office-based Resident Workers Working in Southern Region</b>					
(6) Scenario 1	(6)	53.8%	55.8%	55.8%	55.8%
(7) Scenario 2	(7)	53.8%	55.8%	58.3%	59.8%
<b>Office-based Resident Workers Working in Southern Region</b>					
(8) Scenario 1	(8) = (5) x (6)	91,200	105,500	141,800	179,000
(9) Scenario 2	(9) = (5) x (7)	91,200	105,500	148,200	191,900
<b>Increase in Office-based Resident Workers Working in Southern Region</b>				<b>2016-2036</b>	
(10) Scenario 1	(10) = [2036] - [2016], row (8)				+73,500
(11) Scenario 2	(11) = [2036] - [2016], row (9)				+86,400
<b>Forecast Additional Demand for Commercial Office</b>			<b>Increase in Office-based Resident Workers</b>	<b>Employment Density (sq.m/job)</b>	<b>Demand for Office (sq.m)</b>
(12) Scenario 1	(12) = (10) x [Emp't Density]		+73,500	20	+1,470,000
(13) Scenario 2	(13) = (11) x [Emp't Density]		+86,400	20	+1,728,000
<b>Proposed Minta City Scheme</b>					<b>Total Office (sq.m)</b>
(14) Commercial Office	(14)				+183,900
<b>Share of Proposed Office Floorspace</b>					<b>% Proposed Office</b>
(15) Scenario 1	(15) = (14) / [Demand for Office], row (12)				12.5%
(16) Scenario 2	(16) = (14) / [Demand for Office], row (13)				10.6%

Source: ABS; forecast.id; TMG; Urbis

67. This analysis highlights that if the Southern Region is to provide for the increase in office floorspace that a growing population is likely to require over the next 20 years, then a more significant office allowance will be required in designated precincts such as Minta Farm. The Exhibited PSP would only cater for around 8%-10% of the increase office-based workers living in the region. The greater office provision under the Minta City proposal would still only represent between 11%-13% of the office demand created between 2016 and 2036. However, with limited opportunities elsewhere across the Region designated to accommodate office floorspace, any increase in office capacity is a positive outcome.



## 4.4. IMPLICATIONS FOR MINTA FARM

68. Based on the above analysis, the following implications for the proposed Minta City development can be drawn:

- Melbourne will face increasing pressure to increase the supply of suburban office floorspace. With growth in population, and in turn, white-collar workers extending outwards, increasing travel times, and future capacity constraints in central city areas, suburban office growth will be necessary to ensure residents of middle and outer areas of Melbourne have access to jobs closer to where they live.
- There is minimal office floorspace within the Southern Region, with the space that does exist concentrated in the Metropolitan Activity Centres. Looking forward, there are still few locations designated or suitable for major expansions of office floorspace. Minta Farm is one of these locations and will play an important role in catering to future demand.
- Population growth, combined with an increasingly white-collar workforce, will drive demand for a substantial increase in office space. While some of this office space demand will be catered for outside of the Region, such as in the Monash NEIC or still the central city, increasingly it should be expected the Southern Region will cater for a higher share of its residents who work in an office.
- The employment precinct at the proposed Minta City, with a total of around 184,000 sq.m of office space, is forecast to account for up to 13% of the future demand for new office space within the Region. This share is considered achievable given the lack of other dedicated office precincts within the Region. The ability to cater for a greater share of future office workers living in the region will be a positive outcome of the Minta City proposal relative to the Exhibited PSP.

## 5. ASSESSMENT OF OPTIONS FOR EMPLOYMENT PRECINCT

69. Sections 3, 4 and 5 have established the increase in higher-value employment leading to a decreasing need for industrial space in favour of an increasing need for commercial office space over the next two or three decades.
70. This section compares the proposed Minta City scheme with the Exhibited PSP to why greater density of employment at Minta Farm is preferable and makes the delivery of employment goals for the precinct more achievable. Insights are also drawn from comparable case studies nationally to provide context to the nature of the proposed development.

### 5.1. PROPOSED MINTA CITY VS. EXHIBITED PSP

71. Table 5.1 summarises the macroeconomic considerations influencing employment growth within the PSP over coming decades, most of which have been touched on in previous sections. These conditions are applicable regardless of whether for future office developments within the PSP. In general, there is a positive outlook and hence need for employment floorspace at Minta Farm:
- The continued growth in population will create a requirement to deliver more jobs in the Southern Region, with Minta Farm strategically located to service that growth.
  - In time, changes in demographics and the nature of industry in the Region will see an increasing proportion of jobs for white-collar workers as blue collar workers still grow in number but decline in proportion.
  - The high supply of future land for industrial purposes contrasting against the few opportunities for growth of office-based employment, will favour delivery of office floorspace rather than industrial development.
72. Taking consideration of this last point further, Table 5.2 directly compares in more detail the two proposed schemes, based on general criterion for a successful suburban office precinct (as established through Urbis' experience).
73. Despite the two proposed precincts being in virtually the same location, and therefore facing similar access and exposure conditions, the Minta City proposal is assessed as being likely to provide a more successful employment precinct:
- A critical factor in this is the greater critical mass of office space acts as a drawcard for potential tenants. Tenants drive the delivery of office space, and they want to be where they can benefit from as much commercial activity in a precinct as possible. This is the basic premise behind the success of CBD environments as a place people want to do business. The larger office provision proposed increases the likelihood of the full range of office-based jobs being delivered in time.
  - Other benefits of the Minta City proposal relate to the concentration of activity into a smaller area. This creates a greater concentration of activity, better walkability and amenity, and synergies between businesses and uses. These factors are all recognised as drivers of successful office and technology precincts.
  - The integration of the employment precinct with the town centre, combined with an allowance for residential development within the precinct, also enhances the amenity of the precinct. Those areas with activity, and hence retail and food & beverage amenity over the course of the day and into the evening, are preferred by workers and businesses. This is evidenced by the increased appeal of Melbourne's CBD as the place to work following the Postcode 3000 initiative to bring more residents into the city. And it is contrasted by the views expressed by businesses in the Monash NEIC when I have conducted business intention surveys in the area – they feel the area needs more residents as they help support the retail facilities that workers want.

Table 5.1 – Macroeconomic Considerations for Employment Precinct at Minta Farm

Macroeconomic Considerations	Description	Assessment	Rating
<b>Economic/Employment Growth Outlook</b>	Economic and employment growth will generate sustained demand for office space.	<ul style="list-style-type: none"> <li>The Melbourne economy in general remain relatively robust and is likely to further expand, driven primarily by rapid population growth. The Casey and the broader Southern Region economy is expected to grow in line with the rest of Melbourne, if not more strongly given underlying population growth.</li> </ul>	<b>Good</b>
<b>Population Growth</b>	A sizeable residential catchment can be a driver of demand for office accommodation.	<ul style="list-style-type: none"> <li>The City of Casey and the broader Southern Region experienced strong population growth between 2011 and 2016 at 3.7% and 2.6% per annum on average respectively, well above the Melbourne average of 2%.</li> <li>Future population growth is expected to continue strongly as large residential areas in the surrounding suburbs such as Officer, Cranbourne East, etc. are developed. These new residents will drive growth and provide a large base of workers.</li> </ul>	<b>Very Good</b>
<b>Local Worker Access</b>	The size and nature of the local worker-base available to businesses is one of the main drivers of success for an employment precinct.	<ul style="list-style-type: none"> <li>The absolute number of blue collar workers will likely continue to grow, albeit its share will decline within the Southern Region.</li> <li>While the proportion of office-based workers in the Southern Region remains low at around 43% in 2016 when compared with other regions, this proportion is set to grow further as the whole economy moves away</li> </ul>	<b>Good</b>

Macroeconomic Considerations	Description	Assessment	Rating
		<p>from manufacturing towards higher value-added activities.</p> <ul style="list-style-type: none"> <li>Our forecast indicates between 179,000 and 192,000 additional office-based resident workers will likely choose to live and work within the Region by 2036. This will generate considerable demand for new office space over this period (refer sub-section 4.2).</li> </ul>	
<b>Employment Land Demand &amp; Supply Status</b>	The scale and quality of existing supply is a crucial factor in determining the appropriate scale and nature of future employment development, as is the level of activity in the relevant market.	<p><b><u>Light Industrial/Technology</u></b></p> <ul style="list-style-type: none"> <li>There is more than sufficient industrial land supply within the Southern Region over the next 4-5 decades (sub-section 3.3), most of which provided for within the neighbouring Officer/Pakenham industrial precinct. Competition for industrial users will be high, making it difficult to fill a smaller, secondary industrial precinct.</li> <li>The modest scale of the light industrial/technology precinct (under either the Exhibited PSP or the Minta City scheme) will see it fall into the category of a secondary industrial precinct.</li> <li>A technology-focussed industrial precinct such as that proposed serves only a niche market. The ability to fill a large precinct with aligned operators will be difficult. This could see land sold/leased to a whole range of users unaligned with the precinct vision.</li> </ul>	<p><b>Light Industrial/Technology:</b> <b>Average</b></p>

Macroeconomic Considerations	Description	Assessment	Rating
		<p><u>Office</u></p> <ul style="list-style-type: none"> <li>• As the transition towards higher value employment continues, the Southern Region will continue to see growing demand for office over industrial space.</li> <li>• The existing office precincts within the Region such as the established centres such as Dandenong, Narre Warren and Frankston are modest in size, but face potential constraints in catering to future office demand due to competing land uses and availability of land.</li> <li>• Minta Farm is one of only a few future locations dedicated to providing for the significant increase in office space expected to be required if the Southern Region is going to maintain or increase its retention of local office workers.</li> <li>• Some office users will be attracted to this location due to its proximity to their industrial premises in nearby areas, without being in the industrial area.</li> </ul>	<p><b>Office: Good</b></p>
<b>Overall Macroeconomic Rating</b>			<b>Good</b>

Table 5.2 – Comparison of Proposed Employment Precincts – Office Success Factors

Success Factors	Description	Proposed Minta City		Exhibited PSP	
		Assessment	Rating	Assessment	Rating
<b>Synergies with Other Businesses</b>	The clustering of businesses creates benefits relating to efficiencies of interaction between suppliers, service providers and generally like businesses.	<ul style="list-style-type: none"> <li>The highly-integrated land uses within the employment precinct makes it easy for future office tenants to interact with other businesses.</li> <li>Conversely, future services such as retail can be better supported by office users, generating a greater level of synergy.</li> </ul>	<b>Very Good</b>	<ul style="list-style-type: none"> <li>There would likely to be some level of synergy across different uses under the current PSP, albeit it is likely to be limited due to the lack of integration.</li> </ul>	<b>Average</b>
<b>Critical Mass</b>	An employment precinct requires a critical mass of space to make it attractive relative to alternatives. The ability to be co-located in a large precinct with national and multi-national firms is attractive to many tenants.	<ul style="list-style-type: none"> <li>The larger office supply able to be accommodated in a denser development outcome creates the necessary critical mass to make this one of the most significant office precincts in the Southern Region in time.</li> <li>The more compact Innovation Quarter is appropriate to ensure it is “right-sized” in comparison to the much larger critical mass of industrial land in the Officer/Pakenham corridor.</li> </ul>	<b>Good</b>	<ul style="list-style-type: none"> <li>The smaller office supply able to be accommodated reduces the PSPs comparative critical mass.</li> <li>While the industry precinct is larger than the Minta City proposal, it still lacks the scale of the alternative precincts nearby, making it still a secondary industrial location, despite the technology focus.</li> </ul>	<b>Average</b>
<b>Land Use Efficiency</b>	The capacity to accommodate a high level of economic activity is not only a more efficient use of a scarce land resource, but it can contribute to a more viable property development.	<ul style="list-style-type: none"> <li>The higher density achieved at the compact and integrated ‘Urban Core’ and ‘Town Centre’ as well as across the Innovation Quarter would result in more jobs being accommodated on a smaller area, hence much higher land use efficiency relative to a lower density offer.</li> <li>Allowing greater height and floorspace for each respective land parcel increases the return from that land, making it more feasible to develop office space.</li> </ul>	<b>Good</b>	<ul style="list-style-type: none"> <li>The current PSP proposes a more traditional greenfield land use pattern where different uses spread across a broad area and are poorly integrated.</li> <li>The allowance for industrial use (i.e. Innovation &amp; Technology precinct) appears large given the industrial land supply elsewhere, and could result in lower productivity should the full area not be occupied.</li> <li>A larger land area is required to yield a similar amount (if not smaller) of jobs.</li> </ul>	<b>Poor</b>

Success Factors	Description	Proposed Minta City		Exhibited PSP	
		Assessment	Rating	Assessment	Rating
<b>Accessibility by Road</b>	The ability to access an office easily from across a broad area.	<ul style="list-style-type: none"> <li>Access to the Monash Freeway and hence the broader region is convenient.</li> </ul>	<b>Good</b>	<ul style="list-style-type: none"> <li>Access to the Monash Freeway and hence the broader region is convenient.</li> </ul>	<b>Good</b>
<b>Public Transport</b>	Convenient transport access for workers is a key factor in occupier location decisions, with access to a train station a key consideration.	<ul style="list-style-type: none"> <li>The Precinct is generally removed from major public transport services. The closest train station (Beaconsfield) is around 2.2 km on foot.</li> <li>The proposed autonomous bus loop within the employment precinct would provide improved connection to the train station, albeit it still lacks the convenience of direct access (i.e. within 800m of walking distance).</li> <li>The smaller employment precinct with a greater concentration of jobs means that more workers will be able to be served by the bus.</li> </ul>	<b>Average</b>	<ul style="list-style-type: none"> <li>Like the Minta City scheme, the employment precinct is removed from existing train stations.</li> <li>The more spread out employment precinct increases the need for car-based travel.</li> <li>The operation of a bus service similar to the Minta City proposal would assist access for workers, but the lower employment densities make a high frequency bus service less viable, with the bus route needing to be considerably longer across the spread-out precinct to ensure all workers are within a short walk of transport.</li> </ul>	<b>Poor</b>
<b>Access to Services / Amenity</b>	Access to services and amenity is important in providing an attractive workplace.	<ul style="list-style-type: none"> <li>The greater access to a mix of uses provided by integration of the employment precinct with the town centre provides good access to services and amenities.</li> <li>An allowance for residential development within the employment precinct increases activity over the course of the day and evening, making other retail and service facilities more viable to operate, further improving amenity.</li> </ul>	<b>Good</b>	<ul style="list-style-type: none"> <li>The various uses such as retail, commercial office and residential are relatively segregated. Accessing services will likely be less convenient, particularly considering the larger land area makes it more difficult to access.</li> </ul>	<b>Average</b>

Success Factors	Description	Proposed Minta City		Exhibited PSP	
		Assessment	Rating	Assessment	Rating
<b>Walkability</b>	The ease to access other uses and a pedestrian friendly built environment is critical in attracting and retaining high value office tenants, as well as fostering a safer community.	<ul style="list-style-type: none"> <li>The denser development and the high mix of uses within the proposed 'Urban Core' and the 'Town Centre' would make it easy to access different uses such as retail, community services, etc. for office users.</li> <li>The proposed design will foster a walker friendly built environment, a prerequisite for any modern commercial office precinct to attract high value tenants.</li> </ul>	<b>Good</b>	<ul style="list-style-type: none"> <li>The land use pattern for the employment precinct remains predominantly car oriented, restricting the walkability.</li> <li>The larger land area covered will make it more difficult to move across the employment precinct and to and from the town centre on foot.</li> </ul>	<b>Poor</b>
<b>Public Realm</b>	A good network of green and public open space	<ul style="list-style-type: none"> <li>Public open space is accessible from most areas, while the integration of the town centre with employment areas creates opportunities for shared public realm/town square environments.</li> </ul>	<b>Good</b>	<ul style="list-style-type: none"> <li>The proposed PSP provides for some public open space, but it is not accessible to all areas given the larger distances involved.</li> </ul>	<b>Average</b>
<b>Overall Rating</b>		<b>Good</b>		<b>Average</b>	



## 5.2. CASE STUDIES & IMPLICATIONS

74. To demonstrate the possibility of increased density for an employment precinct, a list of case studies has been identified and compared with the two scenarios of the Minta Farm PSP. This information is summarised in Tables 5.1 – 5.3. These cases encompass a range of suburban locations providing a sizable office component, either existing or proposed and at various stages of development. Of note:
- Most of the identified business precincts, regardless of their respective stage in the development cycle (i.e. established, developing or commencing), have access to a large population base within the 10km radius with a high proportion of white-collar resident workers. This is particularly true around the more of the established business precincts. This highlights the ability of these high-value employment precinct to attract and retain white-collar workers to support sizeable office development, despite substantial distances to traditional CBD environments in the area.
  - In comparison, total estimated resident population within the Southern Region is forecast to reach around 1.4 million, with a large share of this being within the more immediate 10km radius. In addition, while the share of resident workers engaged in white-collar jobs around Minta Farm remains relatively low (63%), this proportion is set to increase further over time to align more with that for the rest of Greater Melbourne (73%).
  - Most of the established and developing business parks have already achieved the average employment density for the Minta Farm employment precinct as set out in the Exhibited PSP (i.e. 132 jobs/gross ha), with the planned density upon completion being well above this level (generally between 160-250 jobs/gross ha).
  - There are also certain pockets within some of the business precincts that have achieved considerably higher density (e.g. the Pinnacle Office Park at the corner of Epping and Lane Cove Roads in Macquarie Park pushed up employment density in that ABS defined destination zone to above 400 jobs/gross ha.).
  - Increased density is more evident in future planned employment precincts, such as Tonsley Innovation District in Adelaide, Williams Landing in western Melbourne and Springfield Central in Brisbane.
    - Tonsley Innovation District has a planned commercial capacity of around 240,000 sq.m for a mix of office and manufacturing uses on a compact 24 ha land. It is expected the office precinct will see a much higher density well above the future average of around 380 jobs/ha, given the large allowance for manufacturing use that is much lower in density.
    - In the case of Springfield Central, the Parkside Business Precinct currently under development is forecast to provide an average employment density in the order of 740 jobs/gross ha in this greenfield location more than 30km from the Brisbane CBD.
    - The planned Williams Landing town centre development has an ambitious job target of 23,000 jobs within the 46 ha precinct, translating into a job density of around 500 jobs/ha over the long term. Planned commercial office development in earlier stages of development is in the order of 34,000 sq.m, including the new headquarters for Target.
  - Caribbean Park is an example of a location only slightly closer to the Melbourne CBD than Minta Farm where there is a transition away from a previous industrial base to a distinct office precinct targeting quite high average planned density (from 80 jobs/ha now up to 250 jobs/ha proposed).
75. While in most established business precincts with a large office provision, density of floorspace and employment is relatively modest, these case studies show that some of the newer precincts are more ambitiously targeting higher densities. This is reflecting a trend towards higher built-form outcomes in these suburban areas to help concentrate activity and reduce the footprint of business precincts.

76. To put these density outcomes in context, I have also looked at two cases in some of the densest built up areas across Greater Melbourne, including the destination zone around the office and mixed use pockets at the western tip of Collins Street in Docklands (including the ANZ building), as well as the four blocks bounded by Spring Street, Little Collins Street, Russell Street and Flinders Lane in the Melbourne CBD. In the Docklands case, average employment density is around 820 jobs/gross ha, whereas the CBD blocks achieve a density of close to 2,700 jobs/gross ha.
77. In comparison to some of the targeted densities in recently planned precincts, the job density of 289 jobs/gross ha within the proposed Minta City Urban Core and an average employment density of 226 jobs/gross ha for the entire proposed Minta City employment precinct appear not only reasonable but achievable. Of course, this is not to say these proposed higher density office or light industrial developments will be realised immediately – in fact, even the Exhibited PSP where density outcomes are lower would be a long-term commitment.
78. While there are currently few examples in suburban locations in Australia of high-density business precincts, to change the focus from central CBDs providing the vast majority of higher-value jobs, new thinking needs to be applied. The greater density being targeted in emerging precincts reflects this ambition. Likewise, the Minta City proposal is ambitious when considered against current business precinct thinking, but over the longer term, greater density and consolidation must be pursued where possible.

## Suburban Business Precinct Case Studies

Distance from CBD and Access to Workers

Table 5.1

	Capital City	Distance to CBD (km) <sup>1</sup>	Travel Time to CBD (min) <sup>1</sup>	Key Demographics within 10km Radius (2016)	
				Estimated Resident Population	% of Resident Workers in White Collar Employment
Established					
Macquarie Park & North Ryde Business Park <sup>2</sup>	Greater Sydney	15	20	914,900	85%
Tally Ho Business Park	Greater Melbourne	20	40	1,006,100	78%
Developing					
Norwest Business Park	Greater Sydney	36	45	778,700	76%
University Hill	Greater Melbourne	25	45	648,900	72%
Essendon Fields - English Street Precinct	Greater Melbourne	19	30	915,600	72%
Caribbean Park - Core Commercial Precinct	Greater Melbourne	35	50	743,200	72%
Commencing					
Tonsley Innovation District	Greater Adelaide	11	25	416,300	77%
Williams Landing	Greater Melbourne	24	40	337,300	65%
Springfield Lakes	Greater Brisbane	33	40	198,300	63%
Minta Farm					
Exhibited PSP Employment Precinct	Greater Melbourne	48	40	272,100	63%
Proposed Minta City Employment Precinct	Greater Melbourne	48	40	272,100	63%

1. Estimated travel distance and off-peak travel time by car.

2. Excludes Macquarie University.

Source: ABS; Urbis

## Suburban Business Precinct Case Studies (Cont'd)

Scale and Density

Table 5.2

	Gross Employment Land Area (ha)	Total Floorspace (sq.m)		Office Built Form (no. storeys)	Total Estimated Jobs		Job Density (jobs/ha)		Comments
		Existing	Planned		Existing	Planned	Avg. Existing	Avg. Planned	
		Office Floorspace	Commercial Capacity		(2016)	Capacity			
Established									
Macquarie Park & North Ryde Business Park <sup>2</sup>	231	865,500	N/A	1-8	46,600	49,000	201	212	The largest suburban office precinct in Greater Sydney.
Tally Ho Business Park	26	70,700	N/A	2-4	3,100	4,700	119	181	Low-mid density business park at a middle ring suburb.
Developing									
Norwest Business Park									
Existing Precincts	169	29,700	N/A	1-7	20,700	N/A	123	N/A	Major suburban business park in Sydney's northwest. Nearing Capacity.
Circa Commercial Precinct (Planned) <sup>3</sup>	30	N/A	450,000	2-15	1,600	25,000	55	833	Planned new precinct southwest of the existing business park, with ambitious density target.
University Hill	25	N/A	45,000	1-4	3,100	4,000	124	160	Mid-density mixed use business park. Existing office mainly for RMIT. Large retail component.
Essendon Fields - English Street Precinct	32	14,000	150,000	1-8	6,000	18,000	188	565	Urban infill development, with major commercial office planned for the next 2 decades.
Caribbean Park - Core Commercial Precinct	80	N/A	235,000	1-4	3,800	20,000	48	251	Traditional industrial park under regeneration towards higher density office precinct.

2. Excludes Macquarie University.

Source: ABS; VPA; TMG; Urbis

## Suburban Business Precinct Case Studies (Cont'd)

Scale and Density

Table 5.3

	Gross Employment Land Area (ha)	Total Floorspace (sq.m)		Office Built Form (no. storeys)	Total Estimated Jobs		Job Density (jobs/ha)		Comments
		Existing	Planned		Existing	Planned	Avg.	Avg.	
		Office Floorspace	Commercial Capacity		(2016)	Capacity	Existing	Planned	
Commencing									
Tonsley Innovation District <sup>3</sup>	24	N/A	240,000	1-5	N/A	9,000	N/A	375	Planned mixed office/manufacturing precinct to be delivered in the next decade. Job density still high despite the larger allowance for manufacturing.
Williams Landing	46	N/A	100,000	3-7	N/A	23,000	N/A	500	Planned town centre in Melbourne's southwest. Density of the core area is targeted to be high.
Springfield Central									
Total CBD	366	N/A	1,000,000	3-10	N/A	30,000	N/A	82	Planned CBD of Springfield comprising commercial, retail, education and services.
Parkside Business Precinct	11	N/A	261,000	3-10	N/A	7,800	N/A	736	Planned business core of the Springfield CBD with high concentration of office and jobs.
Minta Farm									
Exhibited PSP Employment Precinct	83	N/A	N/A	1-3	N/A	10,953	N/A	132	Generally traditional green field land use pattern.
Commercial & Office Sub- precinct	26	N/A	N/A	1-3	N/A	7,322	N/A	280	Reasonably dense business core.
Proposed Minta City Employment Precinct	52	N/A	252,973	1-5	N/A	11,735	N/A	226	A much more compact alternative to the exhibited plan.
Urban Core	30	N/A	157,600	1-5	N/A	8,669	N/A	289	Capacity to house more jobs in a denser employment precinct.

3. Total jobs capacity estimated based on the planned capacity of 6,300 Full-time Equivalent jobs.

Source: ABS; VPA; TMG; Urbis

## 6. FEASIBILITY OF THE LOCAL CONVENIENCE CENTRE

79. Separately from the consideration of the employment precinct at Minta Farm, I have been requested to consider the feasibility of the proposed Local Convenience Centre (LCC) in the south-east of the PSP.

### 6.1. LCC DESIGNATION

80. As part of the Minta Farm Precinct Structure Plan (PSP), a LCC has been designated at the intersection of Grices Road and a north-south connector in the south-east corner of the PSP area. The centre is to provide up to 1,500 sq.m of retail space as of right and 300 sq.m of commercial space. Its purpose is described as follows:

*Located to service the local residents in the southeast quadrant of the precinct as well as the adjoining future Officer South Employment PSP area. The centre will cater for convenience needs of local residents and employees.*

Minta Farm Precinct Structure Plan, October 2017, Pg. 19.

81. As shown in Map 6.1, the area surrounding the LCC is designated as residential use to the west, although large areas to the north and east of the centre are set aside as open space and conservation areas along Cardinia Creek. There are no other activity generators (e.g. schools, sporting facilities, community uses) in this part of the PSP. The site is around 1km-1.5km from the proposed Minta Farm Local Town Centre which is designated to provide a larger retail offer of up to 13,000 sq.m.
82. To the east of the Minta Farm PSP is the Officer South Employment PSP. The structure of this area and the provision of retail facilities is not known at this time as the PSP is only in the initial planning stages. However, I note that the Minta Farm PSP will be close to 1km away by road from the nearest development in Officer South due to the Grices Road diversion through the Cardinia Creek conservation area. I do not see the LCC being convenient, nor of sufficient scale, to attract workers from Officer South.
83. To the south of the subject site is a developing residential area that forms part of the Clyde North PSP. There will be a strip of residential development directly south of Grices Road from the LCC, but it is limited by existing educational facilities around 500 metres south. I note that the Clyde North PSP indicates the development of a small centre diagonally opposite the proposed Minta Farm centre. However, lot development in this area to date indicates this centre will not be delivered, at least to the scale expected (1,000 sq.m). This perhaps points to the lack of viability of small centres in this location. There is an 8,000 sq.m centre designated in Clyde North only 800 metres south of the intersection of Grices Road and Soldiers Road.





## 6.2. CATCHMENT AREA

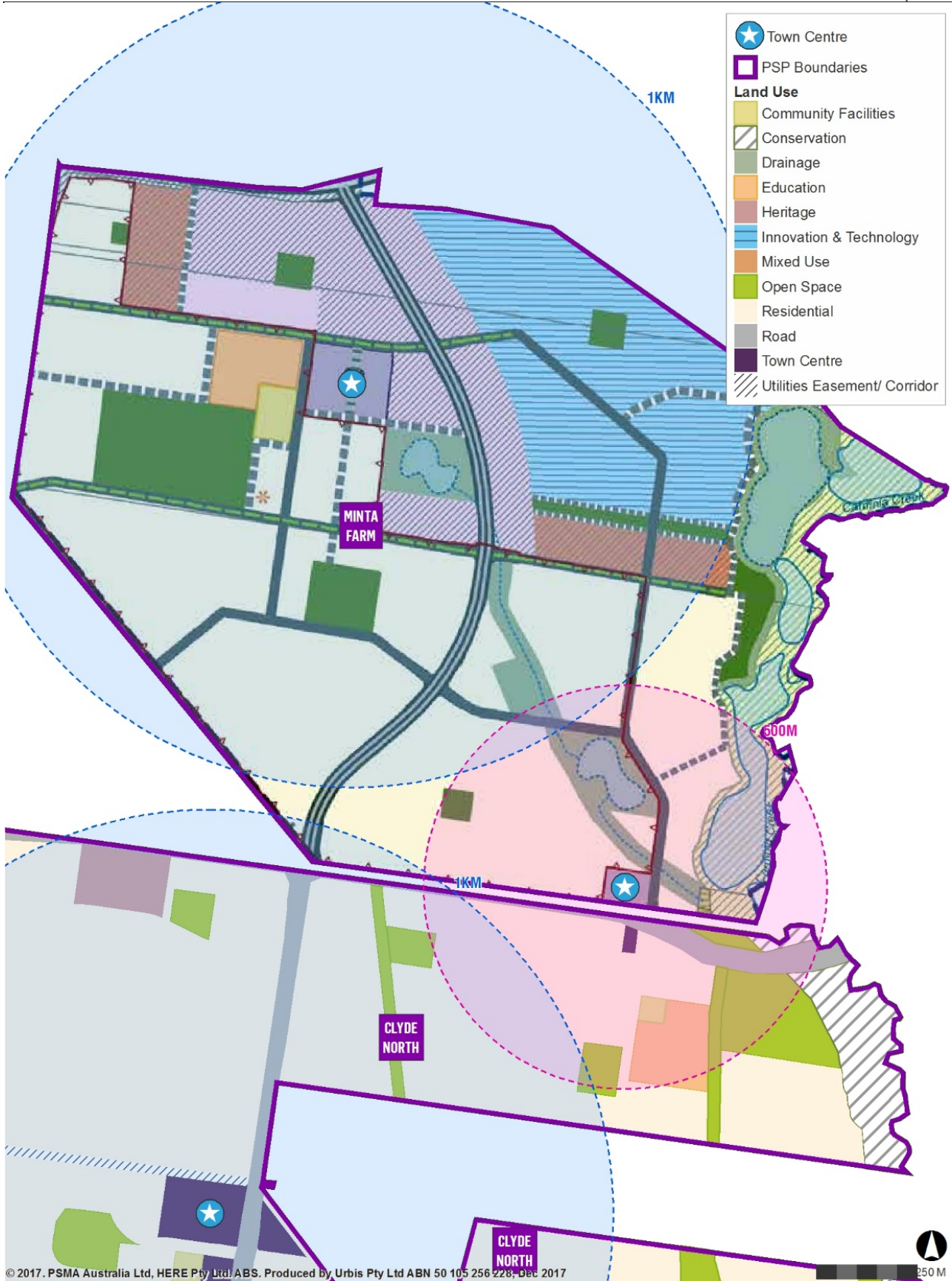
84. Based on the scale of the proposed LCC at just 1,500 sq.m, the nature of current and future surrounding development, and larger centres proposed nearby, I believe that the centre would primarily serve an area roughly equivalent to a 500-metre radius. While this area will be home to a number of residents, the open space allowances to the north and east of the centre will restrict access to a residential population, as will the proposed school in the Clyde North area to the south.
85. I acknowledge that a retail provision of greater than 1,500 sq.m could potentially be developed with a permit. However, regardless of the size of the retail offer in this location, I still believe that the market available to the centre will be constrained. As shown in Map 6.2, the proposed LCC will trade in the shadow of two much larger centres. Even a 500 metre catchment will overlap with a conservative 1km core catchment for the other centres. People within close proximity to the subject centre will have other opportunities nearby.
86. On the basis of the residential area within the 500 metre radius, the density of residential development proposed for the respective PSPs and an average household size of 2.8 to 3 persons per household, the population within 500 metres of the LCC will be in the order of 1,800-2,000 people.

### Minta Farm Local Convenience Centre 500m Catchment

Developable Residential Area and Population at Capacity

Table 6.1

PSP (500m radius from site)	Developable Residential Hectares	Dwellings Per Hectare (as per the PSP)	Dwellings	Average Household Size (People/Dwelling)	Estimated Population
Minta Farm	19.9	20.1	400	2.8	1,118
Clyde North	16.6	15.28	253	2.8	708



## 6.3. RETAIL POTENTIAL

87. To consider the viability of the LCC, I have first looked at the ability to sustain the likely anchor tenant; a supermarket. Full-line supermarkets (3,200 sq.m+) require a dedicated population in the order of 8,000-10,000 people in their immediate catchment. Clearly in this case, the population available to the centre will only be 20%-25% of this required level.
88. Based on the residential population alone, the potential for a supermarket is notionally limited to a smaller format store of say 800 sq.m. This would only be a convenience-style store. On the face of it, if a supermarket of this scale could be supported, it in turn might sustain 3-4 specialty shops which would be consistent with a centre of less than 1,500 sq.m retail space.
89. However, these high-level population considerations suggesting some theoretical potential for a small retail presence do not indicate the feasibility of such a development.
90. Small-scale retail centres lack critical mass to attract people from outside the immediate residential area. Consequently, in my experience reviewing the performance of shopping centres across the country, the turnover generated by centres of this scale is typically very modest. In turn, this results in very low rents, particularly for the supermarket which typically occupies around two thirds of the lettable space and demands a lower per sq.m rent to reflect the role it plays in anchoring the specialty shops.
91. Low rents per sq.m, combined with a small floorspace level, results in these centres being very low income producing assets. Consequently, the feasibility of development is also low.
92. Of course, there are some limited examples of successful small centres. However, there are certain attributes that are often common amongst these centres. As well as being in a prominent and accessible location to serve a sizeable local population, they will almost invariably be co-located with other activity generators such as schools, sporting precincts or other community uses.
93. The Minta Farm LCC does not benefit from any of these complementary activities. The retail facilities there would consequently have to attract customers in their own right. 1,500 sq.m is not a sufficient critical mass of retail space to do this.
94. I would also question the need for a small centre like this simply to meet goals around all residents being within walking distance of retail facilities, when there will be larger activity centres nearby in this and the adjoining PSP. Ultimately under-performing retail centres are not meeting the needs of the community.
95. As mentioned earlier, it is technically possible to provide a larger retail centre subject to a permit being issued. However, this possibility is theoretical only. The conditions faced by retail facilities on this site will not support a larger retail offer:
- The local catchment will still be small, overlapped by the natural catchment of the two larger centres proposed in the area;
  - The population within 500 metres of the centre is limited by the open space and conservation areas; and
  - There are no other activity generators nearby to support more retail space.
96. Regardless of the size of centre proposed on this site, it is unlikely to be a feasible development.

## 6.4. AN ALTERNATIVE RETAIL OUTCOME

97. Where the LCC is removed, it will still be possible within the proposed zoning for the Stockland development to include a food and drink premises (if it seeks to do so) as an alternative retail outcome to the LCC.
98. In my opinion, this would be a superior outcome to an under-utilised centre. A food and drink outlet, if developed well, will appeal to a broader market as a destination given the aspect and experience that could be afforded near the creek corridor. The broader draw relative to the LCC would help to support it.
99. At the same time, a food and drink facility that is appealing and develops as a community asset generates a greater benefit and will be used by more people. These facilities often become a community hub or meeting point.
100. There are various examples of other successful food and drink outlets that have been developed as residential estates emerged nearby, based around either historical or conservation assets. These include Two Beans and a Farm and Farm Vigano in Mernda/South Morang, and in the City of Casey, the *Old Cheese Factory*.

## 7. CONCLUSION

101. **Plans consistent with strategy** - The Exhibited PSP and proposed Minta City concept put forward by TMG are both in line with the strategic planning outcome for the Minta Farm land which has consistently been identified as a future employment hub, and more recently, capable of providing 10,000+ jobs.
102. **Office-based workers leaving the Region** -While there isn't a shortage of jobs within the Southern Region in general, the significant outflow of jobs in higher value office-based industries highlights the need for the Region to provide quality office space to attract and retain such jobs in the short to medium term.
103. **Long-term industrial land pipeline** - The current supply of industrial land available and in the pipeline within the Southern Region is more than sufficient to meet future demand for industrial land over the next four to five decades. The majority of this future industrial land is likely to be accommodated in the Officer/Pakenham State Significant Industrial Precinct. This precinct will benefit from stronger infrastructure connections and a critical mass of industrial land to attract major industrial land tenants.
104. **Minta Farm lacks strategic advantages as an industrial precinct** - Minta Farm as an industrial location lacks the strategic advantages of other larger precincts, due primarily to a small, light industrial zone where tenants won't benefit as much from synergies of co-location. Industrial users will also need to operate closely with other commercial and residential uses which can restrict their activity. The precinct will therefore be a secondary industrial offer, with the 'innovation' focus further targeting a niche market where there does not need to be a large area of land set aside.
105. **The Southern Region will need more suburban office floorspace** – To ensure residents of middle and outer areas have access to jobs closer to where they live, office floorspace supply will need to increase. In the Southern Region, while some office space demand will be catered for outside of the Region, such as in the Monash NEIC or still the central city, increasingly it should be expected the Region will cater for a higher share of its residents who work in an office.
106. **Minta Farm is one of the few locations suitable for office development** - With limited office capacity within existing Metropolitan Activity Centres, Minta Farm will be one of the few locations suitable for a major expansion of office floorspace within the Southern Region and will play an important role in catering to future demand.
107. **Minta City could cater for a sustainable share of potential demand** - The employment precinct at the proposed Minta City, with a total of around 184,000 sq.m of office space, is forecast to account for up to 13% of the future demand for new office space within the Region. The ability to cater for a greater share of future office workers living in the region will be a positive outcome of the Minta City proposal relative to the Exhibited PSP (which will only cater to 9-10% of office jobs).
108. **Minta City more likely to support a successful employment precinct** – Minta City's advantages over the Exhibited PSP include a greater critical mass of office space; a smaller land area for employment creating a greater concentration of activity, better walkability and amenity, and synergies between businesses and uses; all drivers of successful office and technology precincts; and better integration of the employment precinct with the town centre and residential uses improving amenity.
109. **Developing suburban precincts are targeting higher density** - While in most established business precincts with a large office provision, density of floorspace and employment is relatively modest, some of the newer suburban precincts in Australia are more ambitiously targeting higher densities. This is reflecting a trend towards higher built-form outcomes in these suburban areas to help concentrate activity and reduce the footprint of business precincts.

110. **Long-term proposed job density achievable** - In comparison to some of the targeted densities in recently planned precincts, the job density of 289 jobs/gross ha within the proposed Minta City Urban Core and an average employment density of 226 jobs/gross ha for the entire proposed Minta City employment precinct appear not only reasonable but achievable. This is not to say these proposed higher density office or light industrial developments will be realised immediately – in fact, even the Exhibited PSP where density outcomes are lower would be a long-term commitment.
111. **New, ambitious thinking required** - To change the focus from central CBDs providing the vast majority of higher-value jobs, new thinking needs to be applied. The Minta City proposal is ambitious when considered against current business precinct thinking, but over the longer term, greater density and consolidation must be pursued where possible.
112. **LCC unlikely to be viable** - The designated LCC at the south-east corner of the Exhibited PSP is unlikely to be viable, due to the small catchment area population, a small retail offer impacting its ability to compete with other larger centres proposed within the PSP, and the lack of activity generators nearby. A food and drink premises as an alternative retail outcome would be in my opinion a superior outcome to a potentially under-utilised centre.

**APPENDIX A      CURRICULUM VITAE**





# RHYS QUICK

DIRECTOR

“I find it exciting being involved from the early stages in significant property projects, watching as they develop and are finally delivered, ultimately changing the way people live, work and play.”

## SERVICES

Economics  
Research

## SECTORS

Mixed Use  
Retail  
Tourism and Leisure

## QUALIFICATIONS

Bachelor Economics, Hons  
(Monash University)

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Committee Member,  
Property Council of Australia  
Retail Committee.  
Member, Victorian Planning  
and Environmental Law  
Association.

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Rhys Quick is an economic property consultant specialising in economic supply and demand analyses in the retail, entertainment and leisure, and mixed use sectors.

He has consulted for many of the major property groups in Australia and New Zealand, including shopping centre owners, retailers, entertainment providers and property developers in all sectors. He also has experience working with various government authorities in delivering significant infrastructure projects and community outcomes. He is expert at undertaking market demand studies, forecasting inputs to development feasibility, and assessing the economic impact of new developments.

Since he joined Urbis in 1999, Rhys has been a key consultant on the development of the Chadstone Shopping Centre; this work is a long-term highlight of his career. Other achievements include advising on the 10-year, \$11 billion Melbourne Metro Rail Project and delivering the industry standard Urbis Shopping Centre Benchmarks on an annual basis. Rhys also regularly acts as economic expert witness before Victorian planning tribunals and panels, and the Victorian Commission for Gambling and Liquor Regulation.

## PROJECTS

Chadstone Shopping Centre  
Development Potential

Melbourne Metro Rail Project  
Business Case Development

Monash Employment Cluster  
Land Study

Melbourne Level Crossing  
Removal Value Capture  
Opportunities

Old Royal Adelaide Hospital  
Mixed Use Redevelopment





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