SUBURBAN RAIL LOOP EAST

SRL East Draft Structure Plan | Cheltenham

Economic Profile Technical Report

More Homes For Victorians

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SRL EAST DRAFT STRUCTURE PLAN - ECONOMIC PROFILE TECHNICAL REPORT - CHELTENHAM

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Contents

Appendices

Executive summary

As part of the Suburban Rail Loop (SRL) East project, Draft Structure Plans (Structure Plans) are being prepared for the neighbourhoods surrounding the new underground stations at Cheltenham, Clayton, Monash, Glen Waverley, Burwood and Box Hill.

The Structure Plans will set a vision and framework to guide growth and change in each neighbourhood, while protecting and preserving the character and features people love about them now.

This report will inform the development of the Structure Plan for Cheltenham.

PURPOSE OF CHELTENHAM'S ECONOMIC PROFILE

Understanding how Cheltenham's economic role and function will evolve with the introduction of SRL East is crucial for structure planning, especially for understanding the need to accommodate future employment-related land uses.

This report evaluates the economic and job growth potential of the Structure Plan Area and examines to what extent the market can deliver the forecast additional employment floorspace.

Recommendations to consider when developing the Structure Plan are made to ensure the right amount and type of employment floorspace is delivered in the right locations.

CHELTENHAM'S ECONOMY TODAY

Cheltenham Structure Plan Area is characterised by its network of activity centres and employment nodes, including Cheltenham-Southland, Highett, Bayside Business District and Cheltenham (located just outside its boundary). In the 2021 census, the Structure Plan Area supported 10,600 jobs, with a quarter of them employed in the retail sector.

Cheltenham's economy has experienced moderate growth over the past decade, adding approximately 180 workers annually. This growth has been driven primarily by the health care sector, which, although still relatively small, has expanded.

Retail trade, Cheltenham's largest sector, has seen minor growth, while the industrial sector has declined in terms of workforce numbers.

ECONOMIC SNAPSHOT OF CHELTENHAM, 2021

Source: Cordell Connect data for employment pipeline, Cordell presents pipeline in terms of gross floor area. Job and resident data from ABS Census 2011 and 2021. Business data excludes non-employing businesses, for years 2013 and 2023. ABS Business Counts. Economic value add data for 2021 from REMPLAN.

JOBS BY BROAD INDUSTRY IN CHELTENHAM, 2021

Source: ABS Census of Population Aged 15+ [2011 & 2021]

FINDINGS

Looking ahead, Cheltenham will be shaped by increased development around the new SRL East Station and on the adjacent Southland Shopping Centre. This area has some attributes that are amenable to some medium to higher rise office spaces including high amenity, proximity to public transport and the adjacent shopping facilities. It can also support a mix of uses which can further activate this area.

SRL East has the potential to accelerate the transition of the Bayside Business District towards a greater mix of employment, as has been the policy intent for this area over the last two decades. The floorspace estimates indicate that a large amount of industrial employment will likely be delivered in the form of office uses, which require less floorspace per worker to achieve a net gain in employment. As such, there may be opportunity to consider actions to drive more office development. This could include alternative uses in the Bayside Business District, including potentially some limited residential uses in select areas. Some mixed-use development may also help stimulate further business activity, investment and development in the precinct.

The total floorspace growth by use forecast to be required, as derived from this report, is summarised in the table adjacent.

CHELTENHAM STRUCTURE PLAN AREA, EMPLOYMENT FLOORSPACE REQUIREMENTS (SQ.M)

LAND USE	FLOORSPACE 2021, (GROSS BUILDING AREA)	FLOORSPACE 2041, (GROSS BUILDING AREA)	ADDITIONAL FLOORSPACE 2021-2041 (GROSS BUILDING AREA)
Industrial	496,300	527,100	30,800
Retail	208,200	251,000	42,800
Office	54,200	174,300	120,100
Entertainment / Recreation	33,500	62,000	28,500
Public Use	17,800	27,600	9800
Health	14,600	25,500	10,900
Education	10,500	24,100	13,600
Accommodation	4000	20,400	16,400
Total	**839,100**	**1,112,000**	**272,900**

Note: Retail floorspace figure in this table is the mid-point of the GBA range outlined in the Retail Needs Report.

Source: Derived from CityPlan (published in SRL BIC); AJM JV

RECOMMENDATIONS

The recommendations below summarised with their locations shown in the figure at the end of this Executive Summary. The numbers on the figure refer to the number of the recommendations below.

Office floorspace

1. **Plan for a material increase in office floorspace, particularly in and around the Cheltenham-Southland Activity Centre**. Around half of the forecast additional office floorspace (120,000 sq.m Gross Building Area) should be accommodated in the Cheltenham-Southland Activity Centre, creating a new small office hub close to the Cheltenham SRL Station and leveraging the direct connection with the SRL East Corridor. A small increase of office uses could be considered along parts of the Nepean Highway corridor towards Cheltenham Activity Centre and also within the Highett Activity Centre for local offices.
2. **Support continued growth of office space in Bayside Business District**. Increased office floorspace is critical to this role as a unique business hub serving the surrounding region, and it is likely that office space will take a range of typologies including low to medium rise, smaller tenancies, and studio space.

Health and education floorspace

3. **Plan for a modest increase of health floorspace within existing activity centres**. Health floorspace will continue to play a local role in Cheltenham achieved through an increase of consulting rooms and small medical services.
4. **Locate future non-school education floorspace, such as adult education facilities, tutoring services or childcare facilities through activity centres.** Given there are currently no schools within the Structure Plan Area, any additional need for schools created by population growth in the area will need to either be accommodated in schools outside the Structure Plan, or through development of new schools.

Retail and entertainment floorspace

5. **As per the recommendations of the Cheltenham Retail Needs report, plan for an additional 38,000- 46,000 sq.m Gross Building Area of retail and food and beverage (F&B) space in the Structure Plan Area**. This will support growth of Cheltenham's retail and F&B offer through to 2041, bolstering its role as a regionally significant retail, lifestyle and entertainment destination.
6. **Consider limiting further retail floorspace from Bayside Business District to protect existing retail areas and preserve land for office/industrial uses**. Some limited retail space to provide amenity for workers should be supported.
7. **Support entertainment and recreation uses in and around the existing activity centres**. Entertainment uses, such as cinemas, pubs, bars, theatres, and leisure uses play an important role attracting a broad mix of visitors to the Cheltenham and providing a wide range of amenities to residents, visitors and workers.

Industrial Floorspace

8. **Allow for increase in industrial floorspace in the Bayside Business District, whilst supporting is continued transition towards higher-density employment**. New developments are expected to feature a mix of light industrial, warehouses, and showrooms as part of the industrial mix. Improving the District's amenities and accessibility will be crucial for expanding its employment opportunities.

Other employment floorspace

9. **Plan for a modest increase of accommodation floorspace to complement Cheltenham's role as regional retail, lifestyle and entertainment hub**, providing accommodation for those visiting local residents and workers. Modelling suggests this might be in the form of one to two small hotels or serviced accommodation facilities.
10. **Support public use floorspace in and around existing activity centres**. Where possible, future public use floor space should be located in and around the various activity centres and should reinforce Cheltenham Activity Centre 's existing role as a provider of community and public services.

Other recommendations to support employment growth

11. **High worker amenity-** Ensure the Southland Activity Centre core and Bayside Business District have a high level of amenity to help attract professional services, and a range of other office-based business, to these locations. This should include a high-quality public realm, quality building design, broad mix of amenities, including food and beverages, and access to public transport for future workers.
12. **Consider residential uses in limited parts of the Bayside Business District-** Consideration should also be given to supporting residential densification towards the eastern end of Bay Road within the Bayside Business District. Further residential uses (noting existing mixed-use zone here already includes some residential uses) could enhance the area's activity, stimulate demand for various local services, and potentially attract a diverse array of businesses to the Business District.

OTHER OPPORTUNITIES

Other opportunities are identified below to support employment growth, including actions potentially beyond the scope of the Structure Plan development and supporting Planning Scheme Amendments, or general opportunities to support the necessary employment development in Cheltenham:

- **Opportunity 1 - Define a clear position and strategy to support office growth across the Structure Plan Area-** Future office spaces in Cheltenham will be dispersed throughout the Structure Plan Area and located in strategic areas just beyond it, such as the Cheltenham Activity Centre. It will be important to clearly define the role and function of office activity across Cheltenham in order to grow its profile as a business location.

FIGURE 11.1 SPATIAL RECOMMENDATIONS FOR FUTURE EMPLOYMENT FLOORSPACE WITHIN CHELTENHAM STRUCTURE PLAN AREA

1. Introduction

SRL is a transformational project that will help shape Melbourne's growth in the decades ahead. It will better connect Victorians to jobs, retail, education, health services and each other – and help Melbourne evolve into a 'city of centres'.

SRL will deliver a 90-kilometre rail line linking every major train service from the Frankston Line to the Werribee Line via Melbourne Airport.

SRL East from Cheltenham to Box Hill will connect major employment, health, education and retail destinations in Melbourne's east and south east. Twin 26-kilometre tunnels will link priority growth suburbs in the municipalities of Bayside, Kingston, Monash and Whitehorse.

SRL East Draft Structure Plan (Structure Plan) Areas will surround the six new underground stations at Cheltenham, Clayton, Monash, Glen Waverley, Burwood and Box Hill.

1.1 Purpose of this report

This report will inform the development of the Structure Plan to guide land use planning and development in the Cheltenham Structure Plan Area.

The report assesses the economic and jobs growth potential of the Structure Plan Area, and to what extent the market is capable of providing the forecast employment floorspace. Issues and opportunities relating to employment floorspace in the Structure Plan Area are identified. It does this by:

- Examining the present condition of the local economy and consider its potential for growth going forward, taking into account its competitive strengths, weaknesses, opportunities, and challenges.
- Understanding recent and proposed employment-related development activity to assess if the market is capable of providing the projected demand for floorspace independently. Additionally, consider broader economic trends and their impact on activity centres.
- Identifying the amount of employment floorspace that will be required to realise projected employment, including the form/type of space.
- Providing a summary of the factors that Structure Plan controls should take into account to ensure the right amount and form of employment floorspace is delivered in appropriate locations.

1.2 Project context

Construction of the SRL East underground stations is underway at Cheltenham, Clayton, Monash, Glen Waverley, Burwood and Box Hill. This provides an opportunity to enhance the surrounding neighbourhoods. SRL East will support thriving and sustainable neighbourhoods and communities that offer diverse and affordable housing options, with easy access to jobs, transport networks, open space, and community facilities and services. Figure 1.1 shows SRL East in the context of the entire SRL project and Melbourne's rail network.

A Cheltenham Vision has been developed in consultation with the community and stakeholders for the Structure Plan Area and surrounds. The visions set out the long-term aspirations for these areas, ensuring they are ready to meet the needs of our growing population.

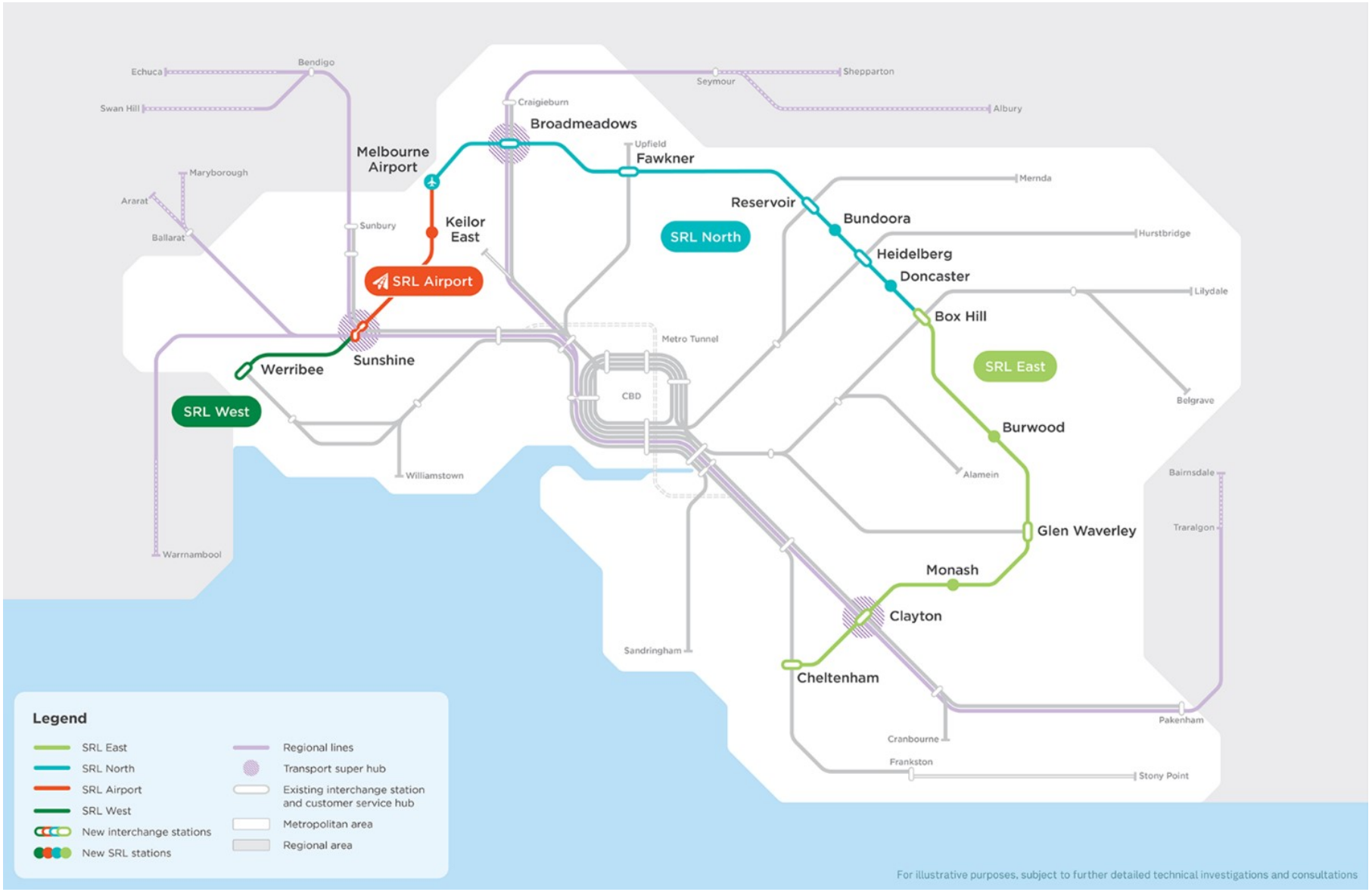

FIGURE 1.1 SUBURBAN RAIL LOOP

1.3 Structure planning for SRL East

Structure Plans have been prepared for defined areas surrounding the new SRL East stations to help deliver the Cheltenham Vision developed for each SRL East neighbourhood.

The Structure Plans cover defined SRL East Structure Plan Areas that can support the most growth and change. These areas cover a walkable catchment that extends from the SRL station entrances. Additional places are included within each defined area as required to make planning guidance more robust and effective, and to align with each community's aspirations and current and future needs.

A Structure Plan is a blueprint to guide how an area develops and changes over a period of time. Structure Plans describe how future growth within the area will be managed in an appropriate and sustainable way to achieve social, economic and environmental objectives. The plans cover a wide range of matters, such as transport connections and car parking, housing and commercial development, community infrastructure, urban design, open space, water and energy management, climate resilience and sustainability.

By tailoring planning decisions to reflect the needs of a defined area, Structure Plans give effect to the policies and objectives set for these areas and cater for changing community needs. They also provide certainty for residents, businesses and developers by identifying the preferred locations and timing of future land uses, development and infrastructure provision.

Structure Plans take a flexible and responsive approach that enables places to evolve over time.

Planning scheme amendments will be required to implement the Structure Plans into the planning schemes of the cities of Bayside, Kingston, Monash and Whitehorse.

1.4 Structure of this report

Part A: Background

- Part A reviews Victorian and local government policies and strategies relating to employment growth and considers how development in the Structure Plan Area can contribute to achieving their objectives. An overview of existing economic features and jobs in the Structure Plan Area is provided, including recent and proposed employment-related development.

Part B: Economic outlook and potential

- Part B reviews the role of suburban employment hubs and the potential for growth in professional services jobs in the Structure Plan Area. The changing nature of work and jobs and the impacts on workplace types and locations is considered, along with the implications for planning future employment floorspace in the Structure Plan Area. The economic strengths and challenges of the Structure Plan Area are considered, and its long-term economic potential and growth is assessed.

Part C: Future employment floorspace demand

- Part C identifies which sectors are expected to generate the most jobs growth in the Structure Plan Area, and assesses the amount and form of floorspace needed to support this jobs growth, as well as the most appropriate locations for its development.

Part D: Summary and recommendations

- Part D summarises the findings of the assessment and provides recommendations to consider when developing the Structure Plan.

1.5 Data sources and definitions

The key data sources and definitions used in this analysis are outlined here:

- **Future employment demand** was assessed using employment projections for the Structure Plan Area which were derived from the CityPlan population and employment projections outlined in the Business and Investment Case (BIC) prepared for the SRL (August 2021). The CityPlan projections used in the BIC projections account for the expected overall growth of Melbourne and the transport interventions and precinct initiatives of SRL influence the distribution of population. That is, population growth isn't solely driven by SRL, rather SRL influences the distribution of growth.
- **Travel zones (TZNs)** are the unit of geography used by the Victorian Integrated Transport model (VITM) and is the base geography for the CityPlan model above. There are a total of around 7000 zones across Victoria.
- A **floorspace audit** was caried out to identify and categorise employment land in the Structure Plan Area. This process included review of several data sources (such as The Department of Energy, Environment and Climate Action (DEECA), Public Sector Mapping Agency (PSMA) and Space Syntax) to understand, for each building, the existing employment land use and estimate the amount of floorspace. This data set provided a baseline for future floorspace estimates and figures are in Gross Building Area (GBA).
- A further comprehensive **industrial land audit** was carried out to identify and categorise relevant industrial land uses within the boundaries of each Structure Plan. This process included a thorough examination of current occupants by analysing *Arealytics* data and other online datasets. Businesses were classified based on their industry, the nature of the business, and the typology of the space they occupied was determined.
- A job is defined as employment of all contract types including full-time, part-time and casual employment. The terms 'job' and 'workers' are used interchangeably in this report. To distinguish by industry, the following Australian and New Zealand Standard Industrial Classification (ANZSIC) Divisions have been summed under the following industry grouping used in this analysis:
  - » Professional Services: Information Media and Telecommunications; Financial and Insurance Services; Rental, Hiring and Real Estate Services; Professional, Scientific and Technical Services; Administrative and Support Services; Public Administration and Safety
  - » Health: Health Care and Social Assistance
  - » Education: Education and Training
  - » Other Population Services: Retail Trade; Accommodation and Food Services, Arts and Recreation Services; Construction, Other Services
  - » Industrial: Agriculture, Forestry and Fishing; Mining; Manufacturing; Electricity, Gas, Water and Waste; Wholesale Trade; Transport, Postal and Warehousing.
- Employment is distributed among various land uses:
  - » Office: Includes multi-storey office towers, campus style buildings and commercial tenants in shopping centres, mixed-use developments or along the street
  - » Health: Includes hospitals, medical centres and health tenancies in shopping centres, mixed-use developments or along the street
  - » Education: Includes schools and universities and education tenancies in shopping centres, mixed-use developments or along the street
  - » Retail: Includes shopping centres, retail on high streets and standalone sites
  - » Public Use: Includes courts, town halls, police stations, fire stations and the like
  - » Industrial: Industrial uses in warehouse and factory typologies
  - » Entertainment / Recreation: Includes structures in sporting contexts (such as club rooms), bars or clubs, cinemas and other commercial entertainment (such as mini golf)

    - » Accommodation: Includes hotels, serviced apartments and short-stay accommodation.
- The following floorspace measurements are used:
    - » Workspace ratio is the average floorspace (sq.m) per employee
    - » Gross Building Area (GBA) refers to the total floorspace of a building such as stairs, hallways and plant.
    - » GBA is used for the floorspace audit as the audit was undertaken using external building information, so no common spaces or otherwise unleasable spaces were removed for the audit
    - » Gross Floor Area (GFA) is the total area of all floors in a building, measured from the exterior walls, and generally excludes stairs and plant area
    - » Gross Leasable Area (GLA) focuses on the portion of space available for lease to tenants, typically excluding common areas and utility spaces.

A comprehensive compilation of abbreviations, data sources and definitions, including conversion assumptions between GLA and GBA by floorspace type is provided in Appendix A.

1.6 Assumptions and limitations

The following assumptions and limitations apply to this assessment:

- The analysis focuses on a single potential employment outcome and evaluates the employment floorspace requirements necessary to achieve that specific outcome. The projected year for employment floorspace need is 2041 as the emphasis for structure planning is 2041.
- The CityPlan employment projections are based on modelling which approximates of what can be expected in the real environment. The employment projections are best at representing strategic level demands, rather than for small areas. Notwithstanding this, there will usually be differences between forecasts and actual results because events and circumstances frequently do not occur as expected or predicted, and those differences may be material. As a strategic representation, CityPlan data may be less reliable as geographic areas become smaller or when the data is further divided, such as by industry.
- While it is generally appropriate to rely on CityPlan projections for the SRL East Structure Plan Areas at an aggregate level (e.g., total population, total jobs), caution should be exercised when further breaking down this data (e.g., population by age, jobs by industry). The implications of this for the Economic Profile is discussed further in Section 7.
- Retail is addressed in this report as a land use but is further examined in the *SRL East Structure Plan - Retail Assessment –Cheltenham* report. Conclusions about retail floorspace demand and employment are based on the findings of that report.

More information about assumptions and limitations of this report is provided in Appendix A.

1.7 Interactions with other technical reports

This *SRL East Structure Plan – Economics Profile – Cheltenham* report informs, or is informed by other reports prepared to guide the development of SRL East Structure Plans:

- *SRL East Housing Needs Assessment – Cheltenham*: This report forecasts long-term housing needs in the Structure Plan Area, including the number, type and size of dwellings. Employment uses and housing need to be delivered in an integrated way, resulting in a need to understand anticipated economic outcomes and the consequences for housing delivery.
- *SRL East Structure Plan - Retail Assessment – Cheltenham:* This report forecasts long-term retail demand in the Structure Plan Area, and the amount and type of retail floorspace needed to meet the demand. Retail space needs to be directed to appropriate areas to support the future population and workforce.
- *SRL East Structure Plan - Land Use Scenario and Capacity Assessment (LUSCA):* This analysis tests the capacity of the SRL East Structure Plan Areas to accommodate projected population and employment floorspace at 2041. The housing floorspace demand derived from this report is an input to LUSCA.
- *SRL East Structure Plan - Community Infrastructure Needs Assessment - Cheltenham:* This will provide an understanding of the community infrastructure needs associated with the growth and renewal of the SRL East Structure Plan Areas to 2041, recommendations for future community infrastructure provision priorities and potential sites to accommodate them.
- *SRL East Structure Plan – Transport Technical Report - Cheltenham*: Outlines how the transport network, across all modes, will support the Structure Planning process. The scale, location and nature of future employment uses, informed by this report, influences the transport requirements. The appended Precinct Parking Plan recommends parking management tools to support the development of the SRL East Structure Plan Areas and support implementing a schedule for the Parking Overlay. The scale, location and nature of employment uses, informed by this report, influences the parking requirements.

1.8 Structure Plan Area

1.8.1 CHELTENHAM STRUCTURE PLAN AREA

The Cheltenham Structure Plan Area surrounds the SRL station at Cheltenham in the cities of Kingston and Bayside.

The Structure Plan Area is generally bordered by residential land north of Stayner Grove and Alison Street to the north, residential land east of Chesterville Road to the east, Park Road to the south and Middleton Street and Worthing Road to the west.

Nepean Highway is a major road that intersects the Structure Plan Area in a north to south-east alignment.

The existing Frankston Line intersects the centre of the Structure Plan Area in a north-south alignment.

The Structure Plan Area is shown in Figure 1.2. Current and projected resident and worker populations are shown below in Table 1.1.

The Structure Plan Area is divided into a series of neighbourhoods. These neighbourhoods represent areas with similar land use mix and are referenced through the structure planning process.

TABLE 1.1 RESIDENT AND WORKER POPULATION IN 2021 AND PROJECTED TO 2041, CHELTENHAM STRUCTURE PLAN AREA

POPULATION TYPE	2021	2041
Workers	10,600	22,600
Residents	9,400	20,800

Source: ABS Census for Population (residents) and Census for Population Aged 15+ (workers). Business and Investment Case for projections out to 2041.

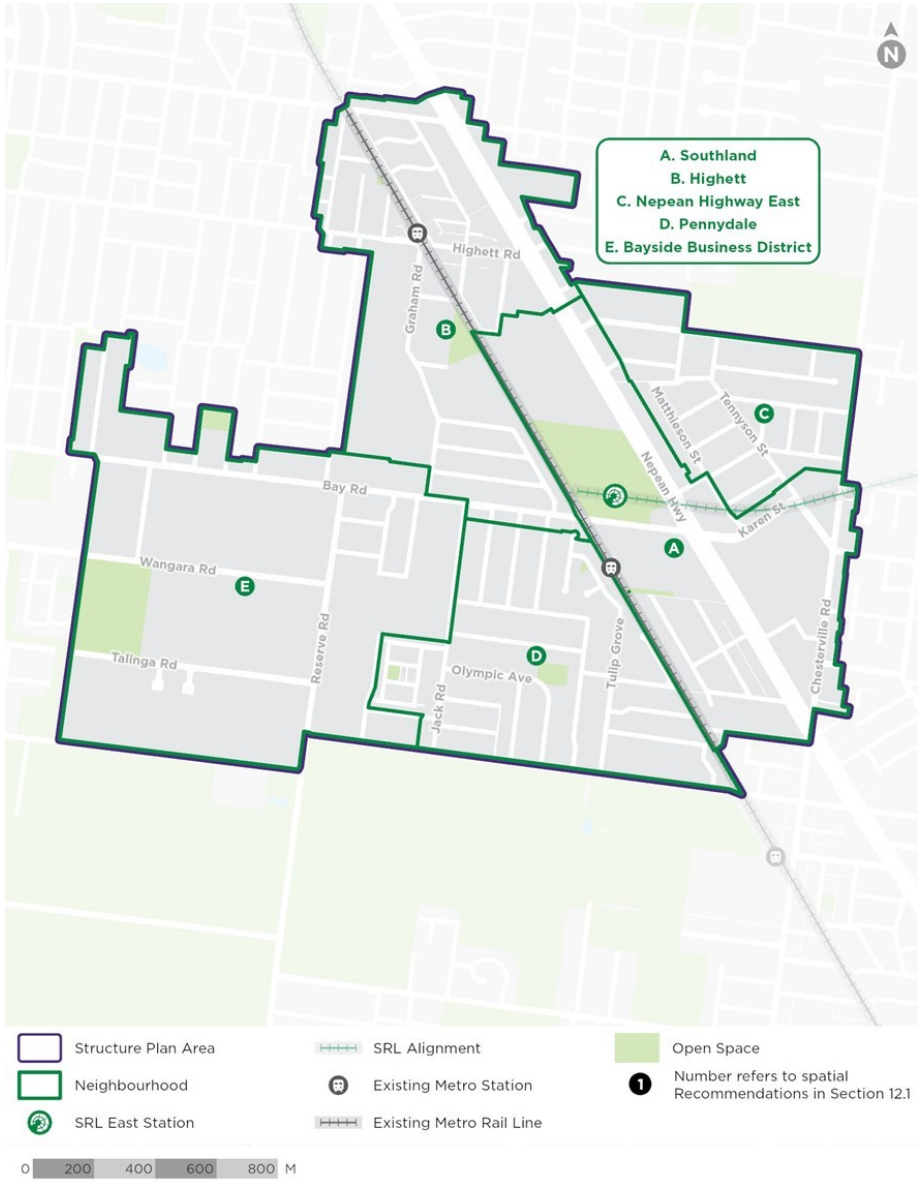

FIGURE 1.2 CHELTENHAM STRUCTURE PLAN AREA

Source: AJM JV

1.8.2 BENCHMARK AREAS

For the purposes of benchmarking, data was also collected for the following areas:

- **Greater Melbourne** – as defined by the Australian Bureau of Statistics (ABS) Greater Capital City Statistical Areas boundary.
- **South East Region** – which comprises the following local government areas: Bayside, Glen Eira, Boroondara, Greater Dandenong, Kingston, Knox, Manningham, Maroondah, Monash, Whitehorse, and Stonnington.

The South East Region is shown in Figure 1.3.

Throughout the report data is presented for the Structure Plan Area alongside data for the South East Region and Greater Melbourne for context.

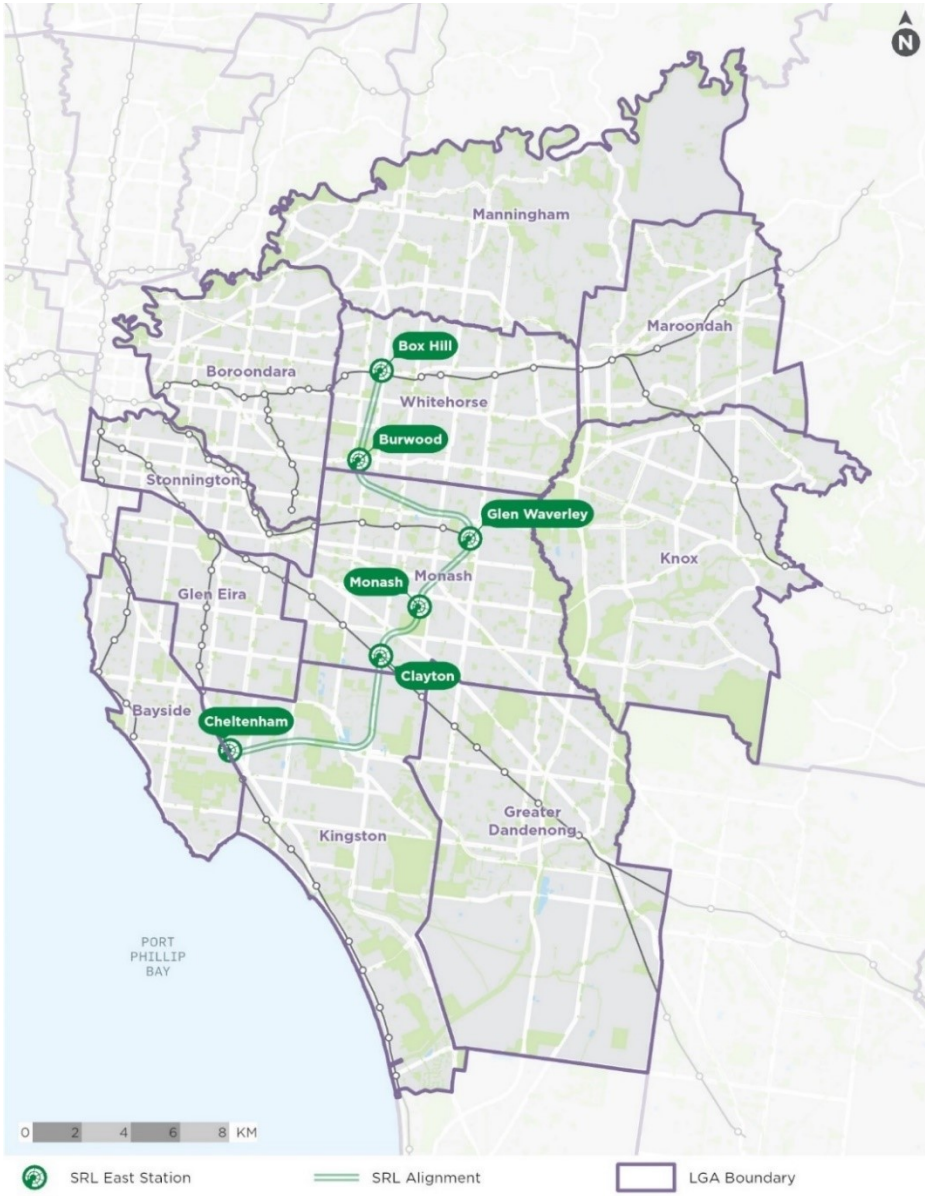

FIGURE 1.3 SOUTH EAST REGION

Source: AJM JV

Part A: Background

Part A includes:

- **Section 2** summarises the strategic context. It reviews Victorian and local government policies and strategies relating to employment growth and considers how development in the Structure Plan Area can contribute to achieving their objectives.
- **Section 3** provides an overview of existing economic features and jobs in the Structure Plan Area, including recent and proposed employment-related development.

2. Strategic Context

This section summarises Victorian and local government policies and strategies relating to employment growth and considers how development in the Structure Plan Area can contribute to achieving their objectives.

2.1 Victorian Government policy

2.1.1 PLAN MELBOURNE 2017-2050

Plan Melbourne 2017–2050 is the Victorian Government's long-term planning strategy, guiding the way the city will grow and change to 2050.

It provides an integrated land use, infrastructure and transport planning strategy to support population and jobs growth, while building on Melbourne's legacy of distinctiveness, liveability, and sustainability.

A primary objective of Plan Melbourne is to **promote employment growth in areas beyond the central city**, fostering a city structure that enhances Melbourne's competitiveness in attracting jobs and investments.

The development of National Employment and Innovation Clusters (NEICs), Metropolitan Activity Centres (MACs), and Major Activity Centres is intended to facilitate employment growth outside the central city:

> *To grow jobs and create accessible, affordable and attractive neighbourhoods, Melbourne needs to take advantage of the land it has available for renewal in the city and suburbs. Increasing the number and diversity of jobs closer to where people live—in places such as suburban employment clusters, health and education precincts and industrial precincts—will help make Melbourne more productive and competitive.*[1]

The *Plan Melbourne addendum 2019* (*Addendum*) updated Melbourne's projected population, housing and employment growth. The Addendum incorporates Stage 1 of SRL (SRL East). The Addendum recognises the role of the SRL in connecting Melbourne's major employment, health and innovation precincts, and supporting the development of 20-minute neighbourhoods.

2.1.1.1 Activity centres

Plan Melbourne emphasises the crucial role of activity centres in enhancing Melbourne's economic performance.

Activity centres are classified into three main types: Metropolitan Activity Centres, Major Activity Centres, and Neighbourhood Activity Centres.

Plan Melbourne provides the following general description of activity centres:

> *Areas that provide a focus for services, employment, housing, transport and social interaction. They range in size and intensity of use from smaller neighbourhood centres to major suburban centres and larger metropolitan centres.*[2]

Cheltenham Structure Plan Area is home to a Major Activity Centre referred to as Cheltenham-Southland which includes the Southland Shopping Centre and adjoining commercial areas adjacent to the existing Southland train station. According to Plan Melbourne, Major Activity Centres are:

> *Suburban centres that provide access to a wide range of goods and services. They have different attributes and provide different functions, with some serving larger subregional catchments*[3].

Plan Melbourne also identifies that activity centres should accommodate an increasingly wide mix of land uses:

> *All activity centres have the capacity to continue to grow and diversify the range of activities they offer. Diversification will give communities access to a wide range of goods and services, provide local employment and support local economies and the development of 20-minute neighbourhoods.*[4]

In addition, Highett is a smaller order centre with a neighbourhood focus. Plan Melbourne defines neighbourhood activity centres as:

[1] Department of Transport and Planning, (2017) Plan Melbourne 2017-2050 https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/plan-melbourne p. 8
[2] Department of Transport and Planning, (2017) p. 138
[3] Department of Transport and Planning, (2017) , p.139
[4] Department of Transport and Planning, (2017) p. 37

Local centres that provide access to local goods, services and employment opportunities and serve the needs of the surrounding community[5].

The Cheltenham Major Activity Centre sits just to the south east of Structure Plan Area and is located around the Cheltenham MTM Train Station. This major activity centre is distinct from the Cheltenham-Southland centre identified above.

Figure 2.1 shows the locations of jobs and investment across Melbourne, as provided in Plan Melbourne.

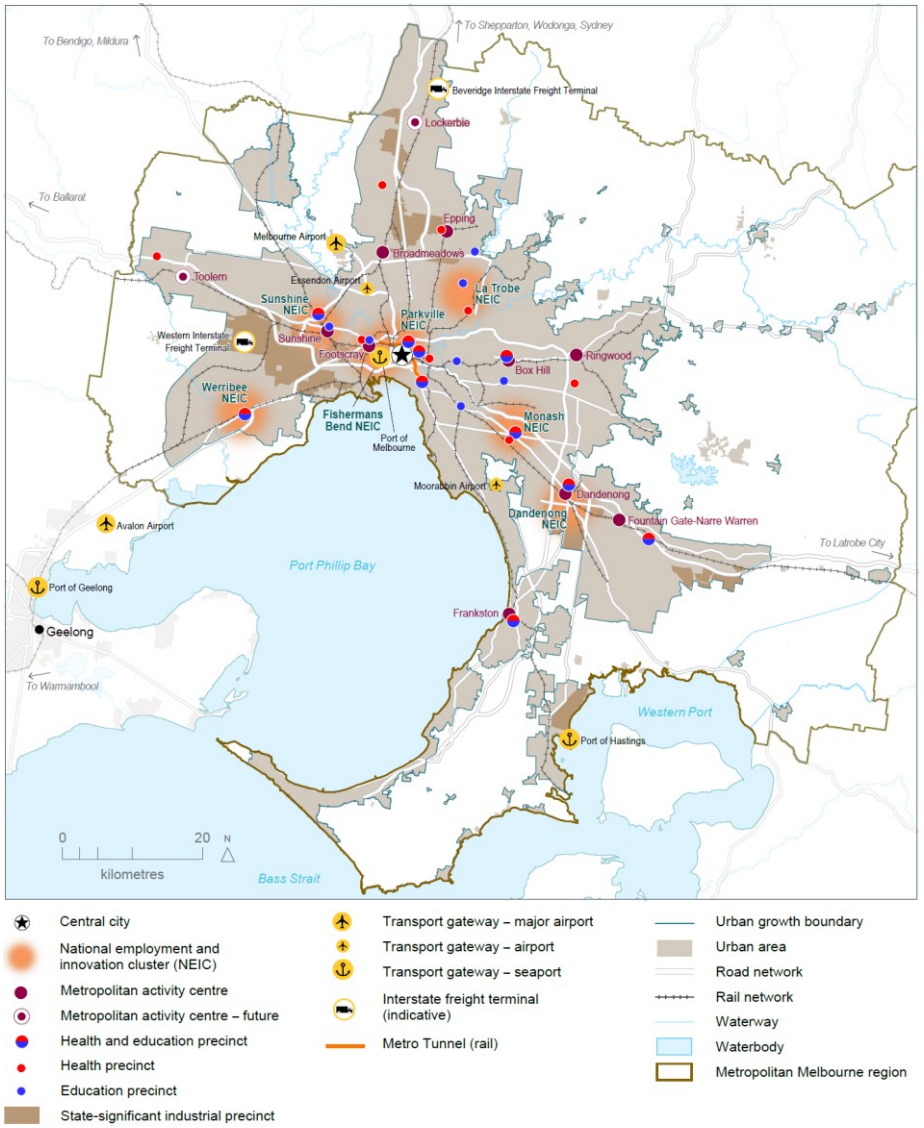

FIGURE 2.1 JOBS AND INVESTMENT ACROSS MELBOURNE

Source: Department of Transport and Planning

[5] Department of Transport and Planning, (2017) , p.139

2.1.1.2 The 20-minute neighbourhood

To create a healthier and more inclusive city, Plan Melbourne adopts the principle of 20-minute neighbourhoods. The 20-minute neighbourhood is all about 'living locally', giving people the ability to meet most of their everyday needs within a walkable distance, generally around 800 metres.

Features of a 20-minute neighbourhood include places to study and work, as shown in Figure 2.2.

Plan Melbourne also states that *'due to the specialised and diverse nature of many people's work, access to employment will often be outside the 20-minute neighbourhood'.*[6] Nonetheless, there is still a preference to maximise employment opportunities closer to where people live.

FIGURE 2.2 FEATURES OF A 20-MINUTE NEIGHBOURHOOD

Source: Department of Transport and Planning

[6] Department of Transport and Planning, (2017), p. 99

2.1.2 MELBOURNE INDUSTRIAL AND COMMERCIAL LAND USE PLAN

The *Melbourne Industrial and Commercial Land Use Plan (MICLUP) (2020)* provides guidance for managing employment land across metropolitan Melbourne. It builds on Plan Melbourne and establishes a planning framework to support the Victorian and local governments to plan more effectively for future employment and industry needs.

The MICLUP aims to support industrial and commercial use of land by:

- Identifying and setting aside adequate long-term industrial and commercial land supply to support future industry and business growth
- Recognising and retaining industrial and commercial areas that provide an ongoing economic and employment contribution to local communities, regions and the state as a critical economic resource
- Providing clear direction on locations where growth should occur and protecting state-significant industrial precincts from incompatible land uses to allow for long term investment and future growth
- Supporting industry and business to innovate and grow in identified areas.

MICLUP identifies and categorises employment land into 'industrial' or 'commercial' land across a designated hierarchy where employment land uses are further classified into precincts of state, regional or local significance. These classifications reflect the policy objectives for the area or precinct and assist with identifying land that should be retained for current industrial or employment uses or considered for alternative uses.

The Bayside Business District is identified as a Regionally Significant Industrial Area within the Cheltenham Structure Plan Area. Regionally Significant Industrial Areas are identified as contributing significantly to local and regional economies. The direction from MICLUP is to broadly for these are to be:

> *'…retained either with a focus as a key industrial area or as a location that can provide for, or transition to, a broader range of employment opportunities. Industrial focussed precincts would normally provide for a range of traditional industrial uses such as manufacturing, warehousing*

and other industry. In other precincts there may be a desire to promote a different employment focussed outcome offering a higher amenity to workers and economic vibrancy. This could include a greater focus on office or business park development or support for new and emerging innovation and enterprise-based businesses.'[7]

MICLUP recognises that the Bayside Business District is slowly transitioning from manufacturing and industrial uses towards a more business focus, including some office-based activity. The direction from MICLUP notes that this transition towards a greater mix of employment-based activities. Table 2.1 below details MICLUP's specific directions for the Bayside Business District.

TABLE 2.1 RELEVANT MICLUP BAYSIDE BUSINESS DISTRICT

	BAYSIDE BUSINESS DISTRICT,
MICLUP Designation	Regionally significant industrial area (MICLUP)
MICLUP description of area	The Bayside Business District in Cheltenham surrounds the Cheltenham Memorial Park Cemetery and is the largest area of industrial land within the region. Having been identified by Bayside Council as an area to transition from its traditional manufacturing base to a more business services focus, it provides for a range of manufacturing and industrial uses as well as a growing commercial role. Other industrial land within the region is located either along major roads or in smaller isolated pockets.
Relevant MICLUP directions	Ensure the Bayside Business District is protected from encroachment of incompatible uses that would fragment the land and could compromise its development and efficient operation as a business location.

Source: MICLUP 2020

MICLUP also identifies other commercial land within the Structure Plan Area in line with Plan Melbourne, including:

- Cheltenham-Southland Regionally Significant Commercial Area
- Highett Locally Significant Commercial Area (around Highett Station)
- Small isolated local commercial areas near or within Bayside Business District.

2.1.3 MELBOURNE'S FUTURE PLANNING FRAMEWORK

In 2021, six region-specific Draft Land Use Framework Plans were released to guide the application of Plan Melbourne at a regional level. The Cheltenham Structure Plan Area straddles both the Inner South East Metro region and the Eastern Metro region.

2.1.3.1 Draft Inner South East Metro Land Use Framework Plan

The Inner South East metro region includes the LGAs of Bayside, Boroondara, Glen Eira and Stonnington. The inner South East region is positioned as the "southern gateway" to the SRL given its inclusion of the Cheltenham SRL station.

The region has a largely service-oriented economy with a strong retail sector and is well serviced by transport given its proximity to the CBD. The location of the region adjacent to key precincts such as the Monash NEIC and SRL Precincts will create more residential and employment opportunities in the coming decades.

With regards to Cheltenham, **the Bayside Business District is recognised as a regionally significant industrial precinct and an important employing asset for the region**. The plan states:

The Bayside Business District has the largest area of industrial land within the region. It provides a range of manufacturing and industrial uses and is gradually transforming towards a more professional services-oriented business area.

There are currently no growth areas within the region, meaning existing employment land will need to be protected as future employment opportunities arise. Other future challenges associated with the region include limited industrial land supply to be transitioned to commercial uses with this expected to give rise to competing land use pressures.

The framework identifies various directions to inform future decisions about employment:

- Provide local jobs by retaining existing employment land and identifying opportunities to expand, intensify and diversify employment activity in activity centres.

[7] DELWP, MICLUP 2020, pg34

- Ensure health and/or education precincts continue to provide local jobs while supporting the region's growing population.
- Retain regionally significant industrial precincts as generators of economic activity and employment.

As part of Bayside, the following strategies outlined in the framework are relevant Cheltenham:

- Strategy 01- Retain existing commercial zoned land and identify areas that can support future demand for commercial floorspace and new investment with a focus on major activity centres.
- Strategy 02- Prioritise opportunities for commercial uses in major activity centres over residential development to retain employment land in regionally-significant locations.
- Strategy 07- Protect the Bayside Business District from encroachment of incompatible uses that would fragment the land and could compromise its development and efficient operation as a business location.
- Strategy 09- Retain local industrial areas that contribute to employment land and support local communities in the Inner South East Metro Region

2.1.3.2 Draft Southern Metro Land Use Framework Plan

The Eastern Metro region comprises the municipalities of Kingston, Greater Dandenong, Casey, Frankston, Mornington Peninsula and Cardinia.

It is a diverse area, covering established and growth residential areas, green wedge land, and major employment areas such as the Dandenong National Employment and Innovation Cluster (NEIC), part of the Monash NEIC, and the Port of Hastings.

This framework identifies the impact SRL East can have in the Southern Metro Region with Cheltenham being the southern gateway for the project:

Cheltenham will become an integrated centre of connected shopping, employment and housing opportunities supported by a thriving community and entertainment hub with an attractive public realm for its workers and residents, as the southern gateway to the SRL corridor.

The Framework Plan acknowledges that **the Region will need to accommodate longer term commercial and employment needs, and that the Cheltenham-Southland major activity centre will be important in this regard**, continuing to play a regional role with significant retail, commercial and community services. Investment opportunities created by the SRL station were identified as something for the major activity centre to leverage.

SRL East will facilitate growth and diversity within station precincts and open up employment opportunities by connecting established precincts such as the Monash National Employment and Innovation Cluster (NEIC), Deakin University. Box Hill Metropolitan Activity Centre, and Glen Waverley and Clayton major activity centres. For Cheltenham, the connection to the Monash NEIC in particular, is noted:

SRL will unlock opportunities for the SRL Cheltenham Precinct with a proposed interchange station at Cheltenham-Southland and provide an inter-regional connection to the Monash NEIC.

The need to accommodate housing as well as employment growth around the Cheltenham station was also identified:

SRL precincts are opportunities for medium- and higher-density housing development due to their proximity to future SRL train stations. Housing development in the SRL precincts will be supported by other uses such as commercial, retail and services and maximise their potential as transit-oriented development. They will undergo substantial change and will be subject to further detailed precinct planning.

The following strategies relate to potential outcomes in Cheltenham:

- Strategy 13 - Maximise land use and economic intensification around SRL Cheltenham Structure Plan Area, leveraging public transport improvements.
- Strategy 29 - Support substantial housing change in locations where transport upgrades and improvements such as SRL create opportunities to locate housing closer to jobs, services and infrastructure.

2.2 Local government policy

The Cheltenham spans two councils, the Bayside City Council and the Kingston City Council. The City of Bayside has released three key policy documents to

inform decision making around economic development throughout the council area:

- Bayside City Council Plan 2021-2025
- Bayside Economic Development Strategy 2014-2019
- Bayside Economic Development, Tourism and Placemaking Strategy 2024-29 (upcoming)
- Bayside Industrial Area Strategy, 2004 (Adopted)
- Bayside Retail, Commercial and Employment Strategy, 2015 (Adopted)

The City of Kingston has released similar documents affecting future decision making:

- Prosperous Kingston – A Framework for Economic Sustainability 2016
- Kingston Council Plan 2021-2025

2.2.1 CITY OF BAYSIDE

The *Bayside Council Plan 2021-2025* outlines a vision through partnering with community stakeholders to make Bayside an inclusive, active, healthy, connected and creative place for its residents. The plan discusses various strategic themes with respect to economic development including theme three, **Nurturing creativity***,* theme six, **Promoting Innovation** in which the Council will strive to foster greater innovation throughout the community, and theme ten, **Tourism Commercial and Economic Opportunities**.

With respect to the suburb of Cheltenham, the Bayside City Council has committed to fostering economic activity and local employment within the Bayside Business District and other major activity centres, as well as supporting the delivery of events that attract economic benefits and investment.

The *Bayside Economic Development Strategy 2014-19* provides a strategic framework for Council to support the sustainable development, and growing diversity of the Bayside community. The Strategy discusses opportunities to expand Bayside's economic profile and envisions: This Strategy will be superseded by the Bayside Economic Development, Tourism and Placemaking Strategy 2024-29 when released later this year.

Bayside will be Victoria's most attractive place to live and work, with new growth and investment in a local economy and business community increasingly structured around innovative, knowledge and service oriented enterprises.

Strategic objectives are identified, and a five-year Action Plan is developed through the report to outline specific interventions and drivers for Bayside's economic development. Specifically, the Council plans to:

- Support the City's business community as an important local employer, investor and contractor of services.
- Facilitate local business initiatives and collaboration.
- Deliver physical and social infrastructure to maximise the climate for targeted and sustainable investment in the City.
- Provide local access to, State and Commonwealth industry and economic development programs for businesses and community organisations.

Though located in the City of Kingston, the strategy identifies Southland as an important regional centre of economic activity and source employment.

City of Bayside has prepared a structure plan for Highett activity centre which outlines the future role of the centre, along with guidance of future retail and office floorspace. This Structure Plan only relates to the western half of the Activity Centre which is located within the Council boundary.

The *Bayside Industrial Area Strategy* (2004) reviewed the future planning and development of the Bayside Industrial Area which comprised industrially zoned land across the suburbs of Sandringham, Highett and Cheltenham. Consistent with the recommendations of the Strategy, the subject land has since been rezoned to the Commercial 2 Zone (previously the Business 3 Zone) in order to facilitate the transition from a traditional industrial precinct to a high amenity business park: *'transform the former Bayside industrial area from a traditional industrial precinct into the pre-eminent suburban business park to the south of Melbourne' (p56).*

Further, the more recent *Bayside Retail, Commercial and Employment Strategy,* prepared in 2016, provides policy directions for activity centres and employment lands within the municipality. This includes the Highett Activity Centre and Southland Activity Centre, which are located within the Cheltenham precinct boundary, as well as the Bayside Business Employment Area (BBEA, now referred to as the Bayside Business District), which is located to the south-west of the

Structure Plan Area within the Investigation Area. This report assessed a range of options to evolve the BAYSIDE BUSINESS DISTRICT including focusing on advanced manufacturing, allowing residential or a hybrid residential and business approach.

2.2.2 CITY OF KINGSTON

The *Kingston Council Plan 2021-2025* sets out strategic objectives to build a roadmap that informs future decision making around development within the Kingston Area.

Leveraging the concept of a 20-minute neighbourhood established in Plan Melbourne, the Council has committed to **supporting the notion of economic decentralisation allowing people to live and work locally**. Strategies underpinning this objective include embracing innovation for local businesses, improving local jobs and employment pathways, enhancing regional partnerships and importantly, improving connections between key activity centres.

In alignment with the Council Plan, *Prosperous Kingston* provides eight priority areas in which the Kingston City Council is concentrating its economic development resources.

These priority areas include developing regional partnerships, investing in retail and service precincts, and providing the region with business education and skill development. Importantly, the framework also discusses the importance of fostering innovation and technology adoption, specifically the role that an integrated transport network plays in attracting and retaining new investment.

Although located just outside the Cheltenham Structure Plan Area, the *Cheltenham Activity Centre Structure Plan 2010* provides a framework to inform change throughout the coming decades around the Cheltenham MTM Train Station. The Plan envisions *a contemporary employment centre that sits within a thriving retail strip happily blossoming with community life*. City of Kingston are currently reviewing this Plan.

Key objectives relating to employment and economic development include building on the existing commercial role of Cheltenham and finding ways to accommodate a mix of land uses throughout the activity centre to consolidate the significant employment role it plays in the community.

2.3 Implications for the Cheltenham Structure Plan

SRL East will contribute to achieving the objectives of Victorian and local government policies and strategies relating to employment growth. Key strategic policy considerations are outlined as follows:

- Increasing employment opportunities outside the Melbourne CBD is a policy priority at state and local levels. Cheltenham Structure Plan Area is home to a major activity centre, a neighbourhood centre and abuts a third activity centre around the Cheltenham MTM Train Station. As outlined in Plan Melbourne, activity centres are crucial for creating more job opportunities near residential areas. The Cheltenham Structure Plan can facilitate this employment expansion.
- Cheltenham Structure Plan Area is characterised by its network of activity centres and employment nodes, including Cheltenham-Southland, Highett, Bayside Business District and Cheltenham (located just outside its boundary). Structure planning should ensure that each of these areas continues to develop, building on their unique characteristics while also leveraging their proximity to each other and SRL East.
- Bayside Business District is recognised as a Regionally Significant Industrial Area that has been gradually shifting over the past two decades from industrial uses to a broader mix of employment, including offices. The introduction of SRL East offers an opportunity to accelerate this transition and utilise the Structure Plan to encourage a more diverse range of employment opportunities. A hybrid residential and business approach has previously been considered in local government policy.

3. Existing economic features

This section provides a snapshot of the current employment landscape and significant economic assets in the area, along with an overview of recent employment-related developments.

3.1 Employment generators

Cheltenham Structure Plan Area includes the Cheltenham-Southland Major Activity Centre, Highett Activity Centre in the north, and extends south towards the boundary of the Cheltenham Major Activity Centre. Together these three centres provide a wide range of regional retail, local services including health, justice and some administrative and professional services. The Bayside Business District is located in the western part of the Structure Plan Area.

The key employment generators within the Structure Plan Area are shown on the map following and include:

1. Westfield Southland is a large shopping centre extending across the Nepean Highway. It has a diverse retail offer with approximately 120,000sq.m of retail floorspace, serving a large regional catchment and attracting over 12 million visitors annually[8].
2. Highett Activity Centre is a small but vibrant centre providing food and beverage (F&B), convenience retail including a full-line supermarket, and services for a local catchment. It is served by the Highett MTM Station.
3. Parts of the Nepean Highway, particularly between the Southland and Cheltenham activity centres are fronted by a range of large format retail uses, medium scale office buildings and some smaller shopfronts.
4. Bayside Business District is a regionally significant industrial area located to the west of the future Cheltenham SRL Station. This area supported 5500 jobs in 2021, with the industrial sector remaining the largest employing sector.

There are two large employment areas outside the Structure Plan Area:

5. Cheltenham Major Activity Centre, located directly south of the Structure Plan Area and focused on the Cheltenham MTM Station. This Activity Centre hosts a range of fine grain retail, food and beverage (F&B) and local services.
6. Moorabbin Industrial Area is a large regionally significant industrial area to the north east of the Structure Plan Area.

These employment generators are shown in Figure 3.1 below, with further detail on the recent and pipeline developments in Section 3.7.

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[8] Scentre Group (2023)

FIGURE 3.1 EXISTING EMPLOYMENT LOCATIONS AND FUTURE SUPPLY, CHELTENHAM STRUCTURE PLAN AREA [9]

Source: AJM JV

[9] Note: Numbering for existing employment refers to numbers used on previous page (e.g. Westfield Southland buildings are marked '1' and is the first dot point on the previous page). Numbers for proposed and pipeline are ordered sequentially within the map and do not refer to existing numbers.

3.2 Economic snapshot

An economic snapshot of Cheltenham Structure Plan Area is shown in Figure 3.2. The Structure Plan Area has 10,600 workers, compared to 9400 residents. Cheltenham's workforce contributes approximately around $67.8 billion to the Victorian economy annually. Over the past decade, job growth has been moderate at 1.9% per year, adding about 180 workers annually. There are 12 large businesses of over 200 employees, compared to 9 in 2011. These businesses are mostly in population serving industries. Business formation has grown at around 1.9 % per year, mainly driven by small to medium- sized businesses. Further details are provided in Appendix B.

FIGURE 3.2 ECONOMIC SNAPSHOT CHELTENHAM STRUCTURE PLAN AREA

Source: Cordell Connect data for employment pipeline. Cordell presents pipeline in terms of gross floor area. Job and resident data from ABS Census 2011 and 2021. Business data excludes non-employing businesses, for years 2013 and 2023. ABS Business Counts. Economic value add data for 2021 from REMPLAN.

**Refer to section 3.7 for further information on the employment floorspace pipeline.*

3.3 Detailed industry breakdown

The Cheltenham industry profile is summarised in Figure 3.3 and Figure 3.4. The Cheltenham Structure Plan Area comprised 10,600 workers in 2021, compared to 8800 in 2011. The key industry categories are Retail Trade, Health Care and Social Assistance, and Manufacturing. These are closely tied to the Southland Activity Centre and Bayside Business District. More details are provided in Appendix B.

Top Industries by Volume of Workers, 2021

1	Retail Trade
2	Health Care and Social Assistance
3	Manufacturing

Top Industries by Jobs Growth, 2011-2021

1	Health Care and Social Assistance
2	Construction
3	Financial and Insurance Services

Bottom Industries by Jobs Growth, 2011-2021

1	Manufacturing
2	Wholesale Trade
3	Electricity, Gas and Waste Services

Top Industry Specialisations, LQ 2021*

1	Retail Trade
2	Financial and Insurance Services
3	Information and Media Telecommunications

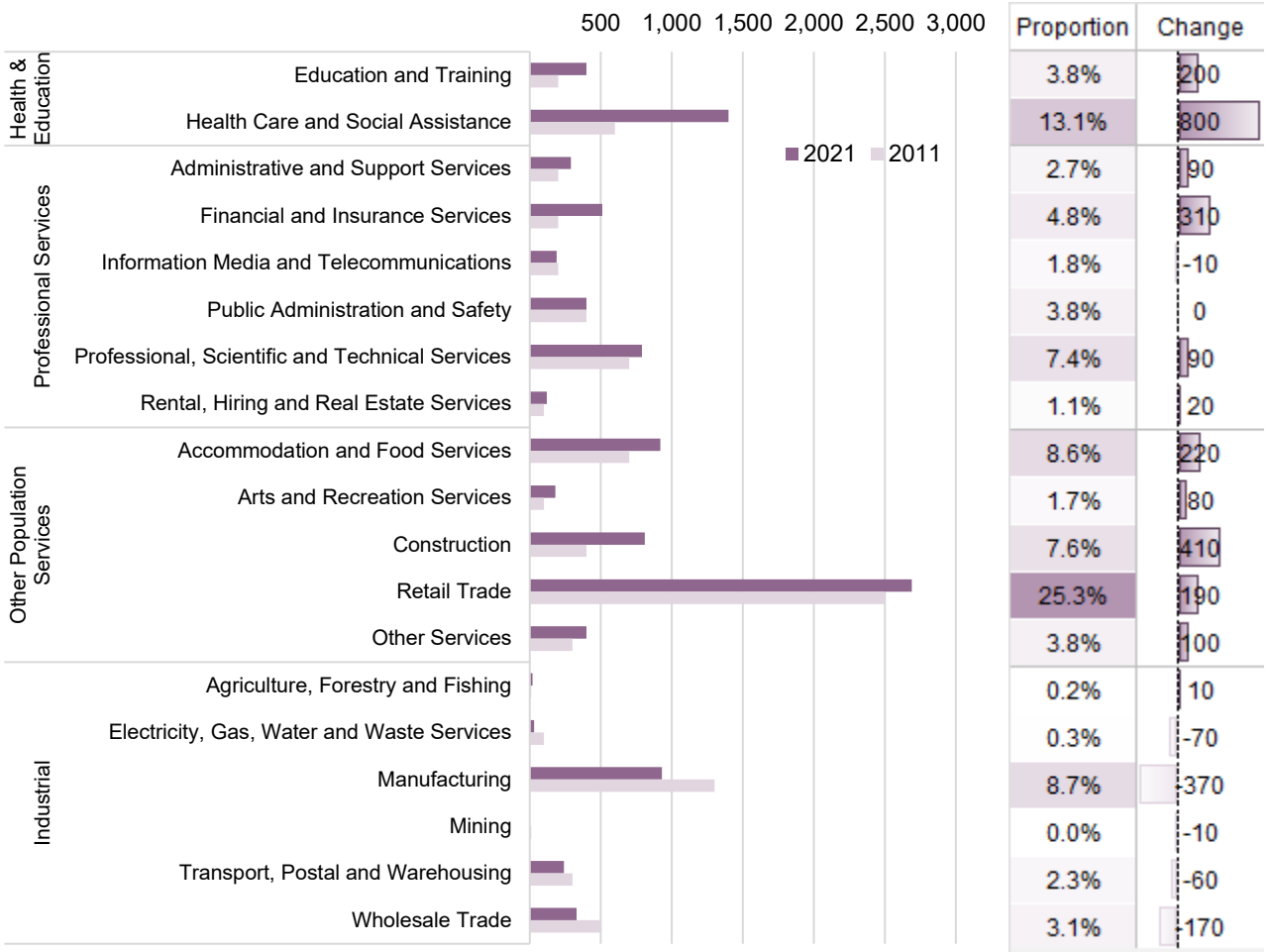


FIGURE 3.3 CHELTENHAM INDUSTRY SUMMARY, 2011 – 2021 (LEFT SIDE OF PAGE)

FIGURE 3.4 CHELTENHAM INDUSTRY PROFILE, 2011 – 2021 (RIGHT SIDE OF PAGE)

**LQ refers to Location Quotient, that is the proportion of the target geography jobs, Glen Waverley, over the proportion of jobs in a benchmark geography, in this instance Greater Melbourne. For example, an LQ of 1 indicates that the target geography has the same proportion of an industry as the benchmark. LQ's below 0.8 indicates a relatively low reliance on that industry, whilst an LQ above 1.2 indicates a specialisation.*
Source: ABS Census of Population Aged 15+ [2011 & 2021]

3.4 Worker snapshot

Figure 3.5 is a snapshot of workers in the Cheltenham Structure Plan Area and compares them to Greater Melbourne. Cheltenham has a slightly below-average skilled workforce, with 33% having a bachelor degree or above and 75% working in white-collar jobs. Average incomes are lower than Greater Melbourne with sales workers being the top broad occupation, and a high share of 15–24-year-olds employed in retail. Workers are mostly based in population serving industries. See Appendix B for more detail.

STATISTIC TYPE	STATISTIC	CHELTENHAM STRUCTURE PLAN AREA (NO.)	CHELTENHAM STRUCTURE PLAN AREA (%)	GREATER MELBOURNE	G.MELB VARIANCE
Workers	Total workers	10,600	-	2,376,700	-
	Full-time workers	5100	48%	61%	-12.8%pt
	Part-time workers	4600	43%	33%	10.3%pt
Age	Aged 15-24 years	2800	26%	13%	12.9%pt
	Aged 25-39 years	3200	30%	38%	-7.7%pt
	Aged 40-54 years	2800	26%	31%	-4.7%pt
	Aged 55+ years	1900	18%	18%	0.0%pt
Education & Income	Bachelor degree or higher	3500	33%	44%	-12.0%pt
	Diploma and above	1400	13%	12%	1.0%pt
	Certificate or Year 10 and above	5200	49%	39%	10.5%pt
	Average income	$61,000		$76,200	-19.9%
Broad Occupation	White collar	8000	75%	75%	0.4%pt
	Blue collar	2600	25%	25%	-0.4%pt
Top Occupations	1. Sales workers	2300	22%	9%	13.2%pt
	2. Professionals	1700	16%	28%	-11.7%pt
	3. Managers	1500	14%	14%	-0.2%pt
Broad *Industry*	Education	400	4%	11%	-7.1%pt
	Health	1400	13%	16%	-3.5%pt
	Professional services	2300	21%	21%	0.9%pt
	Other population services	5100	48%	32%	16.0%pt
	Industrial	1500	14%	20%	-5.2%pt

FIGURE 3.5 CHELTENHAM WORKER CHARACTERISTICS, 2021
Source: ABC Census of Population Aged 15+ [2021]

3.5 Industrial areas snapshot

Cheltenham's industrial areas are almost all contained within the Bayside Business District. The District spans 83 hectares and in 2021 accommodated just over 5500 jobs. Given the scale of the District, its proximity to the Cheltenham SRL Station, and broader State level policy to retain industrial land for industrial activity, this area requires specific consideration.

3.5.1 POLICY INTENT TO DATE

As discussed in Section 2, Bayside Business District is recognised as a Regionally Significant Industrial Area that has been gradually shifting over the past two decades from industrial uses to a broader mix of employment, including offices. In 2016, Council reviewed the long-term use of the Bayside Business District and considered a range of options including hybrid residential and business uses. Council's Retail, Commercial and Employment Strategy recommended focusing Bayside Business District to advanced business services to deliver jobs growth. Consequently, Council rezoned most of the Bayside Business District to Commercial Zone 2 (CZ2) to facilitate the transition from a traditional industrial precinct to a high amenity business park.

3.5.2 CURRENT LAND USE

The Industrial Land Audit, completed as part of this Economic Profile, indicates that there has been some transition towards higher density employment uses over the past decade.

Between 2011 and 2021, Bayside Business District added 1660 jobs, despite potential COVID-19 impacts in 2021. Job growth was driven by an increase in professional services (+500 jobs), health and education (+670 jobs) and population services (+430 jobs). Industrial jobs stagnated during this period, which is indicative of a transition towards a mixed employment precinct. The existing worker composition in shown in Figure 3.6 and Figure 3.7.

Significant developments during the period from 2011 included the iSelect office building on Bay Road, comprising approximately 5000 sq.m of office space, along with the addition of retailers such as Aldi and Dan Murphy's. Additionally, there has been recent and proposed developments featuring high-amenity mixed office-warehouse uses (refer to Section 3.7). Mixed-use projects, including residential development, have also emerged along the outskirts of the Bayside Business District, particularly along Jack Road and sections of Bay Road in mixed-use zones.

3.5.3 EMERGING LAND USE

The rezoning and renewed focus on supporting the Bayside Business District as a key employment area in the City of Bayside has seen some new development activity, particularly along key roads.

Bay Road has seen the development of a few sites for a mix of showrooms (restricted retail) and office space above, totalling 2 to 3 storeys in most cases.

Land near the intersection of Bay Road and Melaleuca Drive has been developed for dedicated office space including one building of 4 storeys. An adjoining cleared site has been marketed for several years as an office and industrial development opportunity, although development has yet to commence.

Other locations where land use has changed include Tulip Street, with one or two office buildings of up to 5 storeys, supported by adjoining warehouses.

The Commercial 2 zoning that now applies has facilitated the development of some larger format retail uses in the area. These are perhaps contrary to supporting the core retail area around Southland/Nepean Highway, although they have increased visitation to the Bayside Business District.

3.5.4 NATURAL EVOLUTION IN THE ABSENCE OF SRL EAST

With the C2Z in place and policy encouraging greater employment density in the industrial area, it is anticipated that the Bayside Business District is likely to continue to gradually evolve with a higher office mix supporting business activity that is not in conflict with surrounding residential areas. Its service role will also grow.

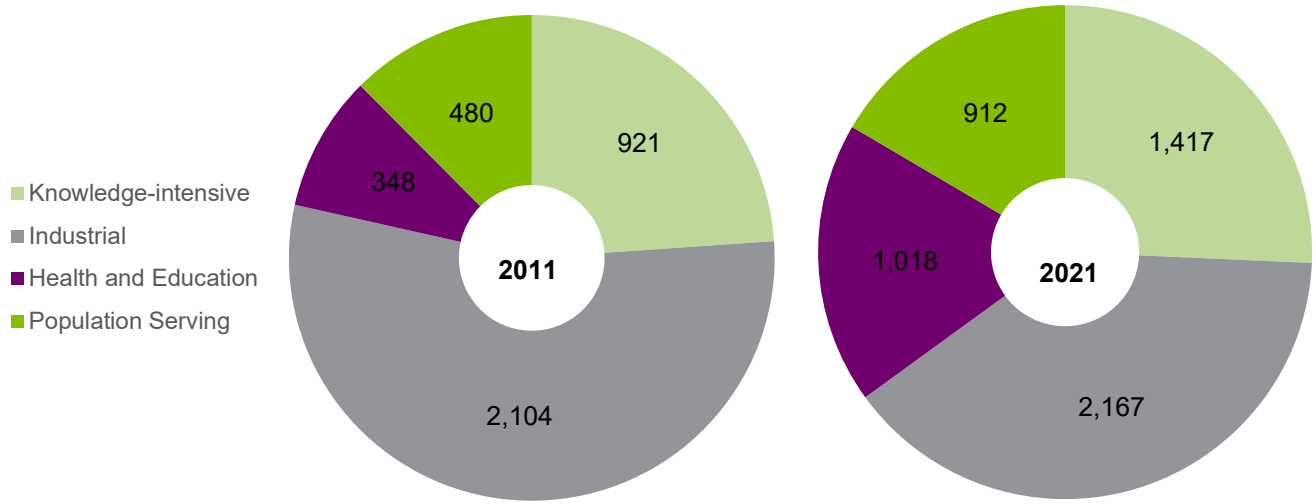
The Business District is somewhat removed from the proposed SRL station (noting there is already a station in the vicinity). Without more substantial urban design interventions or more regular public transport connections, it is unlikely the project in isolation will shift the focus of the employment precinct greatly.

~52%

Share of workers in Structure Plan industrial areas

~1660

Additional workers between 2011 and 2021



Top 3 business types in 2024:	
1	Management advice and related consulting services
2	Other automotive repair and maintenance
3	Other auxiliary finance and investment services

Top 3 occupations in 2021:	
1	Professionals
2	Managers
3	Clerical and administrative workers

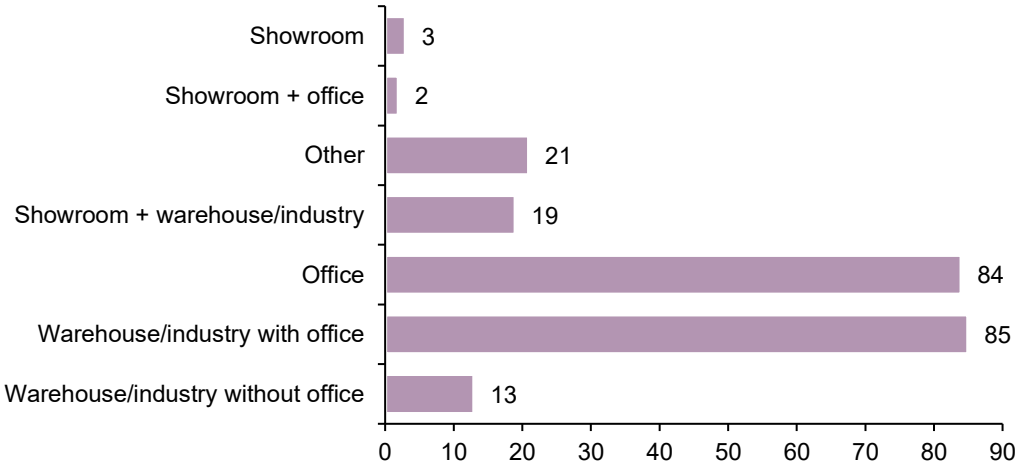


FIGURE 3.6 CHELTENHAM INDUSTRIAL AREAS BUSINESS SUMMARY, 2024 AUDIT AND 2021 CENSUS (LEFT SIDE OF PAGE)

FIGURE 3.7 CHELTENHAM INDUSTRIAL AREAS NUMBER OF WORKERS BY INDUSTRY, 2011 AND 2021 (TOP RIGHT OF PAGE)

FIGURE 3.8 CHELTENHAM INDUSTRIAL SITES BY TYPE OF STRUCTURE (NO.), 2011 – 2021 (BOTTOM RIGHT OF PAGE)

Source: AJM JV audit of industrial land using manual check of sites by cadastral parcel and Arealytics data on business details such as ANZSIC Industry Level 4

3.6 Existing employment floorspace

The floorspace in the Cheltenham Structure Plan Area was audited for this assessment. This considered LiDAR scans of the built environment, zone and ground floor use data, as well as a series of manual checks on floorspace use and investigating any irregular sizes.

Note the figures provided are gross building area (GBA) as the floorspace audit was undertaken using external building information, and no common spaces or otherwise unleasable spaces were removed from the building extents.

There is an estimated 839,000 sq.m GBA in the Structure Plan Area for employment uses. This is slightly more than the gross building area of residential floorspace in the Structure Plan Area.

Figure 3.9 shows the distribution of employment floorspace by type in the Structure Plan Area. It highlights the dominance of Bayside Business District's industrial land uses, along with the retail offer in Southland and other employment hubs in the Structure Plan Area.

The existing locations of these employment types in the Structure Plan Area is identified in Appendix B.

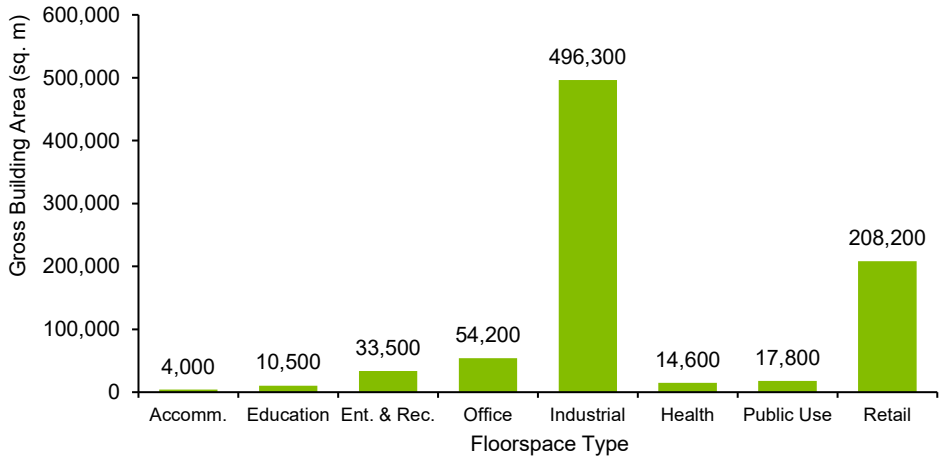


FIGURE 3.9 CHELTENHAM STRUCTURE PLAN AREA, EXISTING FLOORSPACE BY TYPE (SQ.M GBA) 2023

Source: DEECA, PSMA, Space Syntax; AJM JV

3.7 Recent and proposed employment-related development

Understanding recent and proposed employment-related development activity helps to understand if the market is ready to meet projected demand for floorspace.

The amount of floorspace by land use in the short-term development pipeline is summarised in Table 3.1. This data is presented as Gross Floor Area (GFA).

Recent and proposed large-scale employment-related developments in the Cheltenham Structure Plan Area are summarised in Table 3.2 and Table 3.3 (also shown in Figure 3.1 above).

In recent years Cheltenham has seen has had strong development activity but this has been mostly in the residential sector. The following pages provide an example of the employment-focused developments, both recently completed and proposed. It is notable that employment floorspace in Cheltenham is commonly incorporated into a mixed-use development.

Cheltenham's industrial areas are seeing a shift towards higher employment density uses than historically seen. Cheltenham Quarter, Work Belrose, The Base and 49Wangara in the Bayside Business District and the Morris Moor Development in the nearby Moorabbin Industrial Area provide an indication how industrial land could continue to evolve. These are typically suited to smaller businesses and can also include space for retailing, light manufacturing, wholesale activity, warehousing or distribution activities.

The following proposals are examples of large-scale employment-related developments recently completed, currently planned or under construction within the Cheltenham Structure Plan Area, or just outside the area. There are also two further mixed-use developments in the Cheltenham Activity Centre (outside the Structure Plan Area) with provision for accommodation- one with 8 serviced apartments and a boutique hotel with 20 rooms.

TABLE 3.1 ESTIMATED FUTURE SUPPLY OF EMPLOYMENT FLOORSPACE, CHELTENHAM STRUCTURE PLAN AREA

LAND USE	ESTIMATED SHORT-TERM DEVELOPMENT PIPELINE (GFA)	KEY DEVELOPMENTS
Office	6400 sq.m	• Cheltenham Quarter • Work Belrose • 49Wangara
Retail	1400 sq.m	• 49Wangara
Industrial	10,000 sq.m	• Cheltenham Quarter • Work Belrose • 49Wangara

Source: Cordell, AJM Note: Based on publicly available information, Cheltenham Place and The Base have not been included in this breakdown due to being located outside the Structure Plan Area

TABLE 3.2 RECENT EMPLOYMENT-RELATED DEVELOPMENT, CHELTENHAM STRUCTURE PLAN AREA

1. 13-15 CHESTERVILLE ROAD, SOUTHLAND ACTIVITY CENTRE

- 11-storey mixed use building including 93 apartments, 3650 sq.m of office and a gymnasium. The development is located south of Southland Shopping Centre on the eastern side of the Nepean Highway.
- Office GFA: 3650 sq.m
- Completed 2023

2. MORRIS MOOR, MOORABBIN INDUSTRIAL AREA

- Morris Moor is a commercial community including premium office space combined with a vibrant, retail, hospitality, entertainment precinct. Located in the Moorabbin Industrial Area, the development includes a childcare centre and is designed to draw employees from the surrounding industrial area. Although this development is outside the Structure Plan Area, it is an excellent example of a modern industrial zone development.
- GFA: 16,000 sq.m
- Completed 2023
- Located outside Structure Plan Area

TABLE 3.3 PIPELINE EMPLOYMENT-RELATED DEVELOPMENT, CHELTENHAM STRUCTURE PLAN AREA

3. CHELTENHAM QUARTER, BAYSIDE BUSINESS DISTRICT

- Three storey premium industrial and commercial development containing 12 warehouses, 2500 sq.m of offices, four showrooms and additional retail tenancies. The site is located to the south-east of the SRL Cheltenham Station, providing easy access for employees.
- GFA: 3700 sq.m
- Development approval, planned completion 2027

4. CHELTENHAM PLACE, CHELTENHAM ACTIVITY CENTRE

- 11-Storey mixed use development including 126 apartments and 3 offices. The development is located a short walk to the east of the existing Cheltenham station and includes a sauna, gym and private theatre. This development is just outside the SRL East Structure Plan Area.
- Office GFA: 1000 sq.m
- Development approval, planned completion 2025
- Located outside Structure Plan Area

5. WORK BELROSE, BAYSIDE BUSINESS DISTRICT

- New office warehouse precinct in a former red brick factory in two stages, north and south. North precinct has office suites, showroom style warehouses and 'hi-tech units'. South stage has further office warehouse spaces.
- 21 office suites (~2000 sq.m); 24 warehouses units and 9 warehouses (~2000 sq.m)
- Planned Completion: n/a
- Development Stage: Development Approval
-

6. 49WANGARA, BAYSIDE BUSINESS DISTRICT

- Premium mixed employment development offering a range of office spaces 60-650sq.m, office warehouses, retail and storage uses. Includes landscaped setting, rooftop terrace and guiding, on-site café and caretakers residence.
- Warehouses 7000sq.m, offices 1900sq.m, retail 1400sq.m
- Expected completion 2025

7. HIGHETT COMMON

- Master Planned community on former CSIRO site.
- Employment floorspace limited to new public library located on-site, which replaces the existing Highett Library.
- Development stage: Development approval

8. THE BASE, CHRITENSEN ST

- Premium business park and basement consisting of 24 warehouses, 23 warehouses with office and 3 storey office building with 6 high-tech office suites. Large basement design allows for space for home storage, trade or e-commerce activity.
- Office space 1200sq.m and industrial use 9900sq.m
- Expected completion 2025
- Located outside Structure Plan Area

Source: Cordell, Urbis. Note the numbers correlate to locations shown on the map in Figure 3.1

3.8 Implications for the Cheltenham Structure Plan

The implications that can be drawn from the summary of the employment, economic, worker and industrial indicators in this section include:

- Cheltenham's economy has experienced moderate growth over the past decade, adding approximately 180 workers annually. This growth has been driven primarily by the health care sector, which, although still relatively small, has expanded. Retail trade, Cheltenham's largest sector, has seen minor growth, while the industrial sector has declined in terms of workforce numbers.
- Bayside Business District is transitioning towards mixed employment uses, with recent growth driven by professional services, health and education and population services. Industrial jobs have stagnated in the District. Recent and pipeline development indicate that this transition will continue, with a number of proposals of high-amenity mixed office-warehouse uses. With new the new SRL East development underway, Structure Planning to consider ways to accelerate this transition to foster growth within the Bayside Business District, while enhancing its vibrancy as a business precinct.
- Cheltenham's recent developments and pipeline indicate current market activity. The largest growth has been in mixed office/warehouse spaces across the Bayside Business District, with some incorporating small retail offerings. Other recent developments also emphasise a mix of uses, underscoring the suitability of this typology for the Cheltenham area.

Part B: Economic outlook and potential

Part B includes:

- **Section 4** reviews the role of suburban employment hubs and assesses the potential for growth in professional services jobs in the Cheltenham Structure Plan Area.
- **Section 5** considers the changing nature of work and jobs, the impacts on workplace types and locations, and the implications for planning future employment floorspace in the Structure Plan Area.
- **Section 6** considers the economic strengths and challenges of the Structure Plan Area and assesses its long-term economic potential and growth.

4. Supporting the evolution of employment hubs outside CBDs

This section provides an analysis of the present functions of employment hubs outside the Melbourne CBD and the distribution of professional services jobs across Greater Melbourne. The growth of employment hubs outside the Melbourne's CBD is contrasted with Sydney, emphasising crucial insights and strategies for promoting the development of suburban employment hubs.

SRL East will enhance connectivity to Cheltenham and drive employment growth. This analysis provides a framework to evaluate whether Cheltenham can support a major employment hub with a high concentration of office-based uses or if a smaller, mixed employment function would be more suitable.

4.1 Historical and current role of suburban employment hubs

Suburban centres have traditionally focused on meeting the needs of their local communities, serving as hubs for employment that cater to the population. This includes employment in sectors such as health, education and other population services.

On the other hand, central business districts (CBDs) have traditionally played a crucial role as the primary commercial and economic centres in Australian cities. They have been characterised by dense concentrations of professional services jobs including corporate headquarters and financial institutions.

With the evolution of technology, changing work patterns, and shifting preferences, the roles of suburban employment hubs and CBDs are evolving, with some suburban areas transforming into vibrant centres accommodating more professional services and CBDs adapting to accommodate a more diverse range of activities and functions. There are several push factors at play. As CBDs reach their capacity, accommodation costs (such as rents) increase and there is limited space for new employment floorspace. As outlined in Section 2, there is also a strong policy push to decentralise jobs across metropolitan areas to increase economic competitiveness and employment opportunities.

4.2 Distribution of professional services - Melbourne vs Sydney

Figure 4.1 and Figure 4.2 show the distribution of professional services jobs across Melbourne and Sydney respectively.

In Melbourne, the CBD offers the principal concentration of professional services jobs, while there are few of these jobs in suburban areas. The more limited role of professional services in Melbourne's suburban centres is linked to its highly centralised and successful CBD and inner city. Its excellent accessibility and amenities, along with a critical mass of knowledge intensive firms, has made inner Melbourne a highly attractive location for business, leading to a concentration of economic activity.

These businesses depend on the most skilled workers, and by locating in the heart of Melbourne, employers have access to the largest possible supply of labour via the hub and spoke network of train lines and freeways. Similarly, the CBD enables businesses to locate close to their clients, a key factor which has been shown in to influence business location.

As at the ABS Census in 2021, 21% of Melbourne's total job market is now concentrated in the CBD (the Melbourne City SA3 was adopted as the Melbourne CBD for this assessment). Consequently, 43% of all professional services jobs are in the Melbourne CBD, with a substantial share of the city's office space concentrated in the CBD. In Sydney, while the CBD remains significant, professional services jobs are also located outside the CBD, particularly in the corridor extending from the CBD towards Macquarie Park. Only around 35% of professional services jobs across Greater Sydney are in the CBD (defined as the Sydney [North] – Millers Point and Sydney [South] – Haymarket) SA2s).

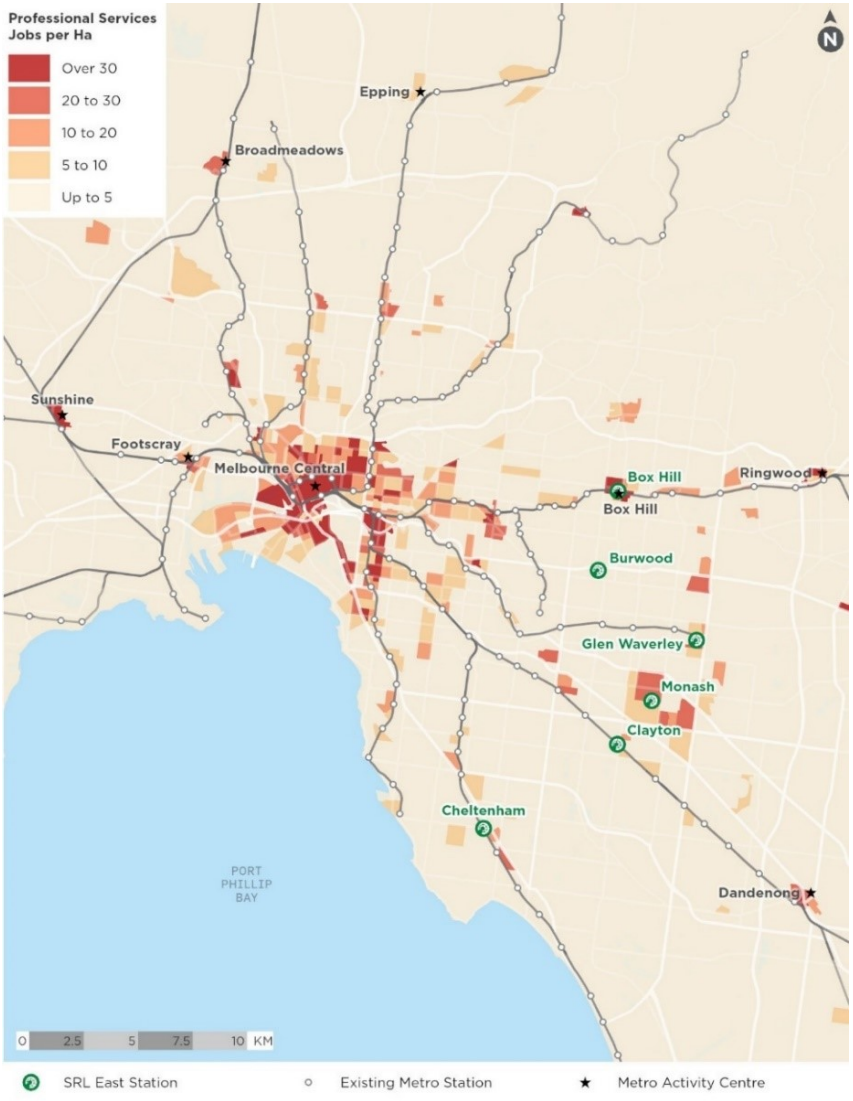


FIGURE 4.1 DISTRIBUTION OF PROFESSIONAL SERVICES EMPLOYMENT DENSITY ACROSS MELBOURNE, 2021

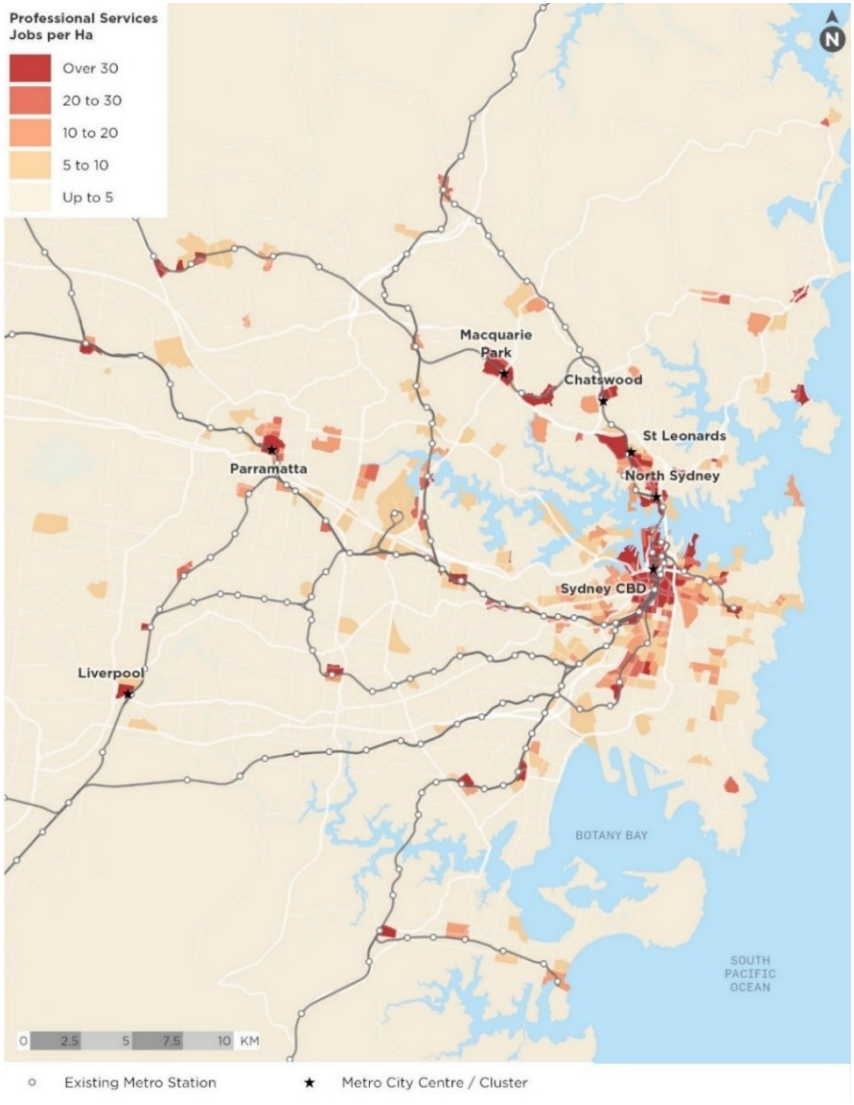


FIGURE 4.2 DISTRIBUTION OF PROFESSIONAL SERVICES EMPLOYMENT DENSITY ACROSS SYDNEY, 2021

Source: AJM JV, ABS Census 2021

As Figure 4.3 shows, key clusters of professional services outside the CBD include:

- Macquarie Park
- North Sydney
- Parramatta
- St Leonards / Crows Nest
- Chatswood.

Compared to the current SRL East Structure Plan Areas, a higher share of the jobs in these areas are professional services jobs. An average of just under 50% of all jobs in these Sydney hubs are in professional services, compared with around 20% in the SRL East Structure Plan Areas, erring higher in the denser regions of Box Hill and Monash, as shown in Figure 4.3. More detail profiling the Sydney suburban employment hubs is provided in Appendix C, Table C-1.

Over the past decade in Sydney, more office floorspace was delivered outside the non-CBD office markets.[10] Looking forward, pressures such as escalating rents in Sydney's CBD, and space limitations are likely to continue to propel the growth of office floorspace, and therefore by extension, professional services jobs outside the Sydney CBD.

While to date, Melbourne's CBD has been able to accommodate the high share of Greater Melbourne's professional services jobs, it cannot continue to do so. There is ultimately limited capacity in the CBD and adjoining areas. This includes a lack of land area to expand, but also transport network constraints capping the ability to keep moving the population in growing outer areas to jobs in the city. As the need for jobs grows in line with Melbourne's population, a greater share of jobs of all types, including traditional CBD employment, will need to be located closer to where people live in suburban environments.

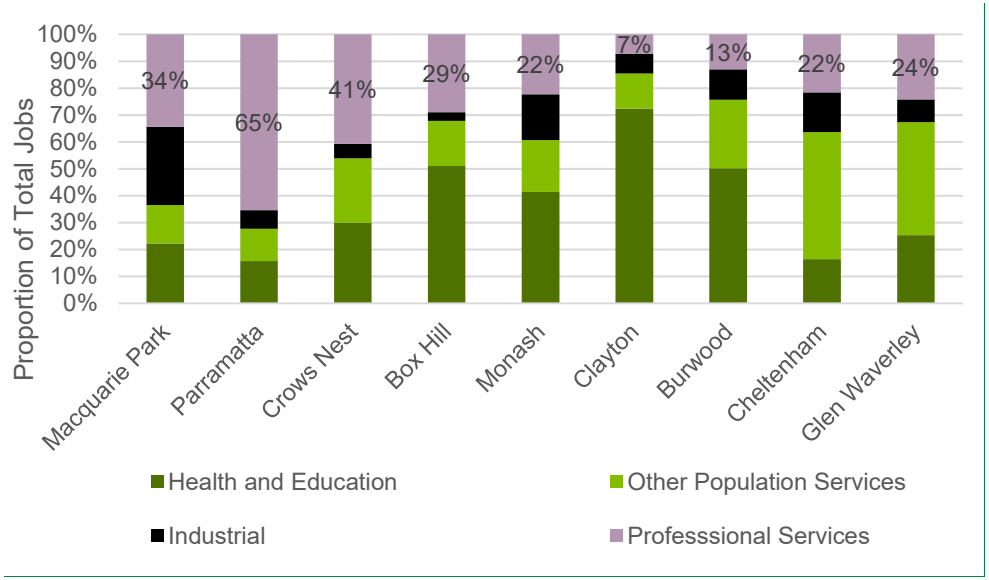


FIGURE 4.3 JOBS BY INDUSTRY, SELECTED SYDNEY SUBURBAN EMPLOYMENT HUBS AND SRL EAST LOCATIONS, 2021

Source: ABS Census 2021, AJM JV

While there are factors influencing suburban employment growth in Sydney that are not as applicable to Melbourne, such as accessibility challenges owing to the geographical arrangement of Sydney, the Sydney experience can be instructive for the evolution of Melbourne's suburban employment hubs. Exploring the key drivers of non-CBD employment and office growth in Sydney can offer valuable insights into promoting the growth of professional services employment beyond Melbourne's CBD. These elements are explored more below.

[10] Savills, "Location requirements for office occupiers" Prepared for the Western Sydney Parkland City, June 2021

4.3 Essential factors fostering the evolution of suburban employment hubs

While each employment hub has specific factors influencing growth and each plays its own role, the Sydney experience highlights some common success factors that are applicable to understanding how the suburban employment locations in Melbourne may grow and support a greater share of professional services jobs.

This review highlights that in the Sydney context, suburban office hubs are not located at every train station, but generally at locations with the specific features such as a major anchor, high amenity and excellent public transport accessibility. For SRL East, this highlights that suburban office space is likely to play a varied role in each Structure Plan Area, defined by its unique attributes.

The Macquarie Park Innovation District is one example of the successful growth of a suburban employment hub, driven by a combination of public transport enhancements (particularly rail connections); the collaboration of key institutions, government, and private sector; amenity for workers driven by a growing residential population; and space to grow office space. Macquarie Park is profiled in more detail in Appendix C.

Figure 4.4 provides a snapshot of the key elements fostering the expansion of suburban employment hubs, which is applicable to the future role of some of the employment hubs to be serviced by SRL East. More detail on these key elements and examples in the Sydney context are provided in Appendix C, Table C.2.

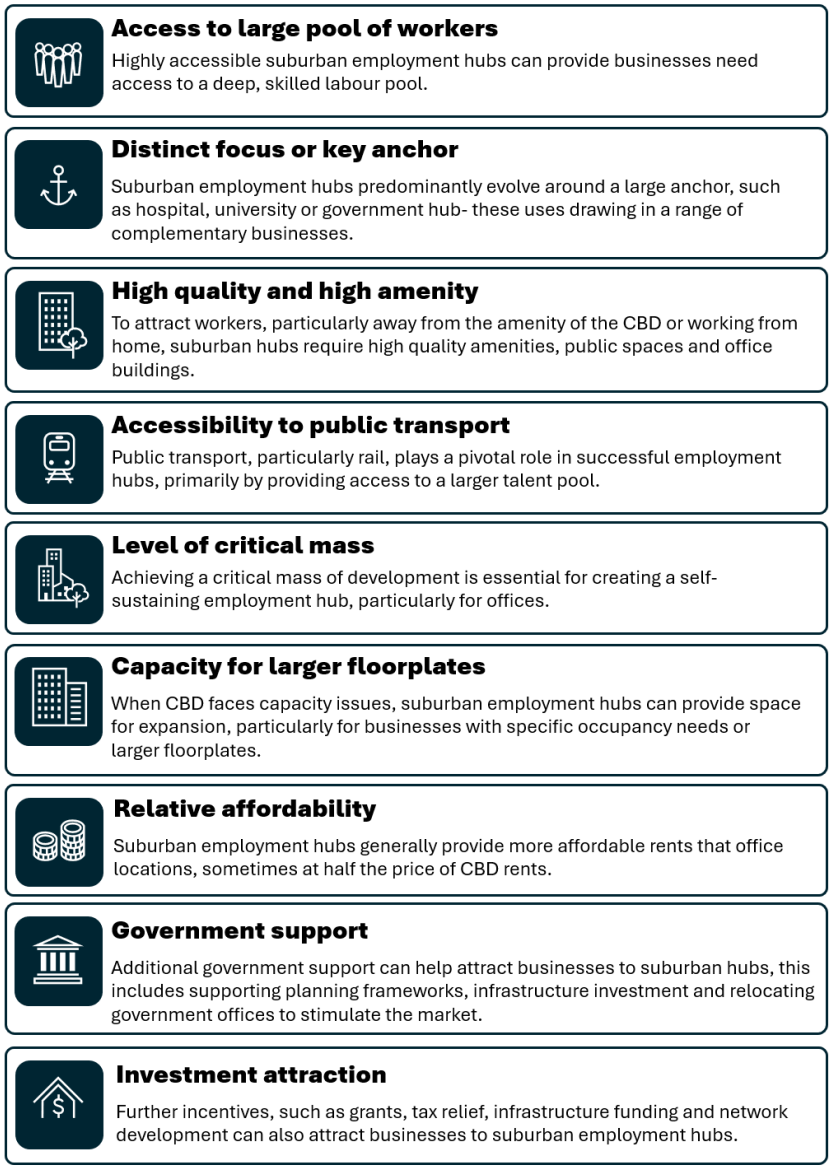


FIGURE 4.4 KEY ELEMENTS OF SUBURBAN OFFICE HUBS

Source: AJM JV

Figure 4.5 assesses Cheltenham against these factors, highlighting the propensity for Structure Plan Area to support a larger suburban office hub.

The potential to develop a large suburban office hub in Cheltenham is relatively limited due to the spatial constraints around the Southland Activity Centre and the focus of the Structure Plan Area, which provides locally focused retail and population services. There is certainly is an opportunity to enhance Cheltenham's current office offerings, recognising the increased number of residents, workers, visitors, and the improved accessibility that the new SRL East Rail will provide.

Around the Southland Activity Centre, office development is likely to concentrate in areas with excellent access to the new SRL East Station and along the Nepean Highway towards the Cheltenham Activity Centre, where there is an emerging mix of office uses. Offices will also continue to be a part of the Highett Activity Centre's offer. In these hubs, office spaces are likely to support a broad mix of smaller businesses that serve local or regional needs, with employment drawing from both local and regional catchments.

The Bayside Business District also contains some emerging office uses, typically mixed with warehousing and storage. Considering the elements in the framework in Section 5.4 for the Bayside Business District, it has the capacity to support larger floorplates but is constrained by a lack of key anchors, high proximity to the future SRL East Station, and varied amenity, which limit its ability to support a larger cluster of office uses in the medium term. Some areas towards Bay Road could accommodate additional office spaces if there are improvements in amenity, vibrancy, and accessibility towards the new station.

Element		Opportunity in Cheltenham
Access to a large pool of workers	Medium	White-collar workforce in surrounding suburbs, but catchment constrained by Phillip Bay to the west.
Distinct focus or key anchor	Medium	Limited to large retail anchor at Westfield Southland and an industrial area at Bayside Business District.
High quality, high amenity	Medium	No existing activity centre core in Structure Plan, likely to emerge but will be limited in scale.
Access to public transport	High	SRL East plus existing MTM train line and bus interchange.
Critical mass	Low	Very limited office market and distributed across the Structure Plan area, including adjacent Cheltenham Activity Centre
Capacity for large floorplates	Medium	Some sites available around future SRL East station and potentially in the Bayside Business District.
Relative affordability	High	Rents compare favourably with CBD and inner Melbourne.
Government support	Medium	Limited policy support for Cheltenham as a significant office hub.
Investment attraction	Low	Limited given low policy support for significant office hub at this location.
CHELTENHAM OVERALL		**Limited potential for growth as a major office hub, but opportunity to grow current office offer**

FIGURE 4.5 ASSESSMENT OF CHELTENHAM AGAINST KEY FACTORS OF SUBURBAN OFFICE HUBS

Source: AJM JV

4.4 Role of residential in employment hubs

Residential elements are becoming increasingly important in many new employment hubs both in Australia and internationally. This shift reflects an appreciation that residential uses can create a mixed-use environment, yielding numerous benefits for employment precincts. These benefits range from increased activation to providing essential housing and enhancing development viability. These advantages are summarised in Figure 4.6.

International evidence shows that successful innovation districts require mixed land uses and are socially, culturally, and economically diverse, offering a variety of housing types, tenures, and prices. Examples include Kings Cross Innovation District in London, Brooklyn Tech Triangle in New York, and Boston Waterfront Innovation District in Massachusetts[11].

Closer to home, residential areas are increasingly becoming part of major employment precincts. For example, Macquarie Park's new master plan incorporates residential developments to enhance vibrancy and activity. The most recent Place Strategy aims to add over 7650 homes to the precinct. Refer to Appendix C for further detail.

Similarly, the Tonsley Innovation District in Adelaide, a high-value manufacturing hub, intends to provide housing for a diverse mix of residents, supporting approximately 1600 people12. Including residential uses enhances vibrancy, leverages the benefits of mixed-use development, and financially supports the delivery of other uses and developments in the master plan.

This does not imply that all employment precincts require housing. Areas with a range of industrial uses need appropriate separation from sensitive uses like residential. Case studies show that employment precincts can include discrete residential or mixed-use areas, supporting the development of active, vibrant, and sustainable employment hubs.

This approach aligns with the Victorian Government's publication 'Unlocking enterprise in a changing economy' which recognises the value of residential uses in the enterprise and innovation precincts. They highlight how recent changes to the Commercial 3 Zone, designed to realise 'enterprise precincts' allow for 'complementary yet limited retail and residential uses where these uses are considered appropriate to support enterprises to flourish'13. Figure 4.7 illustrates what DELWP (now Department of Planning and Transport) considers to be the key factors driving the success of enterprise precincts which includes factors such as quality of place, diversity and inclusion, and accessibility, each which can be positively influenced by residential development.

In the Cheltenham context, consideration could be given to the role residential uses could play in the Bayside Business District. While it is not a precinct that at this stage requires residential development to support key workers given the residential areas nearby, it could make mixed use development in select locations more feasible and support more business activity, driving higher employment outcomes on otherwise standard industrial land. Parts of Bayside Business District, including sections of Bay Road, are zoned mixed use and already support residential uses.

[11] AHURI (2020) Affordable housing in innovation-led employment strategies. Report 133, DOI 10.18408/ahuri-7320401

[12] Tonsley Innovation District (2024), https://tonsley.com.au/vision/,

[13] DEWLP (2018) 'Unlocking enterprise in a changing economy' page 3

Creating vibrancy and amenity

Residential areas enhance office hub vibrancy by maintaining activity beyond regular working hours, creating a dynamic and appealing environment for businesses and employees alike.

Drive demand for a local services

Residents contribute to the local economy by spending on goods and services, which supports retail, dining, and other businesses in the office hub.

Accommodate key workers & young professionals

Housing in office hubs can target key workers, young professionals, and students with limited housing options, thereby enhancing employment outcomes by ensuring access to a suitable workforce.

Support development feasibility

Integrating residential components can support development feasibility, especially in emerging employment precincts. It can also cross-subsidize other uses and developments within the precinct.

Stimulate further investment

The presence of residential areas can enhance property values and attract investment in the office hub, benefiting overall development.

Result in net employment increases

Certain industrial uses exhibit low worker density. Developing mixed-use areas combining employment and residential spaces can lead to a net increase in employment on these sites.

Sustainability outcomes

Residential areas near office hubs promote walkability, reduce car dependence, and support environmental sustainability by mitigating traffic congestion.

Community building

Residential areas enhance community cohesion in office hubs, making them more attractive places to live and work. This can boost business retention rates and foster local engagement.

FIGURE 4.6 BENEFITS OF RESIDENTIAL DEVELOPMENT IN EMPLOYMENT HUBS

Source: AJM JV

FIGURE 4.7 FACTORS DRIVING THE SUCCESS OF ENTERPRISE PRECINCTS

Source: DELWP (2018) Unlocking enterprise in a changing economy

4.5 Implications for the Cheltenham Structure Plan

The key findings and implications derived from this section influencing the development of the Cheltenham Structure Plan Area include:

- Melbourne faces a distinct challenge in nurturing the growth of suburban employment hubs outside the CBD. It requires a major shift from historical trends and current norms. This is particularly so for professional services jobs, which have historically concentrated in and around the Melbourne CBD.
- Learning from Sydney's experience, there are several factors which can support growth of suburban employment hubs. These include high worker amenity, worker catchment, role of key anchors, supportive planning framework and other strategies to attract and incentivise business investment.
- Based on an assessment of suburban office hub attributes, Cheltenham has relatively limited potential to support a major increase in professional services employment and develop into a larger office hub. Future office space will look to harness the amenities provided by the Southland Activity Centre, Highett Activity Centre, and Bayside Business District, acknowledging the increased number of residents, workers, visitors, and the improved accessibility provided by the new SRL East.
- The role of residential development in facilitating greater intensity of employment activity within Bayside Business District could be explored.

5. Industry requirements

This section summarises key industry trends influencing the floorspace needs of different businesses, as well as the specific location requirements of various sectors. This helps in understanding the specific types of floorspace needed to accommodate the projected jobs growth in the Structure Plan Area, and the ideal locations for the floorspace.

5.1 Changing nature of work and jobs

The changing nature of work, driven by globalisation, technologies and demographic shifts is reshaping the employment landscape and workspace requirements.

Over the last 40 years there has been a shift across all industries towards occupations with a higher level of skills, alongside the decline of industrial activity in the economy. As outlined by the RBA[14], this trend has been predominantly driven from a labour demand perspective, with industries requiring an increasingly higher level of skill over time, rather than a shift in employment from industries with low-skilled employment to those with high-skilled employment.

A key driver of this has been the noticeable decrease in the proportion of people employed in routine jobs. Technology has had a significant impact on routine manual as well as cognitive jobs. Automation and robotics have significantly replaced human labour in agriculture and manufacturing sectors. Technology has also facilitated the outsourcing of routine cognitive tasks to regions with lower labour costs, such as offshore call centres and back-office operations. This has culminated in the relative decline of lower and middle-skilled jobs over the past 30 years.

Improved technological efficiency, while decreasing the number of low-skilled jobs, does not decrease employment overall. In contrast, non-routine roles have gained increasing significance. These positions are inherently more challenging to automate due to various factors. For instance, occupations like architecture often require creativity and problem-solving abilities, while others like childcare require a physical presence.

The significance of non-routine positions has led to considerable expansion in the broader service sector. Over the past 15 years or so, the health care and social assistance industry has made the largest contribution to employment growth, with most new positions falling into the non-routine category. Following health care, the professional, scientific and technical services, and education and training sectors are the next largest contributors to the growth of non-routine jobs during this period as these industries experience increased demand for labour upskilling[15]. This trend is reflected in the changing composition of employment by industry across Victoria, shown in Figure 5.1.

Looking forward, continued technological change, such as AI and other technologies, is likely to bring a variety of changes to employment. Increased automation will continue to reduce demand for routine jobs and increase demand for higher skilled workers across all industries, particularly in health and education and the professional services sectors.

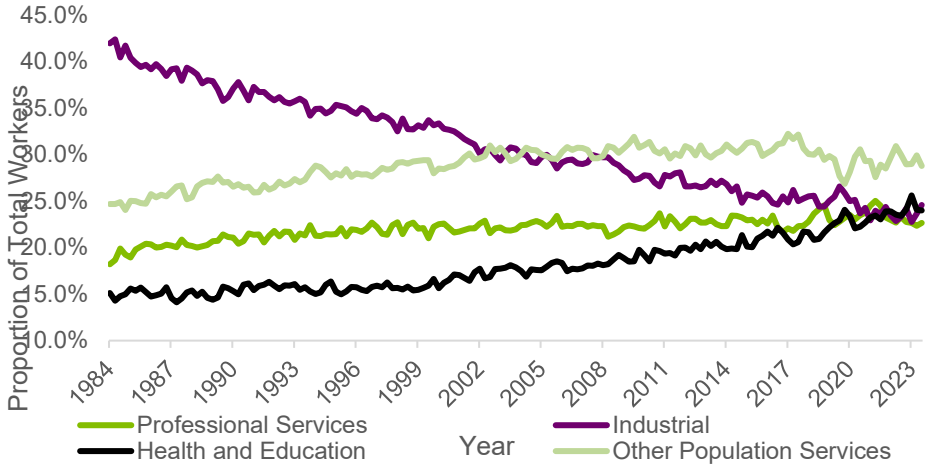


FIGURE 5.1 SHARE OF WORKERS BY BROAD INDUSTRY, VICTORIA, QUARTERLY COUNT 1984 - 2023

Source: AJM JV, ABS Labour force time series, detailed by industry

[14] *Heath, A. (2020). Skills Technology and the Future of Work (Speech). Reserve Bank of Australia. https://www.rba.gov.au/speeches/2020/sp-so-2020-03-16.html*

[15] *Heath, A (2016) The Changing Nature of the Australian Workforce (Speech). Reserve Bank of Australia ttps://www.rba.gov.au/speeches/2016/sp-so-2016-09-21.htm*

5.2 Emerging workplace trends

The changing nature of work and jobs also impacts the types of spaces we work in. Our workplaces are constantly changing, and the rate of change was expedited by the COVID-19 pandemic, which accelerated the cultural norms and technologies to support flexible and remote work. It also emphasises the importance of high amenity workplaces to engage workers and the value collaborative spaces to enable the transfer of ideas and knowledge.

Key trends influencing where and how we work are summarised below, with further explanation provided in Appendix C.

- **Mixed use buildings and precincts** – There has been a shift towards uses and activities mixing in buildings and precincts to create opportunities for collaboration and engagement, while enhancing amenity and vibrancy for workers.
- **Remote work** – The increase in and acceptance of remote working post COVID-19 has led to greater flexibility of how and where we work.
- **'Flight to quality'** – To attract employees and encourage them to come together in a formal workplace, businesses and institutions are increasingly seeking high-quality workspaces supported by high levels of amenity.
- **Co-working** – As a response to supporting the need and desire for remote working, but maintaining employee interaction and collaboration, demand for co-working facilities and suburban office hubs is increasing.
- **Technology** – Technological advancements and increasing infrastructure needs to support digital capacity are influencing the nature of workplaces and support services.
- **Sustainability** – Sustainable workspaces as increasingly a must-have, providing for energy efficiency, meeting environmental, social and governance (ESG) commitments and attracting talent.

5.3 Impact on workplace typologies and locational preferences

Workplace needs are evolving in response to these trends. In planning for future employment floorspace, the impact of the trends on the type, nature and location of the buildings accommodating the future workforce must be considered. The main changes to future building typologies and locational preferences are summarised in Figure 5.2, noting the impacts will differ by industry. These trends have been considered specifically to the Cheltenham context in Section 9.6. More details on the influence of trends on workplace typologies and locational requirements by sector is included in Appendix C, Figures C.1 to C.6.

FIGURE 5.2 WORKPLACE TYPES BY INDUSTRY GROUP

Source: AJM JV

5.4 Implications for the Cheltenham Structure Plan

The changing nature of work, jobs and workplaces has the following implications for the development of the Cheltenham Structure Plan:

- Cheltenham currently benefits from the dominance of population-services in the broader economy, but given long term trends, this sector may not provide significant employment growth over the forecast period. The Structure Plan should promote further diversification of activities in Cheltenham and support a transition away from traditional industrial activity.
- For Cheltenham, this involves supporting a mix of employment uses within its network of activity centres. The Structure Plan should foster employment growth around Southland and Highett by encouraging mixed-use buildings, co-working spaces, and ensuring a high-quality, high-amenity urban environment.
- The Bayside Business District can draw inspiration from many contemporary urban industrial precincts that are increasingly focused on customers and workers, with a high-quality public realm. Enhancing the amenities in the Bayside Business District will help make the area attractive to workers and visitors, supporting a broader mix of businesses as traditional industrial activity transitions to mixed commercial outcomes.

6. Economic potential

This section considers the economic potential of the Structure Plan Area, highlighting the main attributes and challenges that will impact its long-term economic growth.

6.1 General drivers of economic growth

Figure 6.1 summarises the main drivers of growth which will influence long-term growth and development in the Cheltenham Structure Plan Area. These drivers arise from broader trends in the Greater Melbourne economy and will shape economic growth across the urban area, especially in areas undergoing significant change such as the SRL East corridor. These factors have been taken into account when defining the competitive strengths of the Cheltenham Structure Plan Area.

6.2 Strengths, weaknesses, opportunities and challenges of local industries

Table 6.1 to Table 6.6 assess the economic competitiveness for employment and economic growth in the Cheltenham Structure Plan Area. It does this by using a SWOC framework which considers strengths, weaknesses, opportunities and challenges. The purpose is to understand the relative strengths and weaknesses of the area generally, and each industry specifically, to identify the competitive potential of the Structure Plan Area over the next 15 to 20 years.

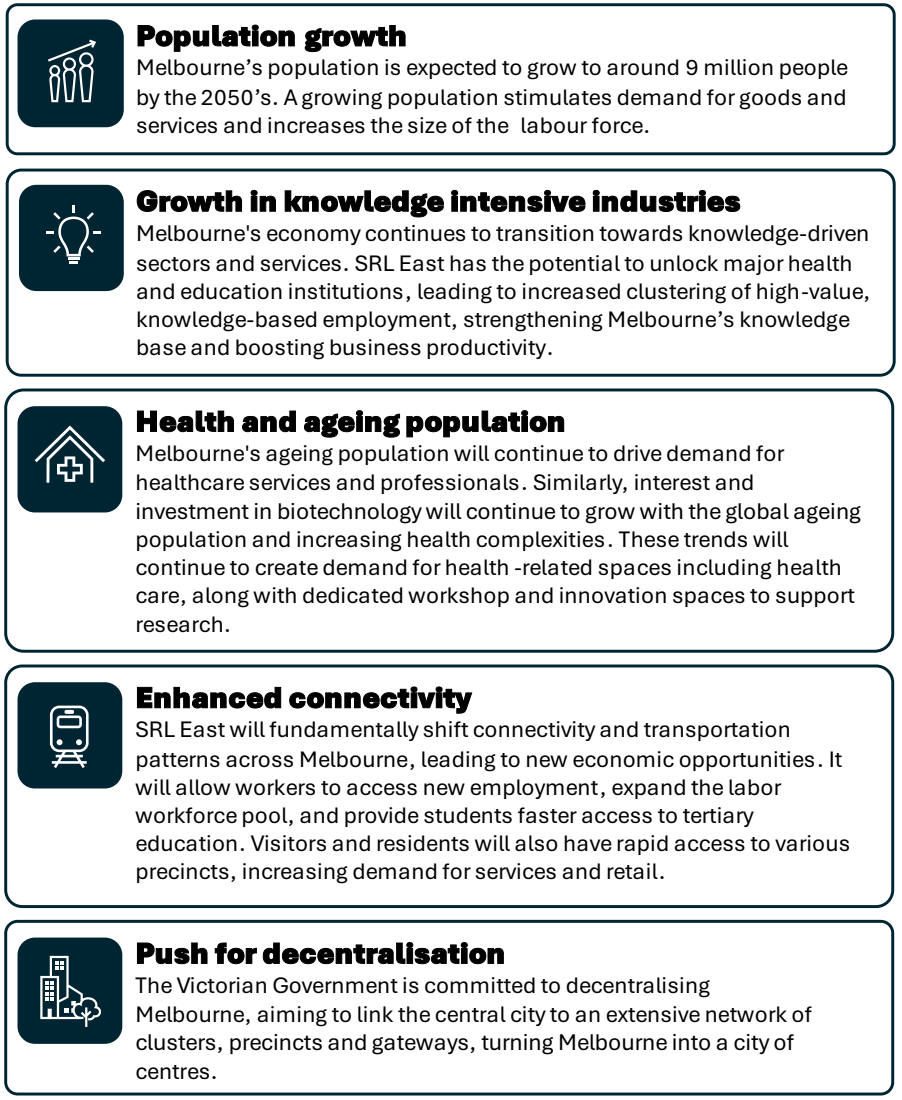


FIGURE 6.1 GENERAL MARKET DRIVERS OF ECONOMIC GROWTH

Source: AJM JV

TABLE 6.1 CHELTENHAM GENERAL ECONOMIC SWOC ASSESSMENT

STRENGTHS	WEAKNESSES
• **Skilled worker catchment:** Local workers are characterised as being highly educated, slightly younger and with relatively high incomes compared to workers across the South East Region and Greater Melbourne. • **Network of activity hubs:** There are five distinct employment/activity hubs located inside and adjacent to the Cheltenham Structure Plan Area. These play various roles including local services, retail, industrial and an emerging office market. They also provide good amenity for workers with access to retail and a hospitality offer. • **Arterial roads:** Nepean Highway has large traffic volumes, providing excellent exposure and access for retail uses and medium scale office buildings. • **Rail connectivity:** SRL East has potential to connect customers with the Frankston MTM Line at Southland, opening up greater accessibility for residents, workers and visitors.	• **Limited employment growth**: Cheltenham has the smallest number of professional services, health, and educational jobs, which are considered key growth industries for Greater Melbourne. Whilst Cheltenham's job forecast is influenced by this modest starting point, and recent growth has been strong, achieving these forecasts may be challenging due to competition from more established and larger clusters in around other SRL East stations. • **Connectivity across Nepean Highway and to Bayside Business District**: While regional connection via the Nepean Highway is strong, it does impact the local connectivity within the Structure Plan Area. This affects the walkability of the Structure Plan Area , for example, moving from the station across to the east of the Highway near the Chesterville Road intersection. Likewise, the Bayside Business District (certainly parts further south west) are some distance from the future station, with the existing train line limiting access to Bay Road
OPPORTUNITIES	**CHALLENGES**
1. **New development around SRL East Station:** Introduction of a new SRL East Station along Bay Road, adjacent to the shopping centre, presents an opportunity to reimagine this area and establish a new focal point for the Structure Plan Area. With access to two rail lines and proximity to Southland Shopping Centre and nearby parklands, this area offers a high level of amenity that could support some increased local employment. • **Revitalise Bayside Business District:** The local planning framework has supported the transition of the Bayside Business District for nearly two decades, though the pace of change has been relatively slow. The introduction of SRL East, along with new infrastructure and amenity upgrades, may further accelerate this transition.	2. **Dispersed employment activity:** Cheltenham's various employment hubs disperse business activity across the Structure Plan Area and there is no centralised hub for employment activities (except for retail). This dispersion might impact the potential for agglomeration among businesses, potentially limiting opportunities for attracting employees, facilitating knowledge-sharing, and attracting customers. 3. **Limited land around SRL East Station:** The Cheltenham SRL East site is relatively small in size and constrained by parklands, existing rail lines and the Southland Shopping Centre building. This limits the number and size of developable sites. Beyond the SRL East station site itself and perhaps the western car park area of Southland, well-connected sites are scarce. Westfield Southland will remain retail focused, with the owners unlikely to restrict future development opportunities (and diminish asset value) by giving up air rights above the centre. This leaves development to some limited sites on the edge of the shopping centre and otherwise along the Nepean Highway frontage. 4. **Key employment areas outside the Structure Plan Area:** The Moorabbin Industrial Area and Cheltenham Activity Centre are likely to also contribute to jobs growth in the Cheltenham area over the long term. These areas out outside the Structure Plan Area may reduce the ability to influence the facilitation of jobs growth through the Structure Plan alone.

TABLE 6.2 CHELTENHAM PROFESSIONAL SERVICES SWOC ASSESSMENT

STRENGTHS	WEAKNESSES
• **Some growth in professional services:** This sector grew moderately over past decade at around 2.5% per annum, resulting in an additional 500 jobs. The highest growth was seen in financial and insurance services, but the sector still remains relatively small. • **Bayside Business District cluster:** Around two thirds of Cheltenham's professional services jobs are found in the Bayside Business District. The number of knowledge intensive jobs in the Bayside Business District grew relatively strongly over the past decade, but from a small base. This appears to align with the policy shift to increase the number of offices in the District. • **Office uses Bayside Business District:** Bayside Business District supports a range of business types that are attracted to the opportunities for the combination of office space and industrial warehouses/light industry. The area is likely to continue to evolve to provide a range of business activities.	• **Small office market:** The office-based market, which is commonly used by professional services businesses, is relatively small and immature, particularly compared to other office markets in the South East region (e.g. Box Hill). There is a lack of major office-based tenants and there has been very limited office-based development in recent years, except for small suites as part of a mixed-use buildings. • **Limited and dispersed pipeline development:** Existing and pipeline office developments are dispersed across the Structure Plan Area, around Southland Shopping Centre, Bayside Business District, Highett and Cheltenham Activity Centres. As such there is no critical mass of office development and the current office provision is generally located some distance from the new station.
OPPORTUNITIES	**CHALLENGES**
• **Development around SRL East:** Land around the future SRL East Station site may have potential for office uses. This area will benefit from direct access to other business and institutions along the SRL Corridor. New development around the SRL East station, proximity to the Southland Shopping Centre and connections to the MTM Frankston Line will also provide a high level of worker amenity which is a key driver of office location. • **Continued sector growth:** Growth in knowledge intensive industries in Bayside Business District is likely to continue with the area benefiting from improved accessibility and new office stock. • **Leverage transformation of surrounding areas:** New office space in the Moorabbin Industrial area, for example, Morris Moor is likely to attract some knowledge intensive uses to the Moorabbin Industrial Area and have spillover benefits to the Cheltenham area by providing retail amenity, accessibility and encourage similar development with the Bayside Business District.	• **Limited growth for sector:** Professional services plays a small role in Cheltenham. Achieving high growth in this sector could prove challenging due to several factors, including the absence of significant office-based employment anchors and the lack of established clusters (except for retail) that could help attract these knowledge intensive businesses. Given the absence of these features, professional services jobs opting for Cheltenham are likely to be relatively mobile, having the flexibility to choose locations anywhere across Melbourne. This dynamic introduces additional competition from larger nodes along the SRL East corridor. • **Accelerating Bayside Business District:** This district has long been identified for growth and transition towards office uses. Whilst there is some office development, the pace of development is relatively slow. Whilst SRL East will increase accessibility to this area, it still is located around 500m away, is heavily car dependent and lacks a clear focus or anchor to drive professional services growth. Further strategies, beyond the planning framework may need to be considered to accelerate growth in this location.
Professional services have historically played a supporting role in Cheltenham, with small clusters distributed throughout the Structure Plan Area. As detailed in Section 4.3, demand for office development is likely to be modest, and thus professional services are likely to remain a smaller, locally focused sector. However, there is an opportunity to expand professional services in line with residential growth and to explore ways to accelerate office growth around the new SRL East Station and in the Bayside Business District.	

TABLE 6.3 CHELTENHAM HEALTH SWOC ASSESSMENT

STRENGTHS	WEAKNESSES
• **Strong growth:** Health sector grew strongly in proportionate terms over past decade, but from a small base. The number of health workers doubled in the last decade. • **Supporting role:** Health offer in Cheltenham is typically a mix of smaller health consulting rooms and local health services. This offer complements the existing retail offer and activity centres across the Structure Plan Area.	• **No cluster:** Cheltenham lacks a health cluster which can play an important role in driving local employment opportunities.
OPPORTUNITIES	**CHALLENGES**
• **Growing population:** Health services in Cheltenham are likely to continue serving a primarily local role, meeting the needs of residents, and potentially workers. An increase in residents and workers is likely to continue to drive growth in this sector. • **Health and wellness:** The continued growth of Cheltenham's activity centres and the transition of the Bayside Business District are highly complementary to Cheltenham's local health, allied health and health and wellness offer. These uses typically use smaller offices, suites and consulting rooms in activity centres and integrate well with a retail offer.	• **High competition for health uses:** The proximity to large health clusters nearby (i.e. Clayton Precinct) and the lack of large health uses presents a significant challenge in growing Cheltenham's health offer beyond local a local scale.
Overall, the health sector in Cheltenham is likely to maintain its supporting role, primarily meeting the needs of residents and, to a lesser extent, workers. It is expected to grow in line with residential growth, providing a broader range of health and wellness services that complement Cheltenham's retail offer.	

TABLE 6.4 CHELTENHAM EDUCATION SWOC ASSESSMENT

STRENGTHS	WEAKNESSES
• **Small sector:** Education sector grew over the last decade, although from a very small base. • **Pre-school focus:** Numerous pre-school education facilities (i.e. childcare, kindergarten) located across the Structure Plan Area.	• **Limited schools:** There are no schools or tertiary facilities located in the Structure Plan Area.
OPPORTUNITIES	**CHALLENGES**
• **Increase role:** The analysis of industry specialisation (location quotient) indicates that education is underrepresented in Cheltenham when compared to selected regional benchmarks. This implies an opportunity to foster growth in these sectors to better meet local needs and potentially look at the opportunity to increase the education offer within the Structure Plan Area. • **Activity centre education:** Some education employment growth could come within the activity centres in Cheltenham in office-like spaces (e.g. adult education, tutoring services). • **Future demand:** Population growth may create a requirement for school facilities within the Structure Plan Area. Identifying the specific need for school facilities is beyond the scope of this report.	• **Lack of schools:** Continued population growth will increase demand for education, particularly schools. This will need to be met primarily by existing schools located outside the Structure Plan Area, unless new sites for schools can be identified within the area.
Overall, the education sector is set to remain a minor sector in Cheltenham and met by a range of small education spaces (i.e. kindergartens, childcare) in Cheltenham's activity centes. Future school education demand is most likely to be met by existing schools located outside the Structure Plan Area.	

TABLE 6.5 CHELTENHAM OTHER POPULATION SERVICES SWOC ASSESSMENT

STRENGTHS	WEAKNESSES
• **Regional retail role:** Retail trade, along with accommodation and food services, is a distinct specialty within the Structure Plan Area. This is anchored by Westfield Southland Shopping Centre, which has a substantial regional draw extending across the region and attracting over 12 million visitors annually. This creates a significant pool of potential customers.	• **Dispersed activity:** Cheltenham's is bisected by the Nepean Highway which can present a challenge for pedestrians to access a range of retail and community services activities distributed along this corridor.
OPPORTUNITIES	**CHALLENGES**
• **Population driven demand:** Strong population growth in the Structure Plan Area and the broader 20-minute catchment will continue to generate demand for population serving industries such as retail, entertainment and recreation, and accommodation. • **Broaden Southland Activity centre offer:** Revitalisation of the Southland Major Activity Centre, along with the new SRL East and associated infrastructure, offers an opportunity to enhance the range of population services, providing a greater mix of community-focused services and activities. This should completement, not compete with the role of the nearby Cheltenham Activity Centre. • **Worker driven demand:** Continued employment growth in the Bayside Business District and the adjacent Moorabbin Industrial Area provide opportunities to support businesses and workers through retail, food and beverage, accommodation, and other population-serving industries within the Structure Plan Area. •	• **Southland Shopping Centre site:** The opportunity for substantial growth at Westfield Southland is limited due to the constrained nature of the site, and the full range already offered. Some growth should be allowed for though, while any future retail provision elsewhere in the Structure Plan Area should not undermine the role of the retail asset. Achieving the significant retail employment growth projected may be a challenge. • **Highett activity centre:** Due to its size, there is limited growth opportunity in Highett Activity Centre, although mixed use development is likely to see some regeneration. • **Stakeholder engagement:** Employment growth is focused on retail uses and the vast majority are located within the Westfield Southland, a privately owned asset. Therefore, the delivery of these jobs is dependent on the intentions of the property owner, Scentre Group. • **Impact on Cheltenham Activity Centre:** Growing the offer at Southland and Highett activity centres should consider the impact on the long-term growth of the adjoining Cheltenham Activity Centre.
Overall, the other population services sector is likely to grow to serve a larger resident and worker catchment. Southland Activity Centre (with the new SRL East station) will elevate in its role as a regionally important Major Activity Centre, and could support a wider range of other population services such as further retail, F&B, accommodation, arts, recreation etc. Highett will also likely expand its other population services offer. The ability to achieve the projected employment growth may be challenging given the full retail offer currently, which is discussed further in the following section.	

TABLE 6.6 CHELTENHAM INDUSTRIAL SWOC ASSESSMENT

STRENGTHS	WEAKNESSES
• **Cluster at Bayside Business District:** Industrial jobs are primarily found in the Bayside Business District. The share of industrial sector workers in the Bayside Business District has declined over the past decade from 55% of total jobs to 39%. At the same time the proportion in professional services, population serving, and health and education has all increased, indicative of the nature of transition towards more diverse business in this area. This transition is consistent with and supported by local policy. • **Policy support to transition Bayside Business District:** Both State and local policy support retaining Bayside Business District as an employment area but continuing to transition the area away from traditional industrial and manufacturing jobs towards a more hybrid commercial outcome with a mix of office, other commercial, and industrial uses.	• **Declining industrial sector:** Cheltenham's industrial sector has declined over the past decade, with a loss of 800 jobs. However, there has been some overall jobs growth across a range of sectors at the Bayside Business District. • **Slow rate of change in Bayside Business District:** Bayside Business District was rezoned in 2018 to CZ3 to support a greater mix of uses and support growth of the advanced business services. Whilst there has been some growth, it has been relatively stagnant (and likely impacted by COVID-19) and negligible growth in the knowledge intensive sector. • **Distance of Bayside Business District from SRL East:** The Business District is somewhat removed from the proposed SRL station (noting there is already a station in the vicinity). Without more substantial urban design interventions or more regular public transport connections, it is unlikely the project in isolation will shift the focus of the employment precinct greatly.
OPPORTUNITIES	**CHALLENGES**
• **Jobs growth through intensification of Bayside Business District:** Whilst there is consistent policy support to transition Bayside Business District, the pace of change will need to accelerate above historic rates (see Section 3.5) to deliver the future employment projections for Cheltenham. This may require designation of specific areas within the Bayside Business District which are more amendable to mixed employment. Further mechanisms beyond the existing zoning framework may need to be considered to deviate from a 'business as usual' outcome. The result of this growth would be continued decline of industrial jobs but overall growth in total jobs. • **Greater mix of office in Bayside Business District:** Given Bayside Business District is not immediately proximate to the future train station; it is not expected that the SRL project will materially change the role or inherent value of the area as a mixed employment precinct without further support. Nonetheless, the intensification of employment should still be supported. This can come from a greater mix of office space relative to industrial, along with public transport and amenity improvements. This should be done in a way to not conflict or compete with the role of more central locations in Cheltenham as office locations.	• **Policy to preserve industrial land:** The current MICLUP policy to preserve industrial land, like the regionally significant Bayside Business District, may impact the Cheltenham Structure Plan Area employment ambitions. • **Limit impact on industrial activity:** Further transition and changes in and around the Bayside Business District towards more intensive employment uses need to consider existing buffers and the impact on current industrial operations. • **Need to stimulate continued renewal in Bayside Business District:** Under current conditions, Bayside Business District will continue to grow, albeit at a modest rate. In identifying what support or impetus can be provided to drive more activity in the area, consideration could be given to the role of residential development in driving employment growth in industrial sectors. While it is not recommended residential development be supported in large areas of the District, with the regionally-significant industrial role needing to be protected, some mixed use development with residential at the gateway along Bay Road may have positive employment outcomes. Noting the existing mixed-use zoning and some residential use along this part Bay Road already, the continued opportunity to include residential uses in this vicinity could make redevelopment more attractive. Provided commercial outcomes are also required (e.g. office space), the uplift in employment on mixed use sites could be greater than if that land remains as industrial use.
Overall, the industrial sector, primarily located in the Bayside Business District, is likely to continue to stagnate as other sectors grow. A more diverse mix of employment in the Bayside Business District is supported by both local and state government policy and further consideration should be given to actions to accelerate this transition.	

6.3 Implications for the Cheltenham Structure Plan

Table 6.6 summarises Cheltenham's competitive strengths, future employment generators, and potential economic and employment role by 2041. The Structure Plan for Cheltenham should seek to support the growth of key sectors in appropriate locations.

TABLE 6.7 CHELTENHAM STRUCTURE PLAN AREA ROLE IN 2041

	ROLE IN 2041
Regional employment role	*Known for its vibrant network of centres, Cheltenham plays an increasingly important regional role, potentially as a new Metropolitan Activity Centre for Melbourne's middle south. Cheltenham offers a larger, regional population services and retail offer whilst also facilitating access to new employment and education opportunities along the SRL East Line. Cheltenham now also provides a greater range of local employment opportunities, notably knowledge intensive industries and innovative forms of light industrial uses in the Bayside Business District. The Structure Plan Area is also enhanced though improved connectivity and collaboration with the growing Moorabbin Industrial Area*
Competitive strengths of Cheltenham	• **Large, skilled labour force:** The potential workforce size of Cheltenham is anticipated to grow substantially due to SRL East. Improved accessibility will mean better connections between businesses and their workforces, enabling better matching of skills to job and agglomeration benefits. Agglomeration benefits could include attracting employees, opportunities for knowledge-sharing and attracting more customers. A large skilled workforce lives in the Bayside and surrounding area. • **Employment growth distributed across employment hubs:** There are five distinct employment and activity hubs situated both inside and adjacent to the Cheltenham Structure Plan Area. These hubs serve different purposes, encompassing local services, retail, industrial activities, and a locally focused office market. Additionally, they offer favorable amenities for workers, providing convenient access to retail and hospitality services. The ongoing trend suggests that this dispersed pattern of employment growth is likely to persist in the future, with employment opportunities distributed widely across the Structure Plan Area. • **Major regional population services hub:** Westfield Southland is a large shopping centre extending across the Nepean Highway. With a substantial regional catchment, it draws in over 12 million visitors annually. The revitalisation of the Structure Plan Area's core around Southland and the Cheltenham SRL Station, combined with continued population growth in the shopping centre catchment, presents an opportunity to expand the range of services, encompassing a diverse mix of population-based offerings, including lifestyle, entertainment and retail. • **Growth of Bayside Business District:** the continued evolution of the Bayside Business District towards a mixed office and industrial precinct will generate new employment opportunities in the Structure Plan Area. The Bayside Business District is not expected to materially change in terms of its current role as a mixed employment precinct. It is instead likely to continue to intensify employment through a greater mix of office space. The pace of this change will need to accelerate though to meet population projections. • **Moorabbin Industrial Area:** Even though it lies beyond the boundaries of the Cheltenham Structure Plan Area, the ongoing expansion and transformation of the Moorabbin Industrial Area toward more intensive employment activities will influence the employment development in the Structure Plan Area. There is an opportunity for to capitalise on this growth in Moorabbin by offering various complementary retail and population services in the Cheltenham Structure Plan Area. • **Connectivity to CBD and SRL East corridor**: Cheltenham currently benefits from excellent connectivity to the CBD through the existing MTM train services, which is 35min by train from Southland Station. With SRL East in place, Cheltenham workers will also have rapid access to other SRL East stations, including major universities, business hubs and educational precincts, which are not currently provided for in Cheltenham. The Nepean Highway will also remain an important road connection for the southern corridor. • **SRL East policy support**: A robust planning framework which encourages and incentivises new employment developments, will further Cheltenham's competitiveness against the other activity centres in the south east and can help attract new business and investment to this area.

	ROLE IN 2041	
Sector roles (Industries listed in order of economic opportunity)		1. **Other population services**: A revitalised and expanded centre around the Cheltenham SRL East Station will provide a renewed focus in the Cheltenham Structure Plan and enhance the offer around the Southland Activity Centre. This area could support a wider range of other population services such as retail, F&B, accommodation, arts, recreation etc. Highett will also likely expand its other population services offer. Further, broader population growth will continue to drive demand for this sector.
		2. **Professional services:** In Cheltenham, professional services are likely to remain a smaller, locally focused sector. However, there is an opportunity to expand professional services in line with residential growth and to explore ways to accelerate office growth around the new SRL East Station and in the Bayside Business District.
		3. **Industrial:** Primarily located in the Bayside Business District, is likely to continue to stagnate as other sectors grow. A more diverse mix of employment in the Bayside Business District is supported by both local and state government policy. Further consideration should be given to accelerate this transition, supporting growth in industrial sector employment, but in alternative typologies (e.g. combined office/warehouse).
		4. **Health:** Overall, the health sector in Cheltenham is likely to maintain its supporting role, primarily meeting the needs of residents and, to a lesser extent, workers. It is expected to grow in line with residential growth, providing a broader range of health and wellness services that complement Cheltenham's retail offer.
		5. **Education:** Overall, the education sector is set to remain a minor sector in Cheltenham and met by a range of small education spaces (i.e. kindergartens, childcare) in Cheltenham's activity centes. Future school education demand is most likely to be met by existing schools located outside the Structure Plan Area.

Part C: Future employment floorspace demand

Part C includes:

- **Section 7** summarises the methodology for estimating employment floorspace demand in the Structure Plan Area.
- **Section 8** identifies which sectors are expected to generate the most jobs growth in the Structure Plan Area.
- **Section 9** assesses the amount and form of floorspace needed in the Structure Plan Area to support this jobs growth, as well as the most appropriate locations.

7. Methodology for estimating employment floorspace demand

This section summarises the methodology used to assess the amount of employment floorspace required to support projected employment growth in the Structure Plan Area.

7.1 Use of employment projections and floorspace modelling

The employment projections are derived from CityPlan projections generated for the SRL Business and Investment Case. As described in Section 1, CityPlan is most effective representing strategic-level demands and patterns, and its reliability may diminish when the data is broken down by industry at a small-area level. The total job estimates for the Structure Plan Area are considered reliable for the purpose of structure planning. Nonetheless, to estimate floorspace demand by land use type, it is essential to analyse CityPlan job projections by industry at a small-area level.

It is important to recognise that while this report uses these projections as the best available information to estimate floorspace demand by land use type, the job and floorspace mix by industry may ultimately differ. This should be kept in mind when reviewing the calculated floorspace demand by land use type. The floorspace projections by use should not be considered definitive.

A common example is when industrial sector employment is projected to grow, but recent trends show a decline in industrial jobs at the local area, particularly as older industrial areas within a Structure Plan Area transition to other uses. In such cases, while the projections are used, the report highlights areas where actual growth in a specific industry may deviate from the forecast. This provides insight into how critical it is to accommodate the projected floorspace by specific land use type. Ultimately, the key priority is to ensure that the total jobs and overall employment floorspace are adequately provided in appropriate locations.

7.2 Overview of methodology for assessing floorspace demand

At a high level, the process of estimating floorspace demand involves the following steps:

1. **Review of employment projections by industry group** for the Structure Plan Area to understand the alignment with the industry outlook and future vision for the area. The detailed process for this review, and importantly, the limitations of the employment projections, are outlined in Section 7.3.
2. **Determine the distribution of employment across different land uses;** that is, the share of employment in each industry allocated to various land use types.
3. **Establish workspace ratios** (WSRs) for each land use type, indicating the amount of floorspace per employee / worker.
4. **Calculate future floorspace demand.** The estimate of future floorspace demand is calculated by:
    a. Multiplying the 2041 employment projection for each industry by the share of that industry's employment allocated to each land use
    b. Multiplying the employment allocated to each land use by the workspace ratio for that land use.

This method enables the adjustment of workspace ratios and employment land use shares at a Structure Plan Area level to reflect the unique nature of employment in each area. An example of this calculation is described here, noting the below are generic numbers for illustration:

1. Total Health jobs for the Structure Plan Area are an estimated 10,000 in 2041.
2. Health jobs in the Structure Plan Area in future are estimated to in future comprise 60% on dedicated health floorspace (such as a hospital) and 40% on office land uses.
3. The workspace ratio for the health land use is estimated at 40 per worker, with 20 sq.m per worker for office land use.
4. The health land use floorspace estimate is therefore 240,000 sq.m (10,000 workers x 60% x 40 sq.m) and for office space 80,000 sq.m (10,000 workers x 40% x 20 sq.m).

This process is repeated for each industry group to forecast total floorspace demand for each land use type.

Where appropriate, tests have been undertaken to ensure known future supply would fit within the projected outcomes. For illustration, if a development was under construction in the Structure Plan Area that was to deliver office floorspace for 1,000 health care and social assistance jobs, the future movement of health care and social assistance jobs into office floorspace would be adjusted to ensure this known supply is accounted for.

The high-level methodology is shown in Figure 7.1 adjacent. More detail about the methodology for assessing floorspace demand is provided in Appendix E. The following sub-sections describe in detail the estimation of the distribution of industry employment into different land uses, and appropriate workspace ratios.

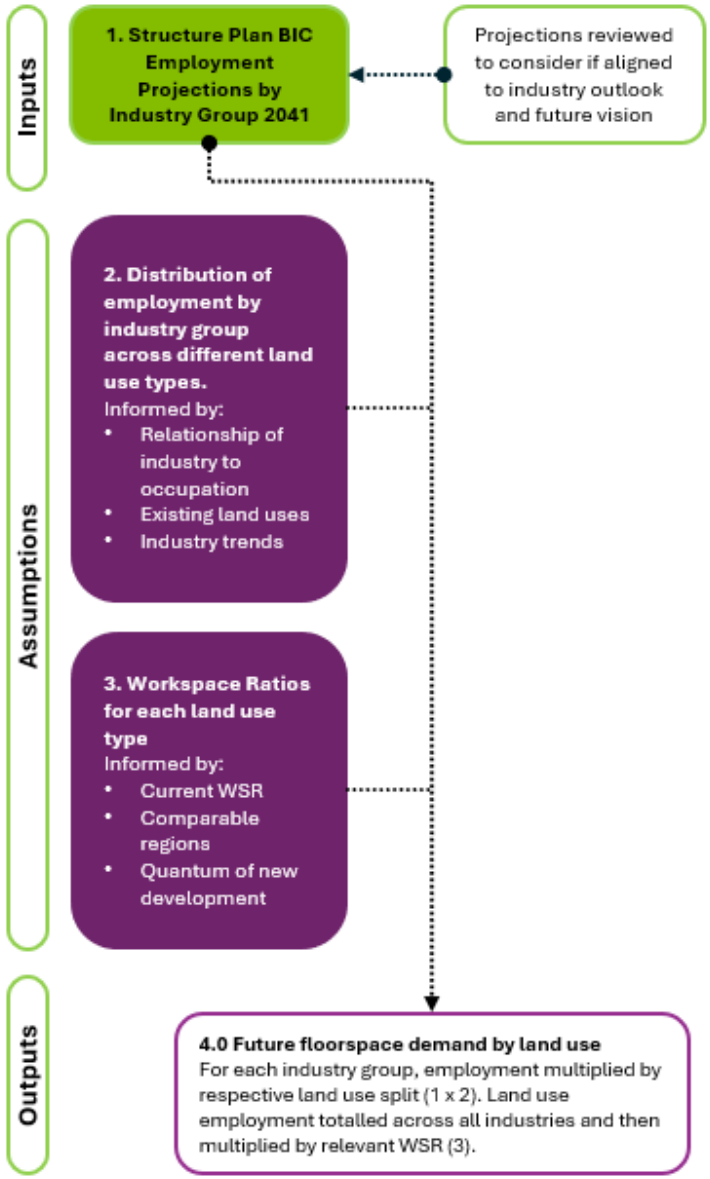


FIGURE 7.1 OVERVIEW OF FLOORSPACE DEMAND METHODOLOGY

Source: AJM JV

7.3 Review of employment projections

The employment projections are derived from CityPlan projections generated for the SRL Business and Investment Case. Given the limitations of using this dataset at the small-area level (refer discussion in Section 7.1) the employment projections were evaluated by taking into account the following factors:

To this end, the employment projections for the Structure Plan were evaluated by taking into account the following factors:

- The current economic role and competitive strengths of the Structure Plan Area
- Historical industry and employment patterns
- Broader industry trends and forecasts
- Consideration of the anticipated employment role and focus of the Structure Plan Area.

This review is summarised in Appendix D.

The aim of is activity is **not to create revised employment projections** for the Structure Plan area, but to highlight where the industry mix may vary from that projected or where additional support may be required to achieve the total employment projection for the Structure Plan Area.

7.4 Deriving employment land use shares

Employment land use share refers to the distribution of workers by land use type.

These proportions capture the distinct employment characteristics of certain areas alongside overarching trends in each industry. For instance, in the industrial sector, the prevailing trend towards job automation suggests that employment will shift towards supportive or administrative roles in office space rather than manual or traditional industrial positions in industrial space.

To estimate the proportion of employees in each industry allocated to various land use categories by 2041, the following steps were undertaken:

- **The relationship between occupations and industries was reviewed**. Using ABS Occupation level 4 data, cross-referenced against the industry of work (that is, a worker in occupation x is employed in industry y, z, etc.) provides an indication of the type of floorspace or land use required for an occupation mix (such as an accountant employed in the industrial sector more likely creates a need for office space rather than industrial land use typologies).
- Analysed data from the floorspace audit in the Structure Plan Area to understand the **potential land uses** workers recorded in each destination zone could work in.
- Manual checks where appropriate to assess any significant deviations from normal range of workspace ratio outcomes.
- Assessed the **shift in workers by industry toward different floorspace types** over time outlined earlier in this report (such as health workers using office space at a higher intensity), considering available time series data indicating change over time in workspace ratios (such as the City of Melbourne Census of Land Use and Employment).

This process is described more in Appendix E, with details of the assumptions adopted for the Structure Plan Area shown in Section 9.

7.5 Deriving workspace ratios

Workspace ratios represent the amount of floorspace allocated to each worker in a work environment. Although there are typical ranges that are often noted, these can fluctuate depending on factors such as location, industry sector, and the specific needs of individual businesses.

This analysis undertaken establishes a workspace ratio (WSR) for each land use type (such as office, health, education, retail) as opposed to a workspace ratio for each industry. This is due to there being variation between workspace ratios in an industry, depending more on the nature of the occupations and workspaces used in that industry in a particular location.

To estimate the workspace ratio for each land use type at 2041:

- Based on the density of employment over land area in the ABS's Statistical Areas Level 2 (SA2s) around Australia, **the nature of development and building typologies were reviewed** in other precincts to identify areas that are likely comparable to the future outcome in the Structure Plan Area. These

comparable help inform the appropriate future workspace ratios and likely levels of growth.

- The **current workspace ratio of each land use type in the Structure Plan Area was estimated** by combining the floorspace audit with jobs by industry and destination zone geography derived from the 2021 ABS Census of Population and Housing. This is brought to a Gross Leasable Area (GLA) level to be comparable with benchmarks. This was done referencing building-level City of Melbourne CLUE data to remove common areas and similar spaces.
- Estimates of current average workspace ratios across different regions in Australia were reviewed to understand **how the Structure Plan Area compares to other regions** and to understand where workspace ratios might move over time. This comparison indicates the efficiency of the space used relative to current standards elsewhere, noting workspace ratios can be influenced by factors such as the age and nature of floorspace, the presence of vacant space, and the specific types of jobs supported in an industry.
- Available data on annual growth in locations around Australia were reviewed **and tested where the Structure Plan Area would sit along the range of historical values at different workspace ratio scenarios.** In conjunction with the first check, this allows for a sense check on the level of growth that would need to occur to reach an overall workspace ratio outcome. For example, if a Structure Plan Area without a hospital would require health jobs to grow at a level that is comparable to Parkville in Melbourne to reach a workspace ratio outcome, this would be deemed not appropriate.
- **How much of the future floorspace will be new versus old was estimated**. Newer, modern buildings are typically more efficient, accommodating more workers for a given floor area (that is, a lower WSR). The greater the share of future floorspace that will be new, the greater the shift down to more efficient workspace ratios for the area. The proportion of space that is new vs. old is estimated using benchmarks from the City of Melbourne Census Land Use and Employment (CLUE) data and the City of Melbourne Development Activity Monitor. For example, there was an additional 800,000 sq.m of office floorspace added to the City of Melbourne in the past decade, but the difference in the count of total stock was only 400,000, it can be assumed that 0.5 sq.m is removed for each sq.m of new stock.
- **Downward trend in workspace ratios as a result of flexible working arrangements.** The increasing prevalence of flexible working arrangements has led to a reduction in the amount of floorspace needed to host workers per day. If a worker moves from needing 20 square metres of employment across five days down to four days per week, on average they will require 16 square metres per week (4 days/5 days times 20 sq.m of floorspace). This will put generalised downward pressure on most floorspace typologies.

Bringing all of these checks together, a narrower range of possible WSRs can be tested to determine a workspace ratio that reflects appropriate benchmark locations, aligns with broader workspace trends for that industry, and suits the context of the Structure Plan Area.

7.6 Peer review

This technical report has been independently peer reviewed by Julian Szfraniec of SGS Economics & Planning. The peer review report is attached as Appendix F of this report, which sets out the peer reviewer's opinion on the SRL East Draft Structure Plan - Economic Profile Technical Report.

8. Employment projections

This section presents the employment projections for the Structure Plan Area and at a high-level, assesses how appropriate these projections are in terms of their alignment with the anticipated future role of the Structure Plan Area.

8.1 Cheltenham Structure Plan Area employment projections

Figure 8.1 shows the employment projections to 2041 for the Cheltenham Structure Plan Area. Comparable numbers sourced from the 2011 and 2021 Censuses provide context to the projected growth.

Compared to recent trends, it appears the employment projections represent a large shift upwards in trajectory for the Cheltenham Structure Plan Area with an annual growth rate that is more than double the 2011-2021 rate. Whether the change anticipated from the introduction of SRL East and supportive policy environment is sufficient to support this growth is discussed more in the next sub-section.

Table 8.1 shows the employment projections by broad industry groups as well as the comparison at a total level between the 2041 projections at the 1600m level with the Structure Plan Area. All sectors are forecast to grow strongly in the Cheltenham Structure Plan Area to 2041:

- Other population services will see the strongest growth at 265 workers per annum over the 20-year forecast period. This is almost three times higher than the volume added between 2011-2021. Westfield Southland and the surrounding commercial area, along with the Highett Activity Centre and some development within Bayside Business District would be expected to drive this expansion. The retail sector is projected to produce much of the growth.
- Professional services is projected see growth around three times the volume of historical levels. The BIC forecasts indicate an additional 155 workers per annum moving the estimated count of the broad industry workforce from 2300 up to 5400 workers.
- Growth in industrial jobs is expected to be moderate at 85 workers per annum with continued expansion of the Bayside Business District. This would represent a reversal of the 2011-2021 industrial job decline.
- Health and education jobs are to have minor increases at 60 and 30 workers per annum respectively. These are expected to be concentrated in early learning, allied health, and general health practices.
- The proportion of employment within a 1600m radius of the Cheltenham SRL station that will be within the SRL East Structure Plan Area is expected to increase from around 70% in 2021 up to 85% in 2041.

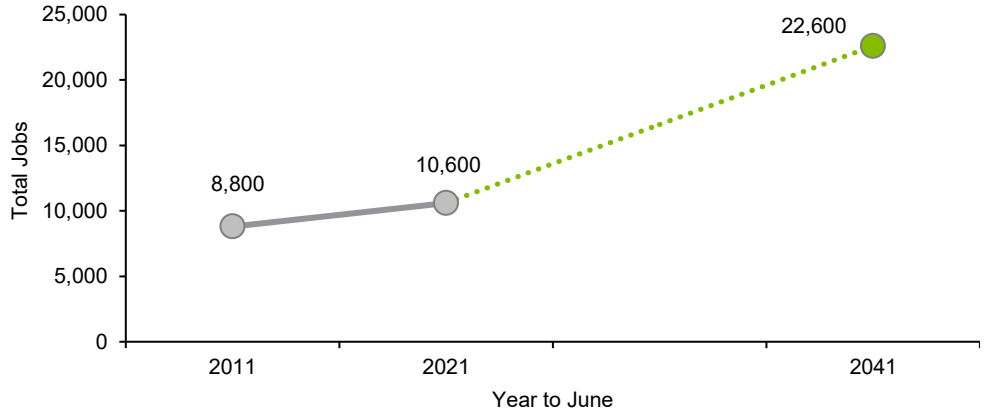


FIGURE 8.1 HISTORICAL AND FORECAST EMPLOYMENT IN THE CHELTENHAM STRUCTURE PLAN AREA, 2011–2041

Note: Growth between dots will not be linear, lines are illustrative.

Source: ABS Census 2011 and 2021, Derived from CityPlan (published in SRL BIC); AJM JV

TABLE 8.1 CHELTENHAM STRUCTURE PLAN AREA TOTAL WORKERS AND ANNUAL GROWTH BY INDUSTRY, 2011–2041

BROAD INDUSTRY SECTOR	WORKERS			ANNUAL CHANGE (NO.)		ANNUAL CHANGE (%)	
	2011	2021	2041	2011-21	2021-41	2011-21	2021-41
Education	200	400	1000	20	30	7.2%	4.7%
Health	600	1400	2600	80	60	8.8%	3.1%
Professional Services	1800	2300	5400	50	155	2.5%	4.4%
Other Population Services	4000	5100	10,400	110	265	2.5%	3.6%
Industrial	2200	1500	3200	-70	85	-3.8%	3.9%
Structure Plan Total	**8800**	**10,600**	**22,600**	**180**	**600**	**1.9%**	**3.9%**
1600m Total	**12,200**	**14,800**	**28,500**	**260**	**685**[16]	**2.0%**	**3.3%**

Source: ABS Census 2011 and 2021, CityPlan for 1600m and derived from CityPlan for Structure Plan Area (published in SRL BIC); AJM JV

8.2 Review of employment projections

This sub-section reviews the projections of the Structure Plan Area at a broad industry level to assess their alignment with the industry outlook and future vision for the area.

As noted in Section 7.1, the employment projections are derived from a metropolitan-wide strategic model, they are best used for regional or corridor analysis rather than at a small area level. While it provides accurate total employment figures at the Structure Plan Area level, the industry breakdown may be less precise, particularly for smaller industries.

Therefore, it is necessary to conduct a sense-check to ensure that projections for the Structure Plan Area align with expectations for future growth. This evaluation is crucial because if the forecasts are overly optimistic, there might not be as great a requirement to accommodate modelled floorspace demand. Conversely, if the projections are thought to be accurate or potentially on the low side, accommodating the necessary floorspace becomes imperative.

When evaluating the general suitability of the Structure Plan Area industry projections, these questions were considered:

- Do the projections align with the present economic conditions and past growth patterns?
- Do the projections correspond with wider industry trends?
- Do the projections align with the vision for the Structure Plan Area and its competitive strengths?
- The overall alignment of the industry projections is subsequently assessed.

Table 8.2 summarises the extent to which the industry projections align with expectations of the future order of growth for the Structure Plan Area. More detail about the assessment of the employment projections is provided in Appendix D.

[16] *Note that the 1600m does not cover the entirety of the Bayside Business District enabling the possibility for the Structure Plan to grow at an equal or higher volume than the 1600m radius.*

TABLE 8.2 CHELTENHAM STRUCTURE PLAN AREA REVIEW OF INDUSTRY LEVEL EMPLOYMENT PROJECTIONS

		% SHARE OF TOTAL EMPLOYMENT	REVIEW OF EMPLOYMENT PROJECTIONS	IS THE INDUSTRY-LEVEL FLOORSPACE ESTIMATE LIKELY TO NEED TO BE ACCOMODATED?
	Total Employment	-	The projected growth in total employment within the Cheltenham Structure Plan is expected to significantly rise from 1.9% to 3.9% per annum, resulting in a doubling of current number of workers. Broadly, this should be achievable if there a level of support to foster growth in professional services and other population services.	Structure Planning should plan for the total additional projected floorspace through to 2041. The total employment projections for the Structure Plan Area are considered an accurate estimate that is an appropriate base to plan for through to 2041.
	**Professional Services**	21%	Overall, the employment projection suggest that professional services will continue to play a supporting role and growth is likely to be distributed across the two activity centres and the Bayside Business District. Future planning should support the growth of professional services by implementing the key elements for successful suburban office hubs outlined in Table 4.3 and considering additional incentives to accelerate growth across the Structure Plan Area.	Structure Planning should aim to accommodate the projected floorspace demand for professional services to encourage the development and delivery of high-value employment.
	**Health**	13%	Cheltenham's health sector is projected to maintain a supporting role and grow in line with the forecast residential growth in the Structure Plan Area. A continued focus on local health and health and wellness aligns well with Cheltenham's retail offer. Growth is in line with what has been achieved recently.	Structure Planning should account for projected health floorspace demand given consistency with past growth.
	**Education**	4%	The employment projection appears broadly appropriate for Cheltenham's education sector. But given there are no schools in the Structure Plan Area, future demand may need to be met outside the Structure Plan Area. The increase in education growth with the Structure Plan Area will therefore be met through growth in smaller education facilities, such as childcare, kindergartens, adult education facilities, and tutoring services, some of which will be in office-type environments.	The modest education space increase should be planned to be supported within the Structure Plan Area. However, any planning for future schools should be considered with the Department of Education and Training.
	**Other population services**	48%	Retail sector is the largest subsector of Cheltenham, representing over half of the jobs. The employment projection for the retail sector is significantly higher than what the retail floorspace growth identified in the SRL East Structure Plan - Retail Assessment – Cheltenham would suggest. Cheltenham provides a full retail offer serving a regional role. While there will be growth, the floorspace increase will not increase in line with population growth. As a result, other population services job projections may be overstated for Cheltenham.	Planning for retail floorspace should be guided by SRL East Retail Needs Assessment–Cheltenham, noting retail jobs growth is potentially higher than the projected floorspace growth. Planning for non-retail other population uses (e.g. accommodation) should use the estimated floorspace as a guide, but again the specific floorspace demand should align with specialist reports.
	**Industrial**	14%	The employment projection envisaged growth in the industrial sector, which is counter to historic trends and the policy intention to support transition of the Bayside Business District away from industrial uses. Whilst there may be some growth in the sector, it is likely not to be as high as forecast by the employment projection. Again, it would be prudent to plan for delivering the forecast growth.	Likely there will not be as great a need to accommodate the projected industrial floorspace demand as industrial job growth is unlikely to be as high as projected. This job growth is likely to occur in other industries in the Structure Plan Area, creating demand for other building typologies (e.g. office). As such, structure planning should continue to increase employment density of Cheltenham's existing industrial areas and support a mix of employment activities in the Bayside Business District.

Source: AJM JV

8.3 Implications for the Cheltenham Structure Plan

The implications of the employment projections for the development of the Cheltenham Structure Plan include:

- Overall, the total employment projections for the Structure Plan Area are considered an accurate estimate that is an appropriate base to plan for through to 2041. Therefore, Structure Planning should plan for the total additional projected floorspace through to 2041.
- At an industry level, forecasts indicate reasonable growth expectations for the health sector, reflecting the small, but growing role this sector plays in the Structure Plan Area. Planning should account for projected floorspace demand.
- Forecasts project relatively high demand for professional services, which can be realised through additional strategies and incentives to boost growth in this sector. Planning should aim to accommodate the projected floorspace demand for professional services to encourage the development and delivery of high-value employment.
- The moderate forecasts for education growth is reasonable, but it should be recognised that if this demand is to be met inside the Structure Plan Area, then it will likely be in non-school facilities given there are no schools currently. A new school could be developed, but this decision would be based on assessment of the Department of Education and Training.
- The jobs forecasts for other population uses and industrial are potentially higher than might be achieved in the Structure Plan Area given past trends and a shift in employment focus. This is due to the higher forecast growth in retail above trend and relative to floorspace growth estimated in the retail analysis. For industrial, the forecasts deviate significantly from past declining growth and anticipated trends for the Bayside Business District. Although it is appropriate to plan to plan for the identified employment and floorspace, it is likely the projected jobs and floorspace need will emerge in other industry sectors or other built form needs (e.g. office). As such, greater employment densification of the Bayside Business District will still respond to employment needs, regardless of whether there is a shift between industries.

9. Future employment floorspace needs

This section presents the anticipated employment floorspace necessary to support the projected employment figures in the Cheltenham Structure Plan Area, along with the specific land use assumptions and workspace ratios utilised to calculate these needs. Consideration is also given to whether the market will deliver the projected growth, and the locational preferences and built-form typologies likely required.

Note:

The role of this report is to translate the employment projections for the Structure Plan Area into floorspace outcomes. Whilst the previous section considered the consistency of the employment projections by industry with past growth and anticipated change in the Structure Plan Area, ***these projections are adopted as the basis of analysis in this section without variation.*** *The key outcome of this section is to identify the floorspace by use required to accommodate the projected employment levels. Given the potential variation in employment outcomes, there may be instances where floorspace requirements are lower or higher than estimates provided in this section. Consequently, at the end of this section, the floorspace estimates are also tested to identify the likelihood of that space being required and how critical it is that structure planning accommodates the estimated floorspace.*

9.1 Structure plan employment land use share assumptions

To project the floorspace requirements for the Cheltenham Structure Plan Area, it is important to first estimate the number of workers by the type of floorspace that they are, or will be, accommodated within.

As described in the methodology (Section 7 and Appendix E); to estimate the share of workers by industry in each floorspace use we have used a combination of estimating the current land use to employment relationship, and reference to observed trends in industry-level shifts towards different land uses in comparable precincts.

Where appropriate, tests have been undertaken to ensure known future supply would fit within the projected outcomes.

Table 9.1 highlights the estimated current and future (2041) split of workers by floorspace type. Significant upward and downward shifts are highlighted.

Evidently, office floorspace is likely to play an increasingly important role in Cheltenham through an uptick in professional services employment and as other industries increasingly use office floorspace.

Cheltenham currently has a significant industrial area with a range of occupants. But the share of employment that is going to industrial floorspace is expected to fall out to 2041. This will be due to two competing impacts:

- Urban industrial floorspace will continue to change, seeing a greater mix of employment activities in these industrial areas. This trend is already occurring in Bayside Business District already, as noted in Section 3.5.
- Where not protected or where the occupant does not need to locate in Cheltenham specifically, costs of land and relative highest and best use of land will push out industrial floorspace in favour of higher value activities.

Retail floorspace is the primary use for other population services. This use is expected to continue growing to meet the demand for the growing population and employment around Cheltenham. Despite this, the proportion of each broad industry that will go to retail floorspace is expected to decrease slightly out to 2041 as other land uses are developed at a greater volume than historically.

In public use floorspace the proportion of professional services workers within this floorspace type is expected to move from 17% to 11%. This reflects the expected growth of commercial office space within Cheltenham, reducing the share that other floorspace types take of high-office consuming industries. The current higher weighting is influenced by the Moorabbin Magistrates' Court within the Structure Plan Area.

Trends into the future have been assessed with reference to Section 5 and iteratively adjusted through reviewing future developments outlined in Section 3.7.

TABLE 9.1 CHELTENHAM STRUCTURE PLAN AREA LAND USE SHARE ASSUMPTIONS

	INDUSTRY SECTORS (EMPLOYMENT)									
	PROF. SERVICES		HEALTH		EDUCATION		OTHER POPULATION SERVICES		INDUSTRIAL	
LAND USE	2021	2041	2021	2041	2021	2041	2021	2041	2021	2041
Office	60%	76%	19%	32%	14%	20%	2%	12%	1%	22%
Health	1%	1%	34%	38%	4%	2%	1%	1%	1%	1%
Education	1%	1%	18%	12%	45%	55%	1%	1%	0%	1%
Retail	5%	5%	24%	17%	19%	9%	73%	68%	11%	6%
Industrial	12%	4%	4%	0%	2%	1%	20%	12%	86%	69%
Public Use	17%	11%	0%	0%	3%	3%	1%	1%	1%	0%
Accommodation	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%
Entertainment / Recreation	4%	2%	1%	1%	12%	10%	3%	5%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: ABS, CLUE, AJM JV. Yellow highlights significant upward shifts and grey shows significant downward shifts, between 2021 and 2041.

The figure across translates Table 9.1 into an employment projection by floorspace type. Note the total number of jobs is still fixed at the 2041 employment projections for the Structure Plan Area. Retail is forecast to remain the largest employing floorspace type, although office space is expected to grow strongly, followed by industrial space.

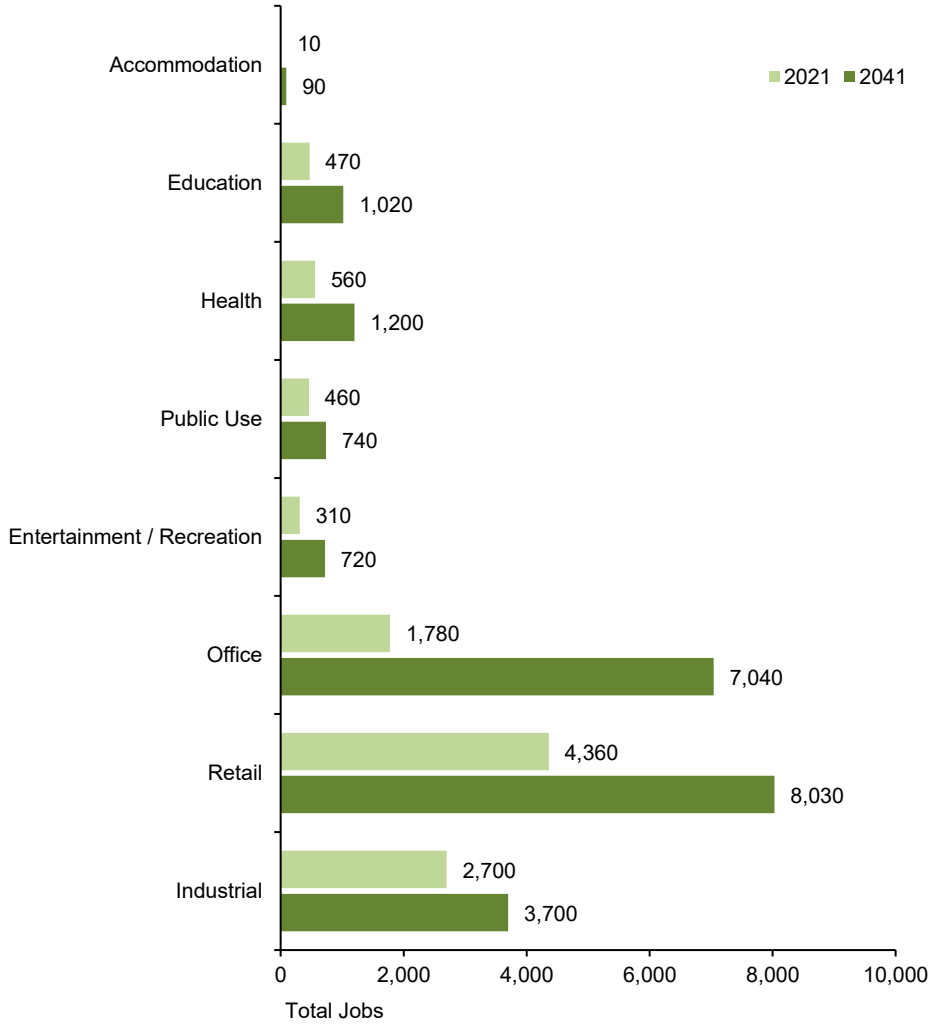


FIGURE 9.1 CHELTENHAM STRUCTURE PLAN, NUMBER OF WORKERS BY FLOORSPACE USE, 2021 - 2041

Source: Derived from CityPlan (published in SRL BIC), ABS Census of Population Aged 15+ [2021]; AJM JV

9.2 Structure Plan Area workspace ratio assumptions

This sub-section considers the second broad key assumption in the employment floorspace modelling being the workspace ratio (WSR): the relationship between the number of workers in a use type and the floorspace required to accommodate them.

See Appendix E for a summary of the key findings of the workspace ratio analysis for the Cheltenham Structure Plan Area. This includes, for each land use, the estimated 2021 workspace ratio, the range identified from assessment of other locations, the benchmark locations identified for the Structure Plan Area with an associated image, results of testing the workspace ratio against projected employment growth, and finally, the estimated 2041 workspace ratio.

By combining the audit of floorspace in Cheltenham with the analysis of current worker numbers within the Structure Plan (Section 3), the workspace ratio of employment as of 2021 has been estimated.

This is important to provide a baseline for future shifts to be incorporated from, and more accurately estimate the need for floorspace going forward.

We note that a different approach is being taken for calculating future retail workspace ratios. Retail floorspace need is calculated in the SRL East Structure Plan - Retail Assessment – Cheltenham independent of the retail jobs projections. Retail jobs are calculated in this report with reference to Section 9.1 using a combination of ABS, AJM JV research and the employment projections for the Structure Plan Area.

A workspace ratio is then derived by comparing the two different sources (floorspace divided by jobs). Since these may not be aligned, the workspace ratio change may be unrealistic. For example, if the projected growth in jobs based on BIC is substantially higher than the estimated retail floorspace need growth, the workspace ratio would decline to unrealistic levels. Any change in retail worker density should be read in conjunction with the discussion on the appropriateness of the BIC employment projections. This can be found in section 8.2.

Given our floorspace audit was undertaken using external building information, no common spaces or otherwise unleasable spaces have been removed from the building extents. To mitigate this, we have provided estimates for Gross Building Area (GBA) which is result of the floorspace audit, and Gross Leasable Area (GLA) which is the typical measure for workspace ratios. GBA to GLA conversion is different by land use with different proportions of total space going to non-employment space such as common areas and storage. This is shown in Appendix E using building level CLUE City of Melbourne data.

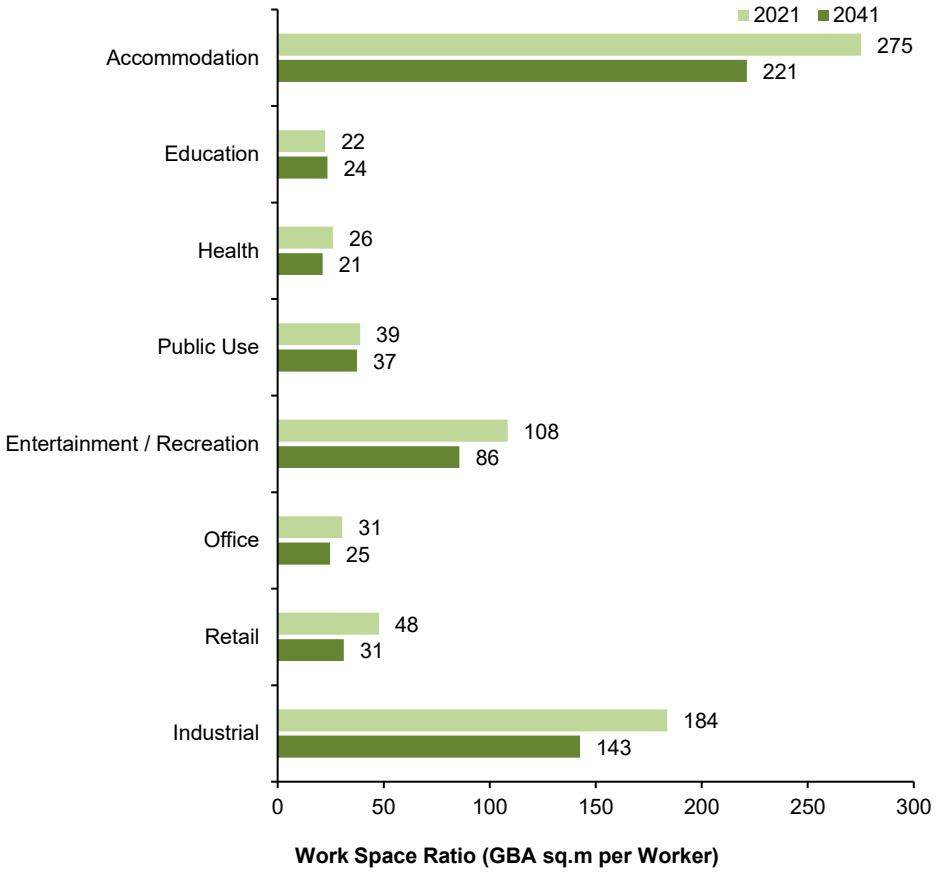


FIGURE 9.2 ESTIMATED WORKSPACE RATIO BY TYPE, GBA, CHELTENHAM STRUCTURE PLAN AREA 2021-2041

Note: Retail work space ratio is calculated by combining the outcomes of the SRL East Structure Plan - Retail Assessment – Cheltenham and retail jobs forecast

Source: AJM JV

9.3 Future employment floorspace demand

Based on projected employment growth and typology/workspace ratio assumptions, the future employment floorspace demand in the Structure Plan Area to meet the BIC employment projections is derived. This is shown in Figure 9.3.

This analysis indicates that realisation of the Structure Plan Area employment projections for 2041 for Cheltenham would require around 1,108,000 sq.m of employment floorspace.

In total, this is an additional 272,900 sq.m of floorspace above what is currently provided in the Structure Plan Area. We do note that this will be less than the total amount of new development that will occur as this figure is net of space removal. For example, we have estimated that around 120,000 sq.m of additional office floorspace will be required by 2041. Around 16,000 sq.m of office space will be removed to facilitate growth, meaning that total new development is in fact around 136,000 sq.m, rather than 120,000 sq.m.

AJM JV does note that the proportionate growth in floorspace is less than the growth in jobs. There are several key reasons why:

- Industrial floorspace consumes almost two-thirds of the current employment floorspace. It also has both the highest workspace ratio. Industrial sectors are also expected to see the highest transition of future workers by industry to other floorspace types (e.g. office space). That means jobs that historically took up over 100 sq.m per worker will take up much less than that as office space proliferates and existing typologies densify.
- Retail floorspace is the second largest employment floorspace type. The growth in floorspace has been calculated in the SRL East Structure Plan - Retail Assessment – Cheltenham and not determined by the jobs growth projection. Subsequently the jobs forecast for other population services is potentially overstated and will not translate to expansion of retail floorspace at the same rate.
- Finally, the highest growing floorspace type overall is office space, which also has the lowest workspace ratio per worker.

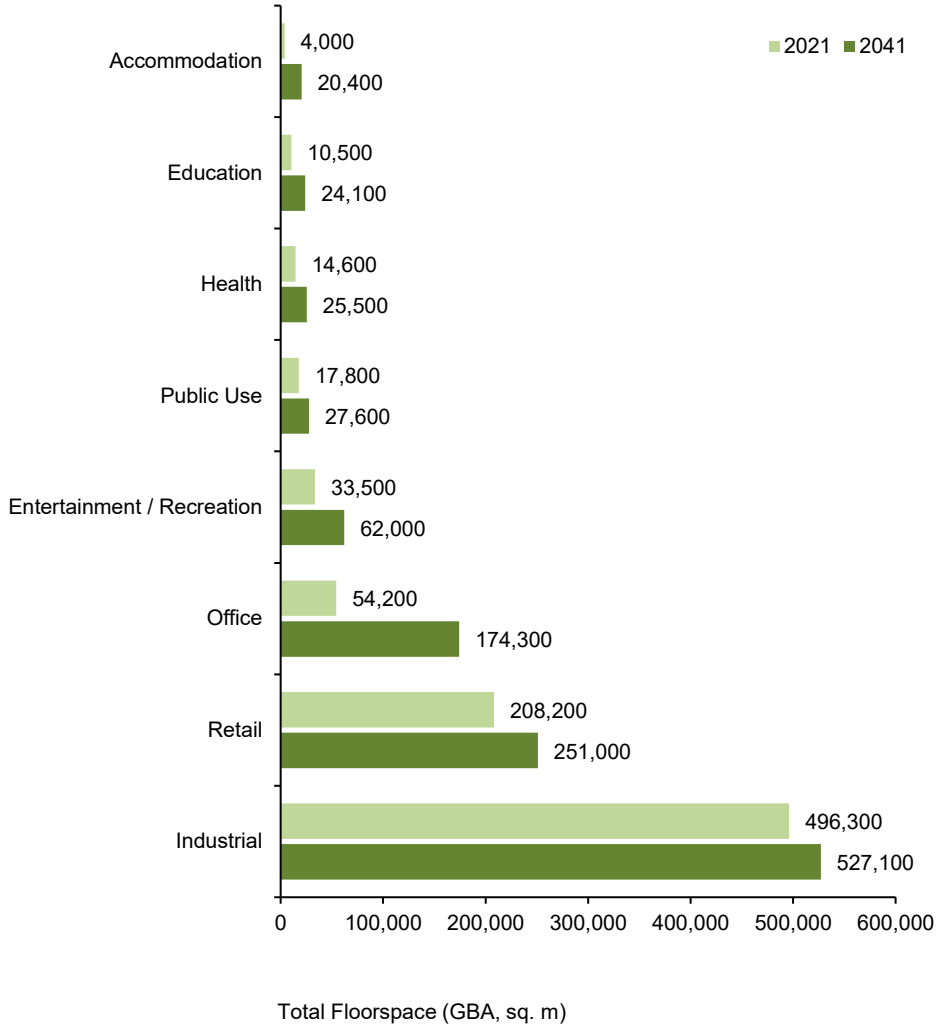


FIGURE 9.3 ESTIMATED EMPLOYMENT FLOORSPACE BY TYPE, GBA CHELTENHAM STRUCTURE PLAN AREA 2021-2041

Note: Retail floorspace figure in this table is the mid-point of the GBA range outlined in the Retail Needs Report.

Source: AJM JV

TABLE 9.2 CHELTENHAM STRUCTURE PLAN TOTAL JOBS, WSR AND EMPLOYMENT FLOORSPACE, 2021-2041

LAND USE	TOTAL JOBS 2041	AVERAGE WSR 2041 (GBA SQ.M PER WORKER)	FLOORSPACE 2021, (GBA)	FLOORSPACE 2041, (GBA)	ADDITIONAL FLOORSPACE 2021-2041 (GBA)
Industrial	3700	143	496,300	527,100	30,800
Retail	8000	31	208,200	251,000	42,800
Office	7000	25	54,200	174,300	120,100
Entertainment / Recreation	700	86	33,500	62,000	28,500
Public Use	700	37	17,800	27,600	9800
Health	1200	21	14,600	25,500	10,900
Education	1000	24	10,500	24,100	13,600
Accommodation	100	221	4000	20,400	16,400
Total	**22,600***	**-**	**839,100**	**1,112,000**	**272,900**

**A small number of jobs are accommodated in other floorspace types that are not assessed here, like student accommodation, aged care, carparking and utilities.*

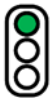
Note: Retail floorspace figure in this table is the mid-point of the GBA range outlined in the Retail Needs Report.

Source: Derived from CityPlan (published in SRL BIC); AJM JV

9.4 Testing employment floorspace demand

This sub-section evaluates whether the market is likely to deliver the employment floorspace demand estimated. This is informed by assessing historical growth and development, as well as the current development pipeline, as detailed in Section 3. This indicates if there is evidence of existing market appetite for development of the scale required to meet employment and floorspace projections. It also informs consideration of whether further actions to support the delivery of employment floorspace in the Structure Plan Area will be necessary. Future interventions may include various incentives such as business attraction initiatives and economic development strategies, tailored to the specific challenges and context.

TABLE 9.3 CHELTENHAM STRUCTURE PLAN EMPLOYMENT FLOORSPACE DELIVERY CONSIDERATIONS

	EXAMPLES OF RECENT DEVELOPMENT IN THE STRUCTURE PLAN AREA	HOW WILL PIPELINE DEVELOPMENT CONTRIBUTE? [1] (GFA)	WILL FUTURE GROWTH BE DELIVERED BY THE MARKET WITH LIMITED INTERVENTION?	
Office	Morris Moor has 16,000 sq.m of office space mixed in with other uses in a converted industrial setting.* 13-15 Chesterville Road also added almost 4000 sq.m of office floorspace as part of a predominantly high rise residential offer.	Approximately 5% of the forecast demand. Existing pipeline will play a limited role delivering the forecast amount of office space.		Potentially. Office floorspace will continue to be delivered in the Bayside Business District and investments to improve worker amenity and development incentives may increase the pace of office growth. Allowing some residential development around Bay Road could stimulate mixed use and office growth in this District and result in a net increase of employment in this area. Consider incentives or mechanisms to support offices in and around Cheltenham SRL East station. The lack of a critical mass around the existing activity centre will require further encouragement of development to deliver a material share of the office development needed to support stronger employment growth. Delivery of future office floorspace should not impact the ability for the Cheltenham Activity Centre to provide a further 5500sq.m of office space by 2031, as envisaged by its Structure Plan.
Health	Limited change.	Nil. No major health development proposals identified.		Highly likely. Limited need for intervention to deliver health floorspace. Cheltenham's local and health and wellness complements the retail offer within its various activity centres. which is modest. Strong growth in health employment has been supported recently.
Education	Limited change.	Nil. No major health development proposals identified.		Potentially. With no schools in the Structure Plan Area currently, education space will either require the designation of new schools or come in the form of other education uses such as childcare or spaces for adult education or tutoring services. New school decisions are to be determined by the Department of Education. Increase in space is relatively modest.
Retail	Limited change.	Nil. No major retail development proposals identified.		Highly likely. Limited need for intervention to deliver retail floorspace, which is a moderate increase on top of the existing sizeable offer. As discussed in more detail in the SRL East Structure Plan - Retail Assessment – Cheltenham, the challenge will be ensuring that retail activity is concentrated primarily in and around Westfield Southland and adjoining sites as the retail core, with some amenity provided in key locations elsewhere.
Entertainment & recreation	The newly opened mixed-use development at "Morris Moor" has a variety of new form entertainment options such as Holey Moley mixed in with retail and office.1	Nil. No major accommodation development proposals identified in Structure Plan Area.		Highly likely. Limited need for intervention to deliver entertainment and recreation floorspace. Policy should ensure opportunities for these uses are in suitable locations for day and night activity. Consider providing the opportunity for accommodation floorspace in and around the new station, integrating with Westfield Southland.

	EXAMPLES OF RECENT DEVELOPMENT IN THE STRUCTURE PLAN AREA	HOW WILL PIPELINE DEVELOPMENT CONTRIBUTE? [1] (GFA)	WILL FUTURE GROWTH BE DELIVERED BY THE MARKET WITH LIMITED INTERVENTION?	
Accommodation	Limited change.	Nil. No major accommodation development proposals identified in Structure Plan Area. In the neighbouring Cheltenham Activity Centre there are two small hotels proposed which will provide a total of 28 rooms.		Highly likely. The increase in floorspace is sufficient for one to two small hotels or serviced apartment complexes. Given the increase in population and workers, there should be market demand for accommodation facilities over time. Consider providing the opportunity for accommodation floorspace in and around the core of the Southland activity centre and close to the station.
Public use	Limited change.	Nil. New library proposed on CSIRO site but this replaces existing Highett Library.		Highly likely. Small increase in space anticipated. Review requirements for public use employment floorspace with recommendations of Community Infrastructure report.
Industrial	Limited change.	Approximately 30% of forecast floorspace. Just under 10,000 sq.m of industrial floorspace in the development pipeline out to 2025 for Bayside Business District. Space is also expected to be removed over the 20 year forecast period though.		Likely. The increase in floorspace is minor relative to the scale of the industrial offer in Bayside Business District currently. Therefore, there appears limited need for intervention to deliver industrial floorspace. It is possible that industrial floorspace needs may fall should some of the existing space be replaced by other land uses such as office space. This is not necessarily a concern though, should employment levels increase as a result.

**Just outside Structure Plan Area*

Source: AJM JV. Notes: 1. Refer to Section 3.7 for further details on pipeline development.

9.5 Location and form of future employment floorspace

Based on the general land use and industry locational preferences, and respective built-form typologies identified previously in Section 5 and detailed further in Appendix C (Figures C.1 to C.5), the table below summarises the location and built-form preferences for the land uses assessed within the Structure Plan Area.

TABLE 9.4 CHELTENHAM STRUCTURE PLAN EMPLOYMENT FLOORSPACE LOCATION AND FORM

	LOCATIONAL PREFERENCES	BUILT FORM TYPOLOGIES	EXAMPLE TYPOLOGIES *Refer to Appendix C- Figures C1 to C5*
Office	• Adjacent to the new SRL East Site on the north of Bay Road and directly south at Southland Shopping Centre • Nepean Highway corridor between Southland Shopping Centre and Cheltenham Activity Centre • Bayside Business District, particularly towards Bay Road • Highett Activity Centre	• Mid rise office or office part of mixed use typologies near activity centres. • Business park style or integrated into modern warehouse/office developments in the industrial areas.	  *Mixed use offices at Walk Up Village Collingwood, mixed use office/residential around Chesterville Road and modern warehouse/industrial at Cheltenham Quarter.*
Health	• Areas with concentrations of activity, employment or residents to be serviced, such as: • In and around Westfield Southland Shopping Centre • Highett Activity Centre • Nepean Highway corridor towards Cheltenham Activity Centre • Bayside Business District, around Bay Road	• Cheltenham has no hospital or major health facility, here there will be: • Medical centres • Medical suites within office space • Specialists taking up space in retail strips	  *Mixed tenure consulting rooms at Clayton Medical Centre, or as currently proposed Highbury Road Community Development (see Section 3.6), smaller consulting rooms in retail-based environments*
Education	• Early learning away from areas of high activity, with a preference for locations just on the periphery or first side street off of high streets, or upper levels of a centre. • Primary and secondary schools accommodated on existing sites, which are outside the Structure Plan Area.	• Higher density schools (outside the structure plan) • Post secondary non-tertiary education typically takes up office or retail space. • Pre-school education moving more into specialised buildings with a mix of indoor and outdoor.	 *Kids House Early Learning centre in Cheltenham.*
Accomm'n	• Southland Activity Centre, within walking distance of the SRL East Station • Highett Activity Centre • Nepean Highway corridor towards Cheltenham Activity Centre • Potentially, along Bay Road towards Bayside Business District	• Standalone hotels or serviced apartment buildings • Hotel accommodation within a mixed use building such as office or residential	 *Accommodation mixed with other uses in town centre setting as shown in the Veriu Collingwood. Smaller scale hotels such as City Edge Box Hill (but could appeal to multiple price points).*

	LOCATIONAL PREFERENCES	BUILT FORM TYPOLOGIES	EXAMPLE TYPOLOGIES *Refer to Appendix C- Figures C1 to C5*
Retail	• Expansion and regeneration of Westfield Southland • Other sites close to the station, particularly F&B as part of mixed use developments • Highett Activity Centre • Nepean Highway corridor towards Cheltenham Activity Centre (showrooms) • Limited offer along Bay Road, focused on worker and resident amenities	• Shopping mall around Southland Shopping Centre but with an increase mix of outward facing dining/retail concepts that link back towards the SRL East Station. • Fine grain retail streetscape in Highett. • Large format retail and other showrooms on the Highway frontage.	 *Fine grain retail streetscape at Central Market, Adelaide and street/centre based retail in Highett Activity Centre. Expanded shopping mall offer.*
Entertainment & rec.	• Expansion and regeneration of Westfield Southland • Other sites close to the station, integrated with Southland • Highett Activity Centre • Nepean Highway corridor towards Cheltenham Activity Centre • Limited offer along Bay Road for fitness	• Within street-based and centre retail environments • Gyms/other recreation in peripheral locations (e.g. Bay Road) in older industrial-style space or above ground locations in mixed use development	 *Social Quarter Chadstone, for Cheltenham this concept would be within a town centre rather than shopping centre & retail/dining concepts at The Glen Shopping Centre, Glen Waverley*
Public use	• Primarily around the Southland Activity Centre and the new SRL East Station • Highett Activity Centre	• Range of buildings depending on the specific uses • Either integrated into mixed use building or a community focused precinct combining a range of public-focused uses	 *Narrm Ngarru Library, Melbourne and Clayton Library with community facilities*
Industrial	• Bayside Business District	• Mixed office/industrial and mixed employment uses towards Bay Road • Potentially modern business park style, in longer term, in areas with excellent access to the SRL East Station and depending site amalgamation	 *Modern industrial/office at Work Belrose or Cheltenham Quarter. Modern business park at Caribbean Business Park.*

Source: AJM JV

9.6 Implications for Cheltenham Structure Plan

The employment floorspace estimates presented in this section need to be considered in preparing the Structure Plan:

- Projected until 2041, Cheltenham is expected to require an additional 269,000 sq.m of floorspace beyond what is currently developed. The growth in floorspace is proportionally lower than the forecast increase in jobs, driven by shifts from industrial to office employment and floorspace, which has the lowest workspace ratio per worker. These projections also incorporate retail floorspace estimates from the SRL East Retail Needs Assessment – Cheltenham which are somewhat lower than what the retail employment projections might indicate.
- Almost half of the additional floorspace needed by 2041 will be designated for office use. The new office floorspace will be primarily distributed around the new SRL East station and throughout the Bayside Business District. Considering the current limited pipeline, a diverse range of incentives may be necessary to facilitate the delivery of future office floorspace.
- The projected additional floorspace for all other employment uses is moderate and expected to be met by market demand. Future employment activities should focus on existing activity centres within the Structure Plan Area, and a continued evolution of the role of Bayside Business District.

Part D: Summary and recommendations

Part D includes:

- **Section 10** summarises the findings of the assessment provided in the previous sections.
- **Section 11** makes recommendations for employment floorspace planning and development to consider when developing the Structure Plan.

10. Summary of findings

This section summarises the demand for employment floorspace in the Cheltenham Structure Plan Area and the driving factors behind it. These provide the basis for the recommendations to inform the development of the Cheltenham Structure Plan.

10.1 Employment policy expectations and goals

Victorian and local government priorities that should guide Cheltenham's long-term employment role, and the distribution of employment growth and floorspace across the Structure Plan Area are:

- Increasing **employment opportunities** outside the Melbourne CBD is an objective of the Victorian Government, Bayside City Council and City of Kingston. Cheltenham Structure Plan Area is home to a major activity centre, a neighbourhood centre and abuts a third activity centre around the Cheltenham MTM Train Station. These activity centres combined with new accessibility afforded by SRL East can support increased employment growth. The Cheltenham Structure Plan can facilitate this employment expansion.
- Cheltenham Structure Plan Area is characterised by its **network of activity centres and employment nodes**, including Cheltenham-Southland, Highett, Bayside Business District and Cheltenham (located just outside its boundary). Structure planning should ensure that each of these areas continues to develop, building on their unique characteristics while also leveraging their proximity to each other and SRL East.
- **Bayside Business District** is recognised as a Regionally Significant Industrial Area that has been gradually shifting over the past two decades from industrial uses to a broader mix of employment, including offices. The introduction of SRL East offers an opportunity to accelerate this transition and utilise the Structure Plan to encourage a more diverse range of employment opportunities. A hybrid residential and business approach has previously been considered in local government policy.

10.2 Opportunity for suburban employment growth

Growing suburban employment hubs outside the CBD is a significant departure from historical trends and current norms. This is particularly so for the professional services jobs, which have historically concentrated in and around the Melbourne CBD. Learning from Sydney's experience, a range of factors need to be in place to grow professional services in suburban employment hubs. The Sydney experience also shows the mix of suburban employment varies depending on the attributes of the local area.

Based on an assessment of suburban office hub attributes, Cheltenham has relatively limited potential to support a major increase in professional services employment and develop into a substantial office hub. However, there is an opportunity to expand the office offerings across the Southland Activity Centre, Highett Activity Centre, and Bayside Business District, acknowledging the increased number of residents, workers, visitors, and the improved accessibility provided by the new SRL East.

10.3 Future economic role of Cheltenham Structure Plan Area

Cheltenham's economy has experienced moderate growth over the past decade, adding approximately 180 workers annually. This growth has been driven primarily by the health care sector, which, although still relatively small, has expanded. Retail trade, Cheltenham's largest sector, has seen minor growth, while the industrial sector has declined in terms of workforce numbers.

Looking ahead, Cheltenham will be shaped by increased development around the new SRL East Station and on the adjacent Southland Shopping Centre. This area has some attributes that are amenable to some medium to higher rise office spaces including high amenity, proximity to public transport and the adjacent

shopping facilities. It can also support a mix of uses which can further activate this area.

SRL East has the potential to accelerate the transition of the Bayside Business District towards a greater mix of employment, as has been the policy intent for this area over the last two decades. The floorspace estimates indicate that a large amount of industrial employment will likely be delivered in the form of office uses, which require less floorspace per worker to achieve a net gain in employment. As such, there may be opportunity to consider actions to drive more office development. This could include alternative uses in the Bayside Business District, including potentially some limited residential uses in select areas. Some mixed-use development may also help stimulate further business activity, investment and development in the precinct.

A review of the Cheltenham's local economy, its competitive positioning, and the outlook for key sectors undertaken for this assessment continues to reinforce Cheltenham's economic role as a commercial area of regional scale with a significant retail, entertainment and other population services offer. Increasingly, this employment base can be diversified.

This is underpinned by the future role and opportunity for each of the industry sectors in the Cheltenham Structure Plan Area:

- **Other population services**: A revitalised and expanded centre around the Cheltenham SRL East Station will provide a renewed focus in the Cheltenham Structure Plan and enhance the offer around the Southland Activity Centre. This area could support a wider range of other population services such as retail, F&B, accommodation, arts or recreation. Highett will also likely expand its other population services offer. Further, broader population growth will continue to drive demand for this sector.
- **Professional services:** In Cheltenham, professional services are likely to remain a smaller, locally focused sector. However, there is an opportunity to expand professional services in line with resident growth and to explore ways to accelerate office growth around the new SRL East Station and in the Bayside Business District.
- **Industrial:** Primarily located in the Bayside Business District, industrial is likely to continue to stagnate as other sectors grow. A more diverse mix of employment in the Bayside Business District is supported by both local and state government policy. Further consideration should be given to accelerate this transition, supporting growth in industrial sector employment, but in alternative typologies (e.g. combined office/warehouse).
- **Health:** Overall, the health sector in Cheltenham is likely to maintain its supporting role, primarily meeting the needs of residents and, to a lesser extent, workers. It is expected to grow in line with resident growth, providing a broader range of health and wellness services that complement Cheltenham's retail offer.
- **Education:** Overall, the education sector is set to remain a minor sector in Cheltenham and met by a range of small education spaces (i.e. kindergartens, childcare) in Cheltenham's activity centres. Future school education demand is most likely to be met by existing schools located outside the Structure Plan Area.

10.4 Employment forecasts to 2041

Figure 10.1 shows the forecast growth for employment in the Cheltenham Structure Plan Area to 2041, derived from the forecasts in the SRL East Business and Investment Case (BIC). It shows substantial forecast growth, with an additional 12,000 workers in the Structure Plan Area forecast by 2041 vs. 2021.

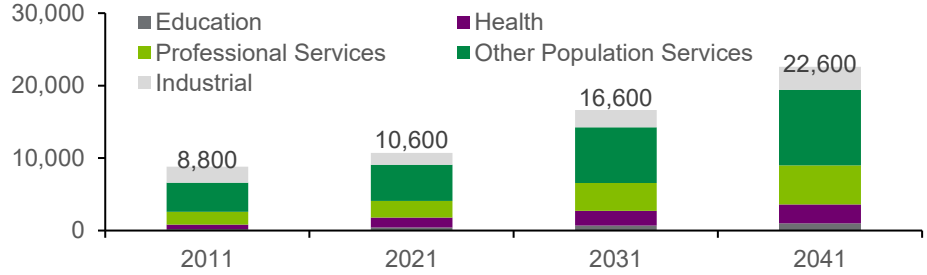


FIGURE 10.1 HISTORICAL AND FORECAST EMPLOYMENT IN THE CHELTENHAM STRUCTURE PLAN AREA, 2011–2041

The forecasts for were reviewed at abroad industry level to assess their alignment with the industry outlook and future vision for the area. They key findings were:

- Overall, the total employment projections for the Structure Plan Area are considered an accurate estimate that is an appropriate base to plan for through to 2041. Therefore, Structure Planning should plan for the total additional projected floorspace through to 2041.
- At an industry level, the employment projections indicate reasonable growth expectations for the **health** sector, reflecting the small, but growing role this sector plays in the Structure Plan Area. Planning should account for projected floorspace demand.
- The forecasts project relatively high demand for **professional services**, which can be realised through additional strategies and incentives to boost growth in this sector. Planning should aim to accommodate the projected floorspace demand for professional services to encourage the development and delivery of high-value employment.
- The moderate forecasts for **education** growth is reasonable, but it should be recognised that if this demand is to be met inside the Structure Plan Area, then it will likely be in non-school facilities given there are no schools currently. A new school could be developed, but this decision would be based on assessment of the Department of Education and Training.
- The forecasts for **other population uses** and **industrial** are potentially overstated in the Structure Plan Area. This is due to the higher forecast growth in retail than trend and relative to floorspace growth estimated by the *SRL East Retail Needs Assessment –Cheltenham.* For industrial, the forecasts deviate significantly from past declining growth and anticipated trends for the Bayside Business District. For industrial, the forecasts deviate significantly from past declining growth and anticipated trends for the Bayside Business District. Consistent with the intent to evolve this area, Structure Planning should advocate greater employment densification of the Bayside Business District.

10.5 Total employment floorspace demand

The floorspace modelling takes the 2041 employment forecast by sector and converts these into a floorspace estimate across a range of employment uses. The modelling uses workspace ratios (WSR) developed specifically for the Cheltenham Structure Plan Area, taking account the existing density of workers and future workplace trends.

The modelling indicates the Cheltenham Structure Plan Area will need to accommodate an additional 272,900 sq.m of floorspace above what is currently provided. This will be less than the total amount of new development that will occur as this floorspace is net of space removal.

Table 10.2 shows current floorspace according to use in the Structure Plan Area, and the additional forecast floorspace required by 2041.

TABLE 10.1 CHELTENHAM STRUCTURE PLAN AREA, EMPLOYMENT FLOORSPACE REQUIREMENTS (SQ.M)

LAND USE	FLOORSPACE 2021, (GBA)	FLOORSPACE 2041, (GBA)	ADDITIONAL FLOORSPACE 2021-2041 (GBA)
Industrial	496,300	527,100	30,800
Retail	208,200	251,000	42,800
Office	54,200	174,300	120,100
Entertainment / Recreation	33,500	62,000	28,500
Public Use	17,800	27,600	9800
Health	14,600	25,500	10,900
Education	10,500	24,100	13,600
Accommodation	4000	20,400	16,400
Total	**839,100**	**1,112,000**	**272,900**

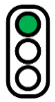
Note: Retail floorspace figure in this table is the mid-point of the GBA range outlined in the Retail Needs Report.

Source: Derived from CityPlan (published in SRL BIC); AJM JV

10.6 Potential for employment floorspace to be delivered

This economic assessment reviewed the potential for the market to deliver the employment floorspace demand estimated for the Cheltenham Structure Plan Area. This is informed by assessing historical growth and development, as well as the current development pipeline (see Section 3.7). This indicates if there is evidence of existing market appetite for development of the scale required to meet employment and floorspace projections. It also informs consideration of whether further actions to support the delivery of employment floorspace in the Structure Plan Area will be necessary. Table 10.2 summarises the results of the review.

TABLE 10.2 EMPLOYMENT FLOORSPACE DELIVERY POTENTIAL

 **High potential to be delivered by market**	• Health: Demand will come from residential growth. Cheltenham's local and health and wellness complements the retail offer within its various activity centres. • Retail: Floorspace forecast is a moderate increase on top of the existing sizeable offer. Will be important to ensure retail activity is concentrated primarily in and around Westfield Southland and adjoining sites as the retail core. • Entertainment and recreation: Aligned to the retail offer, future population and worker growth will likely underpin demand for future entertainment and recreation. • Accommodation: The increase in floorspace is sufficient for one to two small hotels or serviced apartment complexes. Given the increase in population and workers, there should be market demand for accommodation facilities over time. Public use: Small increase in public use floorspace will likely be achieved with future community infrastructure planning.
 **Moderate potential to be delivered by market**	• Office: Bayside Business District may require investments to improve worker amenity and development incentives may increase the pace of office growth. Consider incentives to support office development around the new SRL East station. The existing activity centre lacks critical mass, requiring further encouragement to achieve the needed office space for stronger employment growth. • Industrial: The increase in industrial floorspace is minor relative to the current scale in the Bayside Business District, suggesting limited need for intervention. Industrial space needs may decrease if replaced by other uses, such as offices, which could still boost employment levels. • • Education: With no schools currently in the Structure Plan Area, education space will require new school designations or alternative uses such as childcare, adult education, or tutoring services. New school decisions will be made by the Department of Education, and the increase in space is expected to be modest
 **Low potential to be delivered by market**	• None identified.

11. Recommendations and opportunities

This section makes recommendations to ensure the right amount and type of employment floorspace is delivered in the right locations in the Structure Plan Area.

For each category of employment floorspace, the amount of floorspace required is recommended, along with its optimal spatial distribution and appropriate building typologies. Additional actions considered necessary to achieve the economic vision for the Cheltenham Structure Plan Area are recommended.

These recommendations are summarised with the locations shown in Figure 11.1 at the end of this section. The numbers on the figure refer to the numbers of the recommendations below.

11.1 Recommendations

11.1.1 OTHER RECOMMENDATIONS TO SUPPORT EMPLOYMENT GROWTH

Recommendation 11: Ensure high worker amenity

Ensure the Southland Activity Centre core and Bayside Business District have a high level of worker amenity to help attract professional services, and a range of other office-based business, to these locations. This should include a high-quality public realm, quality building design, broad mix of amenities, including F&B and access to public transport for future workers.

Any future design guidelines should support delivery of office buildings including mixed use office buildings, flexible and generous floorplates, high levels of external and internal amenity, technology infrastructure, and ability to achieve a high level of sustainability.

Recommendation12: Consider residential uses in limited parts of the Bayside Business District

Consideration should be given to supporting residential densification towards the eastern end of Bay Road within the Bayside Business District. Further residential uses (noting existing mixed-use zone here already includes some residential uses) could enhance the area's activity, stimulate demand for various local services, and potentially attract a diverse array of businesses to the Business District.

11.1.2 OFFICE FLOORSPACE

Recommendation 1: Plan for a material increase in office floorspace, particularly in and around the Southland Activity Centre

The total additional need for office floorspace across the Structure Plan Area is estimated at 120,000 sq.m GBA to 2041. The preferred location for a significant share of this space is around the Southland Activity Centre, preferably within walking distance of the station.

The Southland Activity Centre, while not a major office hub currently, will have some attributes that are amenable to some medium to higher rise office spaces including high amenity, proximity to public transport and the adjacent shopping facilities. Locating future office space close to the Cheltenham SRL Station will be critical to success, enabling a direct connection with the SRL Corridor.

The area around the Cheltenham SRL East Station and the existing Southland Station should be the focus for future office development. This area is suited to office towers, either stand-alone office or mixed with other uses.

Similarly, offices could also be considered as part of the mix of intensified uses in the corridor along the Nepean Highway between Westfield Southland Shopping Centre to the Cheltenham Activity Centre, although noting this area is further removed from the new station.

Highett Activity Centre will continue to have a smaller, local role for offices. This area is a suitable for a mix of small-medium office-based businesses and shared workspaces, situated in mixed use buildings.

Although outside the Structure Plan Area, planning for offices in Cheltenham Activity Centre should remain consistent with the direction set by its Structure Plan and continue to provide primarily for local businesses.

Recommendation 2: Support continued growth of office space in Bayside Business District

Bayside Business District will play an increasingly important role as a unique business hub serving the surrounding region. Increased office floorspace is critical to this role, and it is likely that office space will take a range of typologies including low to medium rise, smaller tenancies, and studio space.

Office floor space is will also continue to be mixed with other complementary uses including light industrial, storage, warehousing, light manufacturing, other industrial activity, and showrooms.

11.1.3 HEALTH & EDUCATION FLOORSPACE

Recommendation 3: Plan for a modest increase of health floorspace within existing activity centres

There is anticipated to be a modest increase of 10,900 sq.m GBA of health floorspace to meet the needs of a larger local population. Health floorspace will continue to play a local role in Cheltenham achieved through an increase of consulting rooms and small medical services. These can continue to locate across activity centres and commercial areas, in areas with good access to public transport and ideally, other health or community located services. Much of the space should be accommodated in and around the Southland Activity Centre.

Recommendation 4: Locate future non-school education floorspace through activity centres

The modelling indicates that this will be approximately 13,600 sq.m GBA by 2041.

Given there are currently no schools within the Structure Plan Area, any additional need for schools created by population growth in the area will need to either be accommodated in schools outside the Structure Plan, or through development of new schools. The need for new schools is not considered in this report, with future school floorspace requirements to be determined by the Department of Education and Training in line with population growth.

Consequently, new education floorspace will locate in and around the activity centres of the Structure Plan Area, typologies include adult education facilities, tutoring services or childcare facilities.

11.1.4 RETAIL AND ENTERTAINMENT FLOORSPACE

Recommendation 5: As per the recommendations of the Cheltenham Retail Needs report, plan for an additional 38,000- 46,000 sq.m Gross Building Area of retail and food and beverage (F&B) space in the Structure Plan Area.

Cheltenham will continue to grow its retail and F&B offer through to 2041, bolstering its role as a regionally significant retail, lifestyle and entertainment destination. Future growth should be consolidated centrally within the Structure Plan Area, close to the new station. This includes expansion and regeneration of Westfield Southland including additional F&B and entertainment, and integration of retail through mixed use development around the station.

Highett Activity Centre will continue to provide a smaller, localised retail and F&B offer, with some additional space potentially added at ground level of mixed use development, potentially slightly extending the footprint of the existing strip.

Elsewhere, redevelopment opportunities will create some additional retail space along the Nepean Highway frontage, for example showrooms focussed between Southland and Cheltenham Activity Centre beyond the southern boundary of the Structure Plan Area.

Recommendation 6: Limit retail activity in the Bayside Business District to amenities for workers

Consider limiting further retail floorspace from Bayside Business District to protect existing retail areas and preserve land for office/industrial uses. Some limited retail space, such as to provide amenity for workers should be supported. Bulky goods retail and other showrooms could also be suitable, as per the recommendations of the *SRL East Retail Needs Assessment –Cheltenham*.

Recommendation 7: Support entertainment and recreation uses in and around the existing activity centres

Entertainment uses, such as cinemas, pubs, bars, theatres, and leisure uses play an important role attracting a broad mix of visitors to the Cheltenham and providing

a wide range of amenities to residents, visitors and workers. Plan for around an additional 12,000sq.m of entertainment uses, with the majority of these focused in and around the SRL East station core and adjoining Westfield Southland site.

Some recreation uses such as gyms or swim schools are located in the Bayside Business District, providing local amenities to workers and surrounding residents.

Broader community-focused entertainment and recreation uses (i.e. swimming pools, sporting facilities etc) should be informed by the recommendations of the Cheltenham Community Infrastructure Report.

11.1.5 INDUSTRIAL FLOORSPACE

Recommendation 8: Allow for increase in industrial floorspace in the Bayside Business District

The Bayside Business District should evolve towards higher-density employment while retaining industrial space as a vital component. New developments are expected to feature a mix of light industrial, warehouses, and showrooms as part of the industrial mix.

Modelling suggests a need for an extra 29,300 sq.m of industrial floorspace which should be located in the Bayside Business District. This space will be developed with complementary offices and some limited retail showrooms and amenity. The increase in industrial sector employment will increasingly be accommodated in non-industrial typologies such as offices. Industrial uses should still be supported as the Bayside Business District naturally transitions towards higher density employment uses.

Improving the District's amenities and accessibility will be crucial for expanding its employment opportunities. It may also provide better amenity protection for surrounding uses, including residential.

11.1.6 OTHER EMPLOYMENT FLOORSPACE

Recommendation 9: Plan for a modest increase of accommodation floorspace (approximately 200 – 280 rooms)

Future hotels and accommodation space will complement Cheltenham's role as regional retail, lifestyle and entertainment hub, providing accommodation for those visiting local residents and workers.

Based on the modelling, an additional 16,400 sq.m GBA of accommodation floorspace should be planned for, mainly situated in and around the Cheltenham SRL East Station, near amenities, public transport, offices, and retail. This might be in the form of one to two small hotels or serviced accommodation facilities.

There may be opportunity for some accommodation within the Bayside Business District to accommodate business visitors or visitors to the nearby golf courses.

Recommendation 10: Support public use floorspace in and around existing activity centres

Public use floorspace will support the growth of non-office based public services. Examples include public libraries, courts, community centres, churches, non-office government buildings, policy, fire and ambulance facilities. Future planning of other community uses will be guided by the Cheltenham Community Infrastructure Report or relevant public organisations.

Where possible, future public use floor space should be located in and around the various activity centres including the Cheltenham SRL East Station site, Westfield Southland, Highett Activity Centre, the Nepean Highway corridor towards Cheltenham Activity Centre and around the existing Magistrates Court. Future planning initiatives for public facilities must consider and reinforce Cheltenham Activity Centre 's existing role as a provider of community and public services.

Our modelling indicates that the Structure Plan will need to provide an additional 72,400 sq.m GBA of public use floorspace by 2041.

11.1.7 OTHER RECOMMENDATIONS TO SUPPORT EMPLOYMENT GROWTH

Recommendation 11: Provide high worker amenity to attract businesses and workers

Ensure the Southland Activity Centre core and Bayside Business District have a high level of amenity to help attract professional services, and a range of other office-based business, to these locations. This should include a high-quality public realm, quality building design, broad mix of amenities, including food and beverages, and access to public transport for future workers.

Recommendation 12: Consider residential uses in limited parts of the Bayside Business District

Consideration should also be given to supporting some residential densification towards the eastern end of Bay Road within the Bayside Business District. Further residential uses (noting existing mixed-use zone here already includes some residential uses) could enhance the area's activity, stimulate demand for various local services, and potentially attract a diverse array of businesses to the Business District. Further discussion the role of residential activity stimulating employment growth is in Section 4.4.

11.2 Other opportunities

Other opportunities are identified below to support employment growth. Some are potentially beyond the scope of the Structure Plan development and supporting Planning Scheme Amendments, while others are general opportunities to support the necessary employment development in Cheltenham:

Opportunity 1: Define a clear position and strategy to support office growth across the Structure Plan Area

- **Define a clear position and strategy to support office growth across the Structure Plan Area -** Future office spaces in Cheltenham will be dispersed throughout the Structure Plan Area and located in strategic areas just beyond it, such as the Cheltenham Activity Centre. It will be important to clearly define the role and function of office activity across Cheltenham in order to grow its profile as a business location.

FIGURE 11.1 SPATIAL RECOMMENDATIONS FOR FUTURE EMPLOYMENT FLOORSPACE WITHIN CHELTENHAM STRUCTURE PLAN AREA

Appendix A

Data sources, use and descriptions

Abbreviations, Data Sources and Definitions

ACRONYMS AND ABBREVIATIONS

ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
ANZSCO	Australian and New Zealand Standard Classification of Occupations
ATO	Australian Tax Office
BIC	KPMG's Business and Investment Case (BIC) for SRL East
CBD	Central Business District
CLUE	Census Land Use and Employment
DEECA	Department of Energy, Environment and Climate Action
DELWP	Department of Environment, Land, Water and Planning – Note that DELWP's functions were split into DEECA and DTP in January 2023
DJSIR	Department of Jobs, Skills, Industry and Regions
DTP	Department of Transport and Planning
DZ	Destination Zone
FES	Floorspace Employment Survey
GBA	Gross building area
GFA	Gross floor area
GLA	Gross leasable area
LGA	Local Government Area
LQ	Location Quotient
MAC	Metropolitan Activity Centre
MICLUP	Melbourne Industrial and Commercial Land Use Plan
NEIC	National Employment Innovation Cluster
OCCP	Occupation [ABS Census]
PSMA	PSMA Australia [Land Tenure Data]
SP	Structure Plan
SRL	Suburban Rail Loop
SRLA	Suburban Rail Loop Authority
SWOC	Strengths, Weaknesses, Opportunities, Challenges
TAFE	Technical and Further Education
VET	Vocational Education and Training
VIF	Victoria in Future
VITM	Victorian Integrated Transport Mode
WSR	Workspace ratio

DATA SOURCES AND GEOGRAPHIES

The following key data sources and key geographies were used in the analysis:

- **Census of Population and Housing 2006, 2011, 2016 and 2021**, Australian Bureau of Statistics (ABS)
  - » Census data is available for standard ABS geographies such as Destination Zones (DZs) and Local Government Areas (LGAs).
- Land use projections generated as part of the **Business and Investment Case (BIC) for SRL East**, 2021, KPMG (on behalf of the Victorian Government)
  - » Land use projections (including demographic, employment and enrolment estimates) included in the SRL BIC are derived from the CityPlan model.
  - » CityPlan is a strategic scale Land Use Transport Interaction (LUTI) model that is used to estimate the broad land use impacts of major transport and precinct initiatives. It was developed by KPMG on behalf of the Victorian Government Department of Transport and Planning (DTP).
  - » CityPlan's geographic scope is confined to Victoria, with a focus on metropolitan Melbourne and surrounding settlements. In this instance, CityPlan has been used to redistribute the base population and employment distribution based on the SRL transport and other related initiatives. These redistribution effects have been contained in the total Victorian population projects, with the majority of movements contained in metropolitan Melbourne.
  - » The CityPlan model uses a range of data. Some of the data is publicly available and some is internal to the Victorian Government.
  - » The version of CityPlan used for the SRL BIC was Version 1.1.1. Key inputs into CityPlan Version 1.1.1 include:
    - – SALUP19 based on Department of Environment, Land, Water and Planning (DELWP) Projections 2018 (Unpublished)

    - ABS Census 2016
    - Victorian Planning Authority (VPA) potential development capacities
  - » Data is reported at the Travel Zone, SA2, SA3 and LGA level.
  - » For an introduction to CityPlan, in the context of the SRL, see the SRL Business and Investment Case available from: https://bigbuild.vic.gov.au/library/suburban-rail-loop/business-and-investment-case
- A **floorspace audit** was caried out to identify and categorise employment land in the Structure Plan Area. This process included review of a number of data sources (such as DEECA, PSMA and Space Syntax) to understand, for each building, the existing employment land use and estimate the amount of floorspace. This data set provided a baseline for future floorspace estimates and figures are in Gross Building Area (GBA).

DEFINITIONS

Industry classifications

The following Australian and New Zealand Standard Industrial Classification (ANZSIC) Divisions make up the combined industry classifications used in this analysis:

- **Professional Services:** Information Media and Telecommunications; Financial and Insurance Services; Rental, Hiring and Real Estate Services; Professional, Scientific and Technical Services; Administrative and Support Services; Public Administration and Safety
- **Health:** Health care and social assistance
- **Education:** Education and Training
- **Population-serving:** Construction; Retail Trade; Accommodation and Food Services, Arts and Recreation Services; Other services
- **Industrial:** Agriculture, Forestry and Fishing; Mining; Manufacturing; Electricity, Gas, Water and Waste; Wholesale Trade; Transport, Postal and Warehousing

When referring to industries in the report, it is almost always relating to these ANZSIC level 1 industries.

Occupation

The occupation classification used in Australian Bureau of Statistics (ABS) surveys is the Australian and New Zealand Standard Classification of Occupations (ANZSCO). ANZSCO is a skill-based classification of occupations which covers all jobs in the Australian and New Zealand workforce. Occupation information collected in surveys and the Census provides a description of a person's job, and refers to the kind of work undertaken by an employed person irrespective of the industry in which that job is held.

Occupational analysis has used ANZSCO level 4 occupations, which is the most granular occupation level that is also comparable with previous census periods. This level has been used as it is typically in conjunction with determining floorspace type, which requires a detailed understanding of the job description.

Methods of floor area measurement

- **Gross Building Area (GBA)** refers to the total floorspace of a building including stairs, hallways, plant etc.
- Note that the figures are Gross Building Area (GBA) as the floorspace audit was undertaken using external building information, no common spaces or otherwise unleasable spaces have been removed from the building extents.
- **Gross Floor Area (GFA)** is the total area of all floors in a building, measured from the exterior walls. It generally excludes stairs and plant area.
- **Gross Leasable Area (GLA)** focuses on the portion of space available for lease to tenants, typically excluding common areas and utility spaces.

Workspace ratio

Workspace ratio is the average floorspace (sq.m) per employee. In this report there are discussions using both workspace ratios for GFA and GLA. GLA is used when comparing with collected workspace ratio benchmarks from other cities in Australia. These benchmarks are provided at a GLA level. GFA workspace ratios are used to calculate the total amount of floorspace demanded in the selected area. GFA is more useful for this analysis as the structure planning process will need to be aware of the total employment floorspace, not just the leasable area.

Assumptions and limitations

MODELLED PERIOD

- The analysis presented in this report focuses on a single potential population outcome and evaluates the employment floorspace requirements necessary to achieve that specific outcome. The projected year for employment demand is 2041 as the emphasis for structure planning is 2041.

ASSUMPTIONS

There are several key assumptions associated with this analysis. They are:

- **Workspace ratios**. In order to determine an appropriate workspace ratio to apply to the future of the Structure Plan Area, a translation needed to occur between workspace ratio on a GBA basis, as determined by the floorspace audit undertaken, to a GLA based workspace ratio in order to compare with known benchmarks. This is variable based on the land use, as shown in appendix E. This assumption was made in conjunction with interrogation of the City of Melbourne CLUE dataset.
- **New and removed floorspace**: In projecting the future floorspace demand in the Structure Plan Area an assumption was required on the amount of floorspace that was new, the amount that was old and the amount that was removed. All of these spaces will have differing impacts to the workspace ratio across the Structure Plan Area. The average rate of removal per annum was derived from City of Melbourne CLUE data to assist with this.

LIMITATIONS

There are several key limitations associated with this analysis. They are:

- **Census data**. The 2021 Census was conducted at an unusual time with much of Australia's eastern seaboard subject to COVID-19 restrictions, prompting caution when interpreting certain results, especially regarding data on place of employment. Census data is also subject to random perturbation to protect the confidentiality of individuals. These adjustments result in small introduced random errors when analysing more finely classified data. Changes to data management and collection methods across Census periods can also impact the use of a few datasets especially when used at a small geographic level or over time.
- **Spatial misalignment:** Numerous situations arise where the geographic units of one type intersect with the boundaries of another type in inconsistent ways. For example, Travel Zones (used in BIC data) do not perfectly align with SA1s (the principal geography Census data is extracted from). AJM JV and SRLA have agreed on specific methods for apportioning geographic data. We note that apportioning can result in some inaccuracy in the allocation of data for the area sought to approximate.
- **BIC projections**: The projections are strategic and should be considered indicative. Since the projections were prepared, some material events have occurred impacting population and employment growth and to some extent, typical behaviours of households and businesses. These include: COVID-19; lower population growth; shift in user preference to working from home and updated to staging of competing and complementary projects. For full details on the assumptions and limitations of CityPlan and the provided land use outputs see Appendix C1: Demand Modelling Report from the SRL Business and Investment Case available from: https://bigbuild.vic.gov.au/library/suburban-rail-loop/business-and-investment-case

Appendix B

Structure Plan employment profile

TABLE B.1 WORKER CHARACTERISTICS, CHELTENHAM, 2021 CENSUS

	CHELTENHAM		GREATER MELBOURNE
	2011	2021	2021
Industry:			
Education and Training	200	400	224,400
Health Care and Social Assistance	600	1400	337,200
Professional Services	1800	2300	666,500
Other Population Services	4000	5100	725,500
Industrial	2200	1500	423,200
Total	**8800**	**10,600**	**2,376,700**
Full-Time / Part-Time			
Full-Time	4800	5100	1,441,600
Part-Time	3600	4600	781,600
Away from work	400	900	153,500
Total	**8800**	**10,600**	**2,376,700**
Gender:			
Male	4200	5000	1,219,800
Female	4600	5600	1,156,900
Total	**8800**	**10,600**	**2,376,700**
Age:			
15-24 years	2300	2800	319,400
25-39 years	2500	3200	897,900
40-54 years	2700	2700	736,200
55-64 years	1100	1500	326,000
65 years and over	200	300	97,400
Working Age (15-64 years)	**8600**	**10,300**	**2,279,300**
Total	**8800**	**10,600**	**2,376,700**
Education:			
Bachelor or Above	*Irregularities in Comparison*	3400	1,057,200
Diploma or Above		1400	281,500
Certificate or Year 10 and above		5200	921,100
Year 9 and below		500	107,800
No educational attainment		0	9000
Total		**10,600**	**2,376,700**

	CHELTENHAM		GREATER MELBOURNE
	2011	2021	2021
Income:			
Negative income	0	0	2300
Nil income	100	100	11,000
$1-$149 ($1-$7,799)	1100	700	59,800
$150-$299 ($7,800-$15,599)	600	600	68,300
$300-$399 ($15,600-$20,799)	600	500	71,500
$400-$499 ($20,800-$25,999)	1200	600	86,400
$500-$649 ($26,000-$33,799)	1400	800	140,100
$650-$799 ($33,800-$41,599)	1100	900	182,400
$800-$999 ($41,600-$51,999)	1000	1300	259,800
$1000-$1249 ($52,000-$64,999)	600	1300	314,100
$1250-$1499 ($65,000-$77,999)	600	1000	255,000
$1500-$1749 ($78,000-$90,999)	500	800	230,800
$1750-$1999 ($91,000-$103,999)	*Ranges Altered Between Census Periods*	500	171,200
$2000-$2999 ($104,000-$155,999)		900	310,700
$3000-$3499 ($156,000-$181,999)		200	76,000
$3500 or more ($182,000 or more)		400	137,300
Average Income	**$44,327**	**$60,977**	**$76,198**
Total	**8800**	**10,600**	**2,376,700**
Method to Work:			
Worked at home	*No Data*	2300	799,500
Private Vehicle		7300	1,346,700
Active Transport		400	73,400
Other Public Transport		500	147,100
Other Mode		0	10,100
Total		**10,600**	**2,376,700**
Occupation:			
Managers & Professionals	2500	3200	1,007,200
White Collar	6700	7900	1,785,400
Blue Collar	2100	2700	591,300
Total	**8800**	**10,600**	**2,376,700**

Source: ABS Census of Population and Housing, 2011, 2021

TABLE B.2 INDUSTRY PROFILE, CHELTENHAM, 2011 & 2021

	2011	2021	PROPORTION 2021	G.MELB PROPORTION	LOCATION QUOTIENT	2011-21 ANNUAL GROWTH (NO.)	GROWTH RANK
Education and Training	200	400	4%	11%	0.3	23	4
Health Care and Social Assistance	600	1400	13%	16%	0.8	73	1
Administrative and Support Services	230	290	3%	3%	0.9	6	9.5
Financial and Insurance Services	240	510	5%	3%	1.9	27	3
Information Media and Telecommunications	190	200	2%	1%	1.5	1	13
Public Administration and Safety	350	400	4%	4%	1.0	5	11
Professional, Scientific and Technical Services	710	790	7%	8%	0.9	8	8
Rental, Hiring and Real Estate Services	80	120	1%	2%	0.6	4	12
Professional Services	1800	2300	22%	21%	1.1	51	
Accommodation and Food Services	740	930	9%	6%	1.4	19	5
Arts and Recreation Services	120	180	2%	1%	1.2	6	9.5
Construction	350	810	8%	9%	0.9	46	2
Retail Trade	2550	2710	26%	12%	2.2	16	6
Other Services	280	400	4%	4%	0.9	12	7
Other Population Services	4000	5100	47%	32%	1.5	99	
Agriculture, Forestry and Fishing	10	20	0%	0%	0.7	1	16.5
Electricity, Gas, Water and Waste Services	60	30	0%	1%	0.3	-3	16.5
Manufacturing	1340	930	9%	10%	0.9	-41	16.5
Mining	10	0	0%	0%	0.0	-1	16.5
Transport, Postal and Warehousing	260	240	2%	4%	0.6	-2	16.5
Wholesale Trade	520	340	3%	5%	0.7	-18	16.5
Industrial	2200	1500	21%	20%	1.0	0	
Total	8800	10,600	100%	100%	1.0	180	

Source: ABS Census of Population and Housing, 2011, 2021

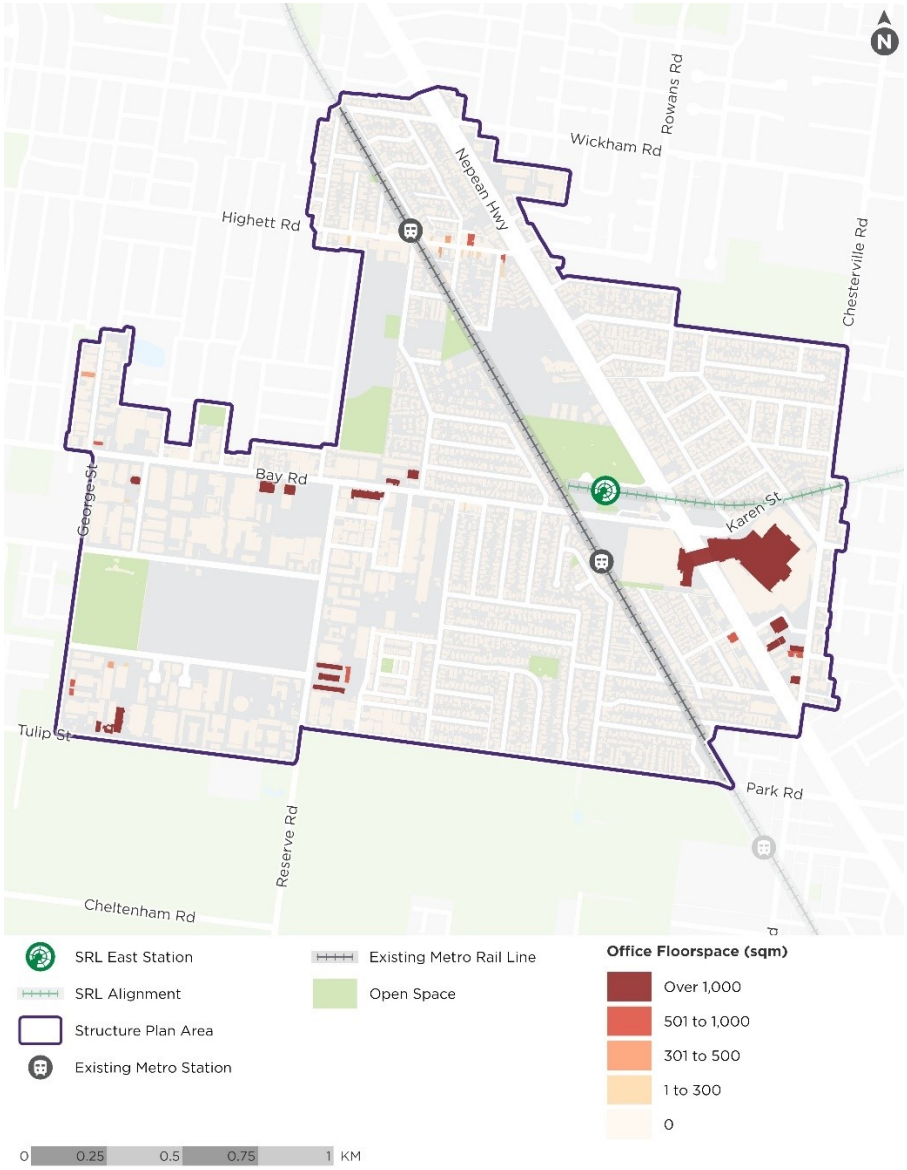


FIGURE B.1 CHELTENHAM OFFICE FLOORSPACE, 2024

Source: DEECA, PSMA, Space Syntax, AJM JV

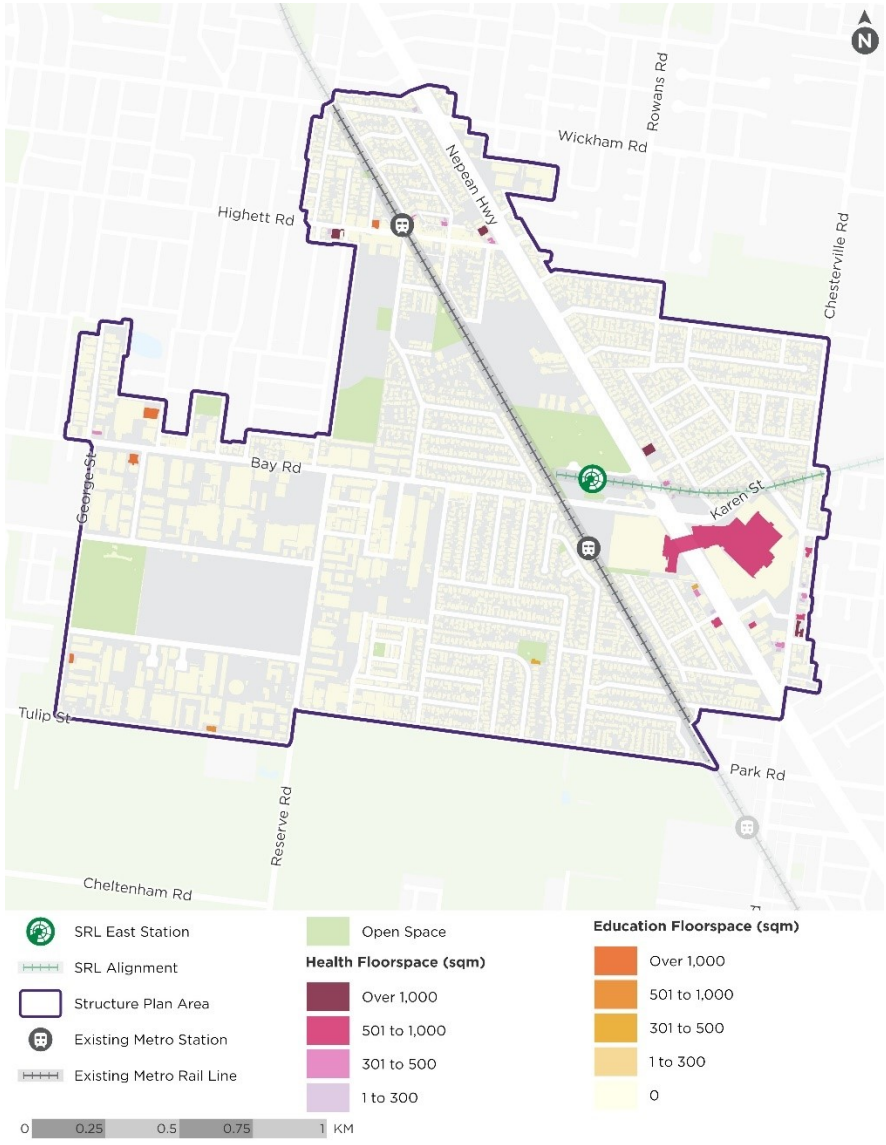


FIGURE B.2 CHELTENHAM HEALTH AND EDUCATION FLOORSPACE, 2024

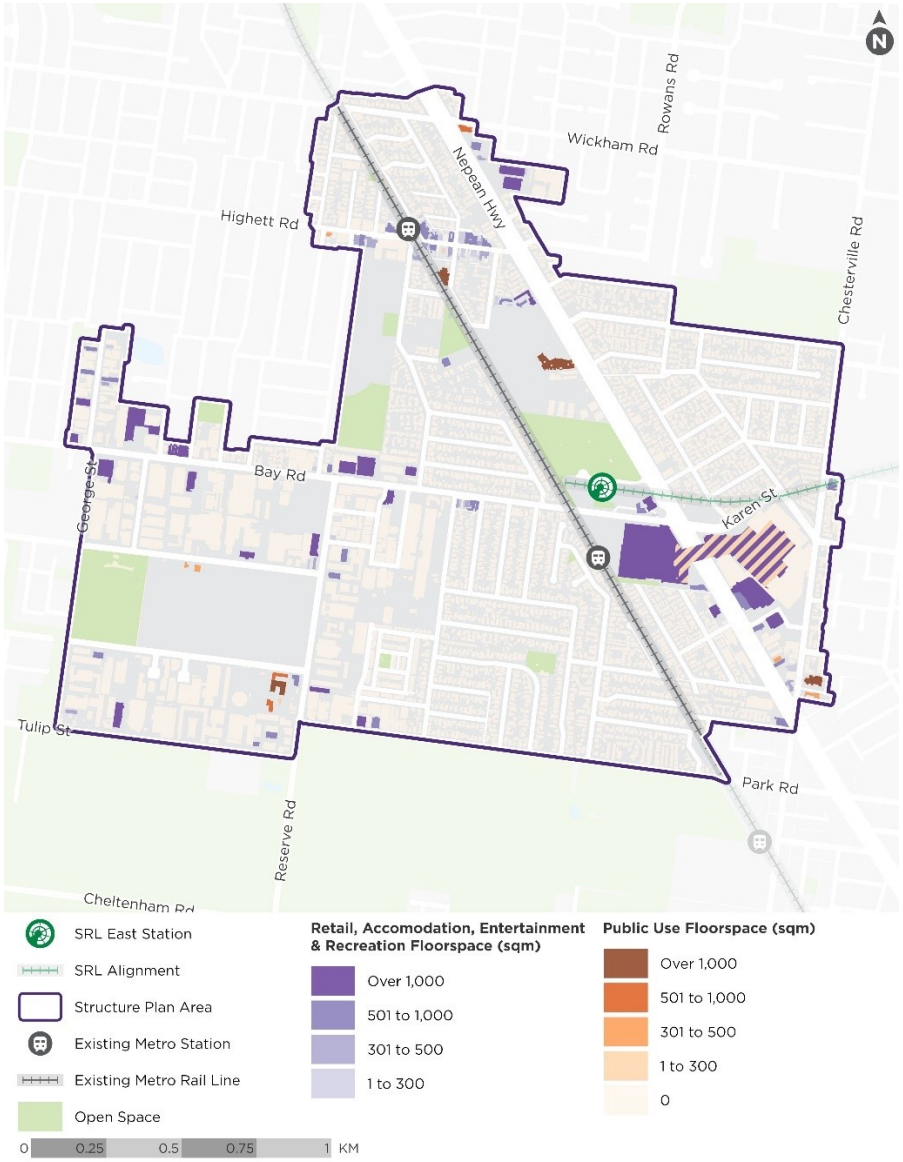


FIGURE B.3 CHELTENHAM RETAIL, ACCOMODATON, ENTERTAINMENT, RECREATION AND PUBLIC USE FLOORSPACE, 2024

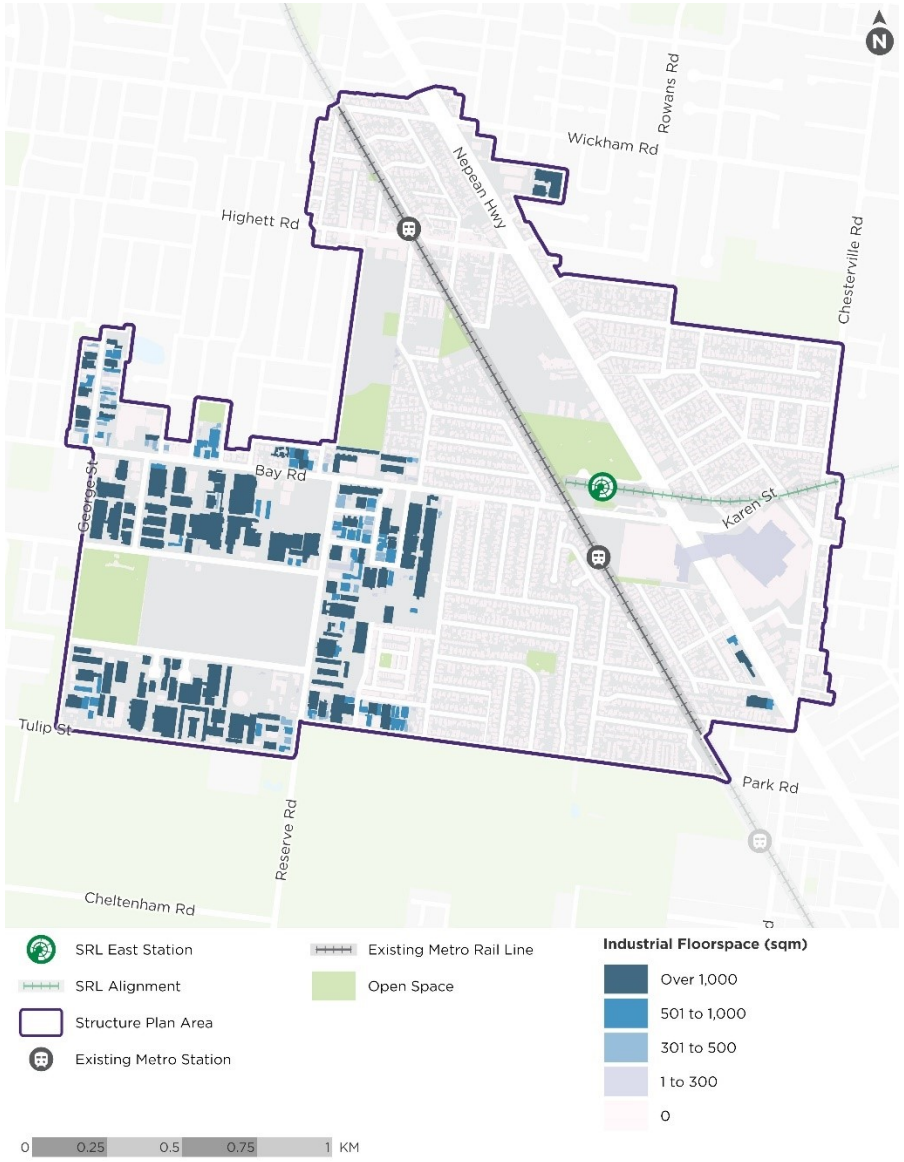


FIGURE B.4 CHELTENHAM INDUSTRIAL FLOORSPACE, 2024

Appendix C

Suburban employment hubs & workplace trends

Sydney suburban employment hubs

TABLE C.1 PROFILE OF SYDNEY'S KEY SUBURBAN EMPLOYMENT HUBS

	PARRAMATTA	MACQUARIE PARK	NORTH SYDNEY	ST LEONARDS/ CROWS NEST	CHATSWOOD	SYDNEY CBD BENCHMARK
Professional services jobs 2021	13,952	15,788	36,577	14,008	9278	237,709
ABS SEIFA Index – Education and Occupation (percentile)	NSW Percentile: 95 Score: 1116	NSW Percentile: 98 Score: 1161	NSW Percentile: 100 Score: 1192	NSW Percentile: 100 Score: 1205	NSW Percentile: 97 Score: 1146	NSW Percentile: 97 Score: 1142
Proximity to work force (weighted mean distance from centre)	<5km	<3km	<10km	<10km	<5km	<15km
Office space 2022 (sq.m)	887,000	909,000	923,000	341,000	273,000	5,163,000
Office space growth 2002-2022	2.3%	2.8%	0.7%	0.04%	-0.3%	0.7%
Office rents 2023 (annual per sq.m)	$350	$360	$620	$575	$500	$900
Rail access	Existing rail on Inner West line and plans for new heavy and light rail networks. Plans for new Parramatta light Rail Stage 1, connecting the Parramatta CBD to Westmead. New Parramatta metro station to the north of existing Paramatta station and located within Paramatta CBD. To link in with Civic Link	Existing rail network expanded through Northwest Metro in 2015 with access to Chatswood and Sydney Northern Line.	Existing integration with Northern Line (T9) and North Shore Line (T1). New Station, Victoria Cross Station, to be located in the North Sydney CBD as part of the City and Southwest line extension.	Existing integration with Northern Line (T9) and North Shore Line (T1). Future investment to be made to extend the Metro North West line to include the new City and Southwest line with a new station at Crows Nest.	Existing integration with Northern Line (T9) and North Shore Line (T1) and the Metro North West Line. The City and Southwest Line will be extended from Chatswood to Sydenham.	Significant integration with 6 existing metro lines of heavy rail. And 3 lines of light rail. Future extensions of the Southwest Line will also add to the network in the CBD.
Key amenities	Retail: Westfield Parramatta Civic uses: Paramatta Library; Old Government House; Paramatta Town Hall Entertainment Commbank Stadium;	Retail: Macquarie Shopping Centre Entertainment and Recreation (Macquarie Ice Rink, Macquarie University Sport and Aquatic Centre) Open Space (Lane Cove River, Mars Creek Fontenoy Park)	Stanton Library Primary Education Secondary Education Early Education Public Space (St Leonards Park)	Public Space Health Retail Technical Education Community Centre	Retail: Westfield Chatswood, Chatswood Chase, major retail strip. Open Space Golf Club Aged Care Early Education	Public Space Town Hall Retail Waterfront Education Museums & Galleries

	PARRAMATTA	MACQUARIE PARK	NORTH SYDNEY	ST LEONARDS/ CROWS NEST	CHATSWOOD	SYDNEY CBD BENCHMARK
	Secondary Education Tertiary Education & Western Sydney University	Education & childcare Early Education Secondary Education			Secondary Education Library	Sydney Opera House Community Centres
Institutions	Western Sydney University ; NSW Police Force ; Department of Home Affairs; Department of Communities & Justice; NSW Department of Education	Macquarie University; Macquarie University Hospital; Macquarie Park Data Centre Campus; Transport for NSW; Macquarie University Incubator	Chambers of Commerce; US Foreign Consulate; Sydney Design School; Australian Catholic University (ACU); Royal Art Society NSW	North Shore Private Hospital; Royal North Shore Hospital; TAFE NSW – St Leonards; Health Infrastructure Headquarters; North Shore Health hub	Chatswood Police Station	UTS, USYD, Hospital on periphery of CBD; NSW Parliament; NSW Treasury; Supreme Court of NSW ; Sydney Hospital and Sydney Eye Hospital; Sydney Conservatorium of Music
Key Private Businesses	Westfield Parramatta Myer Parramatta	Macquarie Centre; Optus; Cochlear; DXC Technology ; Ericsson Australia; Toshiba; Fujitsu; AMP Capital	Microsoft; SAP; Coca-Cola; Zurich; Sony; Sydney Morning Herald	Stryker	Westfield Chatswood	Westpac; CBA; EY Optiver; Other major Banks, Financial Services and consulting
Government Support	Designated as a priority growth area by NSW Government Significant Transport investment – Sydney Metro West and Parramatta Light Rail. State-led rezoning of Church Street North Precinct located north of Parramatta CBD.	Designated as a priority growth area by NSW Government 3 New master planned neighbourhoods within Macquarie Park Macquarie Park Innovation Precinct Rezoning Macquarie Park Place Strategy New affordable housing investment.	New Victoria Cross Station Investment	New train station in 2024 (Crows Nest Metro Station) Crows Nest has been identified as an accelerated precinct under the Transport Oriented Development Program including rezonings around the new Crows Nest Metro site. Relocation of Government offices.	Key connecting node for Sydney's metro extension. Investment in developing the Central Precinct Central Sydney Strategic Plan – additional height and density, removal of incentives for residential towers.	Prioritise Employment Growth and Capacity Expansion: max 50% residential land use mix requirement. Increased height allowances from 80m to 110m Streamlined planning proposal processes.

1. *Professional Service Jobs 2021: Census of Population and Housing 2021 – Industry of Employment, Australian Bureau of Statistics (ABS)*
2. *ABS SEIFA Index: Socio-Economic Indexes for Australia (SEIFA) – Index of Education and Occupation, 2021, Australian Bureau of Statistics (ABS). The SEIFA Index ranks areas in Australia according to their relative socio-economic advantage and disadvantage using census data. All areas are ordered from the lowest to highest score with the lowest 1% of areas given a percentile number of 1 up to 100. The higher scores designate higher advantage.*
3. *Proximity to Workforce: Nikolic, N. (2023). Office Market Segmentation at the Intra-urban Level: The Relationship between Office Users and Market Structure (MPhil dissertation, UNSW Sydney). Data represents the weighted mean location of the workforce for each centre. For example, Parramatta's workforce, defined by the weighted mean, lives less than 5km from Parramatta.*
4. *Workforce location of office each office market.*
5. *Office Rents 2023: Australian Metro Office Snapshot, Q2 2023, Colliers*

Drivers of professional services in suburban locations

TABLE C.2 KEY ELEMENTS IN FOSTERING PROFESSIONAL SERVICES JOBS IN SUBURBAN LOCATIONS

ELEMENT	DESCRIPTION	EXAMPLE OF BEST PRACTICE
Access to large pool of skilled workers	• Businesses need access to deep, skilled labour pool. • Alongside the availability of affordable housing, the commute duration is becoming an increasingly significant factor for workers. • Decreasing housing affordability has pushed many workers to live further away from the CBD, reducing the CBD's pool of potential workers but opened up the pool of skilled workers for suburban hubs.	• Parramatta, located close to the geographical centre of Sydney • Crows Nest/St Leonards, Macquarie Park and Chatswood all benefit from proximity to the workers in the northern suburbs, who have above-average levels of education and a high proportion of residents categorised as 'professionals' and managers
Distinct focus / key anchor	• Universities or large hospitals are pivotal in the formation of suburban employment hubs and in drawing a diverse array of supporting and complementary businesses over time. • There are opportunities for commercial office spaces to complement universities, hospitals, and research institutions.	• Macquarie Park, precinct anchored by Macquarie University • St Leonards with Royal North Shore Hospital • North Sydney cluster of technology firms
High quality, high amenity	• Businesses and employees alike increasingly demand high quality accommodation and convenient access to amenities such as retail, childcare, services, recreation, and fitness facilities. • With the rise of remote work, the importance of quality office environments has escalated, as employers need to 'earn the commute' of workers. • Offices are increasingly emphasising vibrant and unique environments, featuring ample natural light, comfortable workspaces, picturesque views, state-of-the-art end-of-trip facilities, wellness centres, and outdoor areas. Large floorplates are required to accommodate modern office fit outs (e.g. open plan) and foster stronger worker connections in an efficient manner. • The quality of buildings, amenities, streetscape, and public spaces is vital in shaping a corporate or professional identity for businesses. Ensuring alignment with this identity is a primary concern for tenants when selecting office locations. • Increasing role of residential development to support amenity, deepen retail demand and create day/night activity	• Parramatta, North Sydney, Chatswood and St Leonards/Crows Nest all have an established residential population supporting amenity accessible by workers • Future plans for Macquarie Park includes residential development in order to 'create a lively community in the suburb', also enables the development of further amenities and facilities which can also be utilised by workers. • Outside of Sydney, new and emerging innovation precincts are increasing including residential uses to drive the amenity and vibrancy of the precinct (Tonsley Innovation Precinct, Adelaide; Cummings Research Park, Alabama US; and EcoResponsive Environments in Runcorn UK).
Accessibility to public transport	• Access to public transport, especially rail networks, plays a pivotal role in successful office markets. Research indicates that top-performing office locations in Melbourne and Sydney have over 50% of their stock within proximity to a train station, enabling businesses to tap into a larger talent pool[1].	• Parramatta, North Sydney, Chatswood, Macquarie Park, St Leonards/Crows Nest all located on rail line. • Many of these centres have recently, or are in the process of, expanding rail or light rail services, which will further increase the public transport catchment for workers.
Level of critical mass	• Achieving a critical mass of development within a suburb is essential for creating a self-sustaining office precinct.	• Parramatta, North Sydney, Chatswood, Macquarie Park, St Leonards / Crows Nest all have 273,000 to 923,000 sq.m of office space, creating a critical mass of office activity in these centres.
Capacity for larger floorplates	• Aside from suburban employment hubs supporting jobs close to where large numbers of skilled workers reside, they provide space for expansion that no longer exists as readily in CBDs. This particularly for businesses who require floorplates which cannot be readily accommodated in a constrained CBD. • There has been a trend in recent years of professional firms looking to improve integration of business units and staff. This is best achieved by larger office floorplates with several consecutive floors that are connected by stairs. This includes floorplates of at least 1300 sq.m, often significantly larger.	• Newer buildings in Parramatta developed over the last 15 years have had floorplates around 1300 sq.m or above. Older buildings with smaller floorplates have faced leasing difficulties[3].
Relative affordability	• Shortage of employment land supply in the CBD, combined with high levels of demand result in high office rents and often prices many businesses out of CBD areas.	• Typically rents in Sydney's suburban office precincts are 40%-60% below that of the Sydney CBD, providing an affordable price point for many businesses.

ELEMENT	DESCRIPTION	EXAMPLE OF BEST PRACTICE
	• The more affordable office space options in suburban areas makes those areas more attractive to some relative to a CBD location, or influences decisions around having satellite offices. • While Melbourne's CBD has maintained a competitive advantage with rents not growing to the same levels as Sydney, going forward, this could be an increasing factor in supporting businesses seeking suburban alternatives. There is limited capacity for more employment space in the core of Melbourne's CBD, while Docklands, which has offered an outlet for expansion that has maintained affordability, will also fill up in appropriate locations in coming years. This is expected to place upward pressure on rents in central areas, creating an opportunity for suburban areas.	• Office rents in Parramatta and Macquarie Park are around $350/ sq.m. whereas office rents in North Sydney, St Leonards/Crows Nest and Chatswood are around $500-$600/sq.m.
Government support	• Governments can support suburban office markets through various means, such as: • Establishing a conducive planning and policy environment, ensuring suitable zoning regulations and rules that facilitate office development in terms of size, design, and parking requirements, tailored to the unique characteristics of each area. • Relocating government agencies, which can help in creating critical mass. • Supporting and collaborating with industries and invest in essential infrastructure like roads, energy distribution, rail, and airports. • Offering additional crucial components like investing in transport infrastructure to improve accessibility and enhancing the public realm.	• Planning frameworks have long supported a high intensity of development around key activity centres such as Parramatta and North Sydney. • The NSW government's relocation of several agencies to Parramatta, including Sydney Water, the Attorney General's Department, and the Department of Education, has bolstered the area's office market.
Investment attraction	Investment attraction strategies are highly varied across Australia and typically operate at the regional or sectoral level. Investment attraction programs are designed to stimulate economic growth, create jobs and foster innovation across various industries. Types of programs include: • Grants to assist with capital costs along with ongoing operational expenditures. • Tax incentives for new and emerging businesses in certain priority sectors. • Infrastructure funding to support new business to set up or expand in a specific location. • Non- financial support through creating networks, partnership and collaboration opportunities.	• The geographical layout combined with high rents and capacity constraints of the Sydney CBD has naturally created a push towards suburban employment hubs, so these strategies have been less common in the Sydney context. • City of Gold Coast's 'Investment and business attraction program' is an example to attract and expand business in an urban region. It includes financial incentives such as cash rebates for capital investments, including land or building purchases, reimbursement on operational expenditure, relocation assistance along with non-financial assistance packages such as ongoing business support, networking and government facilitation[4].

Source: Urbis. Footnotes: 1. Jones Lang LaSalle (2020) Office Precincts for 2030 and Beyond, Report 4: Future Cities Research, May 2020; 2. City of Sydney, Central Sydney Planning Strategy 2016-2013, updated March 2022; 3. Urbis 2015, Economic Review of Achieving A Grade Office Development In Parramatta CBD; 4. Gold Coast City Council,. New Investment and Attraction Program, GCCC Website April 2024.

Case study: Macquarie Park

What is Macquarie Park?

Macquarie Park is NSW's second largest non-CBD office market, comprising an important cluster of leading universities, hospitals and companies in Sydney's north west, approximately 13km from the CBD. The establishment of Macquarie University in 1964 and rapid growth in housing post-war were instigators for the expansion of Macquarie Park's industrial and scientific sectors. Over the decades, policy has shifted towards encouraging increased research and development activities throughout the precinct. For example, in 1979 the Ryde Planning Scheme required industrial employment uses to have a "research and development" component to take advantage of Macquarie University. In the proceeding years, amenity within the precinct grew to service the larger workforce and student population with the opening of the Macquarie Centre in 1979.

The precinct has since attracted a diverse range of R&D and professional service businesses including Optus, Cochlear, NAB, AMP Capital, Fujitsu and Johnson & Johnson. It has also formalised the business community through the establishment of the Macquarie Park Innovation District (MPID), which represents 380 businesses across the life sciences, digital and technology industries.

The wider precinct, Macquarie Park, was designated as a *Priority Precinct* by the NSW Premier in 2020, while the Sydney Metro extension due for completion in 2024 will ensure it is directly accessible to the Sydney CBD and a broad workforce across Sydney's northern suburbs. Housing development within the precinct has also accelerated. epitomised by the Ivanhoe Estate redevelopment, the largest social housing project in Australia. Bringing housing to the precinct is seen to as a way to increase vibrancy and activity.

Within the next 15 years, the precinct is forecast to increase its overall contribution to the NSW economy to $14bn, representing the second biggest contribution to state GDP behind the joint contribution of the CBD and North Sydney. Growth is expected to occur in the Education, Medtech, Biomedical Sciences and Advanced Manufacturing sectors.

Key success factors:

- Macquarie University as an anchor tenant
- Policy framework to prioritise R&D businesses
- Continued transport and infrastructure investment
- Relative affordability of office spaces compared to CBD
- Government support through range of soft and hard infrastructure initiatives
- Capacity for expansion and ability to accommodate large campus-style office buildings
- Focus on enhancing amenity now residential uses to bring greater vibrancy to the Precinct

Key Stats

- 47,000 jobs
- 894,000 sq.m commercial floor space
- 617,000 sq.m premium grade office space
- Commercial core businesses: 19% pharmaceutical; 25% high tech, computing and technology, 20% electronics; 7% telecommunications
- Macquarie University 45,000 students; 3000 staff.
- Macquarie University Hospital 500 staff
- Macquarie Centre 134,000sqm retail floor area

Timeline

1964 Macquarie University

1979 Planning scheme supports research and development

1981 Macquarie Centre

2009 Macquarie Park train station

2015 Connect MPID

2019 Rail connection to Sydney Metro Northwest

2022 Macquarie Park Place Strategy aims to further diversity and grow Macquarie Park with a further 20,000 jobs and 7650 homes

FIGURE C.1 MACQUARIE PARK IMAGERY

Source:

https://greatercities.au/innovation-districts; SRL Business and Investment Case; MPID Annual Report 2022; Draft Macquarie Park Place Strategy 2021; Macquarie Park Innovation Precinct Place Strategy, August 2022

Emerging workspace trends

SHIFT TOWARDS MIXED USES AND ACTIVITIES

Moving towards mixed uses means combining different types of users and activities in one workspace. For instance, this could involve bringing private sector research and development into educational settings, or having office buildings with additional conference or event areas. This mix creates chances for different sectors to collaborate, leading to more innovation and productivity.

INCREASE OF REMOTE WORK

In the aftermath of the COVID-19 pandemic, remote work seems poised to remain, albeit in a scaled-down capacity. According to the ABS Household Impacts of COVID-19 Survey conducted in 2022, 30% of individuals worked from home either every day or most days, while 24% worked from home at least once a week. This trend is likely to result in a decreased demand for worker floorspace and alterations in urban travel patterns. Consequently, this has the potential to increase demand for contemporary co-working spaces and suburban business hubs, although businesses offering a network of suburban offices has not materialised to any significant extent to date.

A 'FLIGHT TO QUALITY'

Competition with home offices and neighbourhood workspaces has driven demand for ultra-luxurious workspaces, particularly offices, with larger proportions of floorspace dedicated to high-quality amenities such as wellbeing rooms, end-of-trip facilities, strong environmental credentials, and outdoor areas. Demand for Premium or A-grade office space is therefore high, with secondary stock likely to see reduced interest.

CO-WORKING SPACES

Accelerated by the increase in remote work and a preference for collaborative environments, co-working spaces are a cost-effective workspace solution that allows businesses to adopt flexible workspace strategies and reduce long-term lease commitments. These spaces can also provide flexible spaces for smaller, emerging firms or allow firms to quickly establish a presence in new locations.

TECHNOLOGICAL ADVANCEMENTS

Increased automation and robotics are altering job roles and skill requirements and has led to a reduction in the amount of floorspace required to complete tasks. Predictions indicate that by 2030, one in 16 workers may need to change jobs due to AI disruptions[1]. This impact on employment underscores the importance of businesses locating near emerging tech or other specialist clusters and co-locating with all sectors of industry to increase knowledge sharing and technology spillovers. Technology advancements also require additional infrastructure to support digital capacity.

SUSTAINABLE PRACTICES

Green workspaces with energy-efficient systems and biophilic design elements are gaining popularity, enhancing worker productivity, and attracting talent. Locationally, proximity to urban areas can help to reduce pollution associated with transportation and meet worker and consumer expectations regarding climate and ESG concerns.

Notes: 1.McKinsey & Company (2023) 'What is the future of work?' Available at https://www.mckinsey.com/featured-insights/mckinsey-explainers/what-is-the-future-of-work

Trends influencing typologies and location requirements

Professional services

Require high amenity and high-quality office spaces, increasingly mixed with other activities to allow collaboration and a vibrant amenity. Locations with excellent access to public transport and amenities are critical and increasingly businesses are seeking large sites to accommodate generous floorplates, collaboration spaces and a high level of technology, data and IT infrastructure.

Professional services industry trends:

- Office from "place to work" to "place to meet"
- Rise in WFH – offices are for collaboration
- High level of amenity within and near workplaces
- Flexible workspaces which can adapt to changing needs, range of tenants and uses
- Generative AI and its associated challenges
- Hub and spoke model of large corporates client facing office in CBD and non-client facing offices in suburban location

Implications for building typologies:

- Mixed use office buildings with retail, residential, hotels, conference facilities, amenities etc
- High-quality internal building amenity with spaces for collaboration, socialisation and meeting
- Large, open-plan and column free floorplates
- Building capacity for high level technology, data and IT integration
- Reducing floorspace per worker, but greater emphasis on collaboration and meeting spaces
- Non-client facing offices, particularly outside the CBD

Location requirements:

- Accessibility to public transport
- Amenity including access to F&B, childcare, gyms
- Proximity and accessibility to workers
- Larger lots for larger floorplates
- Proximity to clients, partners and institutions to enable collaboration.

Example professional services typologies:

High rise office: New Times tower, Box Hill is A to B grade office over 16 storeys. Including lower-level retail spaces (3,750sq.m). Total GFA 10,000sq.m.

Mid rise office: Encore, Cremorne 7-stories above heritage building. flexible floor plates are provided to meet the needs of different tenants.

Modern campus: Array Macquarie Park, NSW. A-grade building with over seven levels and large floorplates. A contemporary commercial centre designed to enable flexible and agile working environments. 10,000sq.m GFA.

Mixed use offices: Walk Up Village Collingwood. 13-storey mixed-use development Provides space for dense workspaces, retail, social spaces, and a hotel. 12,000sq.m GFA.

Office studio: Cremorne Studios, Cremorne. 6 - story development, comprising of flexible studio/office spaces. High environmental standards and full site coverage 10,000sq.m GFA

Institution office: Health Administration headquarters in high quality office space. See following page.

Sources AJM JV, Hassell Studio (2020): Future Academic Workplaces: A Literature Review; COX Architects Vertical learning a new Typology; PWC Changing Places: Designing hybrid offices that work; Allwork (2020) Rethinking workplace density; Savills UK Covid 19 Tenant Impacts Survey; Hassell Studio 2022 Workspace Futures Survey; Alliance CGC 'The future of healthcare real estate: Building location and design trends to watch'; CMBA Architects (2022) Modern School Design Trends; Hassell Studio (2021) How to restructure the workplace after COVIDSource:

FIGURE C.2 PROFESSIONAL SERVICES SPECIFIC TRENDS, BUILDING TYPOLOGIES AND LOCATION REQUIREMENTS

Health

Health services are now commonly integrated into **mixed-use** buildings, featuring medical facilities alongside offices, consultation rooms, research spaces, and medi-hotels. These buildings typically accommodate multiple tenants, offer extensive outpatient facilities, and provide various worker amenities, often catering to a 24-hour workforce. **Clustering** remains crucial in the health sector, enabling the formation of provider networks and facilitating integrated patient care.

Health industry trends:

- Health clusters anchored by tertiary provider and supported by a range of smaller providers, enabling continuum of care and the sharing of facilities.
- Health buildings with mixed uses facilities including office space, research facilities, administration, consulting rooms etc.
- Digital Health Platforms such as Tele-Health, AI powered administrative services, remote diagnostics and virtual wards.
- Transition from single service providers to integrated health providers.
- Medi-hotels
- Increased use of outpatient facilities

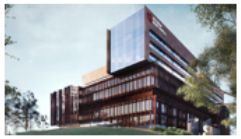
Implications for building typologies:

- Mixed use buildings which incorporate health floorspace along with office, consulting suites and research space, hotels
- Buildings to contain a mix of individual or related providers.
- Consolidated floorplans with a focus on open floorplan, modular design and technology integration.
- Emphasis on public facing outpatient facilities.
- Building capacity for high level technology, data and IT integration.
- 24 hour activity in health buildings across a range of functions

Location requirements:

- Cluster health and broad range of health-related uses (i.e. office, hotels, F&B, research space etc)
- Accessibility to public transport
- Ensure safety and accessibility for healthcare shift workers
- Amenity including access to F&B, childcare, gyms

Example health building typologies:



Hospitals: Victorian Heart Hospital, Clayton 8-storey out and inpatient hospital, specialising in cardiac treatments and research. Also used for education and training 206 beds.

Mixed use health: Wellington Stage 1, Box Hill integrated healthcare, research and knowledge precinct. Incl. medical offices, consultation suites, labs, and various other health uses. GFA 50,000sq.m.

Mixed use health: Wickham Private Medical & Hotel (QLD). State-of-the-art medical facility with 7 levels of medical ues, 81-room apartment hotel, dual lobby, ground floor restaurant and pharmacy, conference facilities, gym, and pharmacy. 5,307sq.m medical space, 186sq.m retail, 97sq.m function facilities

Health Administration: Co-located on the Royal North Shore Hospital site. Provides office space for ten NSW Health Agencies, a café and childcare centre. GFA 30,000sq.m.

Mixed tenure consult centre: Clayton Road Medical centre. Five storey with medical centre, pharmacy & café. Multi-tenanted. GFA 10,000sq.m.

Smaller consulting suites in retail-based environments

FIGURE C.3 HEALTH SPECIFIC TRENDS, BUILDING TYPOLOGIES AND LOCATION REQUIREMENTS

Education

Education buildings are becoming more flexible and adaptable learning spaces. Contemporary tertiary buildings are often mixed use, providing space for industry collaboration and research commercialisation, along with a range of supporting amenities including accommodation and event space. Location factors include ability to cluster proximity to other research institutes, urban amenities and public transport.

Education industry trends:

- Mixed use and precincts approach to new campus buildings to creative activation, knowledge sharing and partnerships with private industry.
- Shift to open plan and consolidated academic offices
- Continued importance of academic and administrative space
- Remote learning and online assessments
- Amenity driven, purpose blended campuses
- Flexible spaces for study and socialising
- Tech enabled workspaces including video conference capability and collaborative software.
- Green space and wellness-oriented design considerations.
- Shift from campus towards integration with surrounding urban area

Implications for building typologies:

- Mixed use educational buildings with range of education, research, office, collaboration, gathering spaces and areas for private companies.
- Decreased worker density for academic spaces
- Emphasis on building flexibility
- Building capacity for high level technology, data and IT integration
- High quality building and public domain amenity

Location requirements:

- Accessibility to public transport
- Amenity including to access to F&B, retail, entertainment, childcare, gyms
- Co-location with another major institutional provider (i.e. health precinct, R&D precinct)
- Integration with surrounding urban area to share amenities and facilities

Example education building typologies

High density schools: Richmond High school in a vertical arrangement, utilising existing site. GFA of 15,000sq.m. Performing Arts Centre open to pubic.

Integrated campus: Melbourne Connect at University of Melbourne has private office, hotel, teaching & events. Designed to encourage collaboration between interdisciplinary organizations and institutions of all levels. GFA 15,000sq.m.

Integrated campuses : 1PSQ an integrated campus of Western Sydney in the Paramatta CBD. Incudes Graduate Schools, Engineering Innovation Hub and library in 19 storey building and to collaborate with surrounding businesses.

Innovation spaces: University of Wollongong Innovation campus acts as a 'business park' . Includes a business incubator and accelerator, commercial office building, and research centres. 50,000sq.m GFA.

Research focus: CSL Global HQ and centre for R&D18-storey facility including seven stories of labs, four levels of office space, and a collaborative bio-incubator for start-ups in Melbourne's biomedical precinct designed to accelerate Australian biotech. GFA of 54,000sq.m, 3,370sq.m site area

FIGURE C.4 EDUCATION INDUSTRY SPECIFIC TRENDS, BUILDING TYPOLOGIES AND LOCATION REQUIREMENTS

Other population services

Whilst representing a range of activities and building typologies, most population services aim to enhance visitation, visitor experience and cross-expenditure opportunities for the local community. This is often achieved by locating in highly accessible and walkable locations, activating public realm, placemaking and delivering a broad mix of uses.

Other population services industry trends:

- Advanced Chat Bots and AI based customer service
- QR code and digital enabled hospitality
- Experiential retail
- Online retail
- Mixed uses and clustering to drive cross usage, activation and vibrancy
- Seamless digital/physical retail including wayfinding
- Increased localisation of shopping centres into community hubs
- Emphasis on creating spaces to engage with community and sense of place.

Implications for building typologies:

- Integration and activation with surrounding public realm
- Visitor focused facilities and amenity
- Multi-purpose trips supported by mixed buildings and precincts with retail, office, residential entertainment, creative, lifestyle and educational uses
- Placemaking and high quality, activated public realm
- Retail floorspace should be walkable and accessible for visitors of all abilities.
- Reducing the environmental impact of the future retail floorspace (including closed loop malls, more efficient water and energy use and recycled materials)

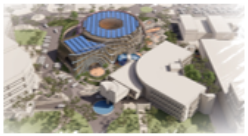
Location requirements:

- Accessibility to public transport for visitors and workers
- Access to large visitor, worker or resident catchments
- Retail and services located proximate to other daily activity to enhance convenience
- Consolidated activity centre core rather than dispersed or less walkable environments

Example other population services typologies:

Entertainment & retail: The Social Quarter at Chadstone Shopping Centre. Mix of entertainment and dining, late night usage. 10,350sq.m. total area

Entertainment: Bridge Road Brewery, East Brunswick. Fine grain dining/brewery development to activate shopfronts



Community: Proposed community hub at Glen Waverley Activity Centre Includes public plaza, library, multi-purpose spaces, and office space with around 6,000sq.m GFA.

Hotels: Hotel Chadstone integrated hotel into a shopping complex. 12-storey, 250 rooms plus event spaces,

Community Spaces: Narrm Ngarru Library, Melbourne integrated into a mixed-use building.

Fine grain retail: Fine grain streetscape at Central Market, Adelaide. Retail within a fine grain street frontage.

FIGURE C.5 OTHER POPULATION SERVICES INDUSTRY SPECIFIC TRENDS, BUILDING TYPOLOGIES AND LOCATION REQUIREMENTS

Industrial

Contemporary, urban industrial precincts (as opposed to larger, state-significant precincts) are becoming increasingly customer and worker focused, resulting in higher amenity mixed employment buildings, with a range of office, storage and light industrial activities. Technology combined with land constraints, is enabling increased floorspace efficiency and higher density buildings. Industrial uses in urban areas also increasingly serve a range of recreation, service and destination uses to surrounding populations.

Other population services industry trends:

- Automation of production processes
- E-Commerce and online stores
- Supply chain efficiency through proximity to suppliers, customers and distribution hubs
- Gentrification of industrial areas towards higher value and mixed uses, serving a surrounding catchment
- Affordable and flexible spaces for startup businesses
- Predictive maintenance and remote monitoring
- Technology enabled processes, maintenance and monitoring
- Enhanced sustainability outcomes

Implications for building typologies:

- Increased floorspace efficiency
- Multi-level warehouses
- Distribution and warehousing spaces
- Data centres
- Higher building and public realm amenity
- Mixed use with office space, commercial showrooms and retail tenancies
- Diversity of uses including visitor focused retail, gyms, education, leisure, breweries, showrooms etc
- Building capacity for high level technology, data and IT integration
- Improved urban realm on site and in the surrounding context

Location requirements:

- Highway and arterial road network access
- Proximity to service consumers in urban locations
- Worker amenity including F&B, childcare, gyms
- Higher visitor amenity, including accessibility and car parking
- Appropriate separation from residential areas

Example industrial building typologies

Modern industrial/ office: Cheltenham Quarter, Cheltenham
Proposed 3-storey commercial and industrial hub located within the Bayside Business District containing 11 purpose-built warehouses, 2,463sqm of offices, three commercial showrooms, and additional retail tenancies.
Features: ~5,000sq.m site area. Functional and adaptable office layouts range from 81 to 169sq.m

Modern industrial/office: Work Belrose, Cheltenham provides office/ warehouses. Adaptive re-use development/ 2 storey with office suits, showroom style warehouses and 'high-tech' units.

High density logistics: Ascent Logistics Centre, Alexandria NSW
Proposed multi-level warehouse including 5,000sqm of A-grade office and wellbeing amenity with access to the M8, and Sydney CBD and Sydney Airport within a 10-minute drive. GFA 27,000sq.m.

Advanced Manufacturing: Moderna mRNA Vaccine Manufacturing Facility, Clayton. Pharmaceutical grade space, employee amenities, 103 car spaces, and laboratories. GFA 16,500sq.m.

FIGURE C.6 INDUSTRIAL SECTOR SPECIFIC TRENDS, BUILDING TYPOLOGIES AND LOCATION REQUIREMENTS

Appendix D

Analysis of employment projections

TABLE D.1 CHELTENHAM STRUCTURE PLAN AREA EMPLOYMENT FORECASTS

	CTM			CTM ANNUAL CHANGE (NO.)		CTM ANNUAL CHANGE (%)	
	2011	2021	2041	2011-21	2021-41	2011-21	2021-41
Industry:							
Education and Training	200	400	1000	20	30	7.2%	4.7%
Health Care and Social Assistance	600	1400	2600	80	60	8.8%	3.1%
Professional Services	1800	2300	5400	50	155	2.5%	4.4%
Other Population Services	4000	5100	10,400	110	265	2.5%	3.6%
Industrial	2200	1500	3200	-70	85	-3.8%	3.9%
Total	**8800**	**10,600**	**22,600**	**180**	**600**	**1.9%**	**3.9%**

	SOUTH EAST REGION				GREATER MELBOURNE			
	2021	2041	Ann. Change (no.)	Ann. Change (%)	2021	2041	Ann. Change (no.)	Ann. Change (%)
Industry:								
Education and Training	80,800	132,100	2565	2.5%	224,400	410,300	9295	3.1%
Health Care and Social Assistance	123,400	216,400	4650	2.8%	337,200	658,700	16,075	3.4%
Professional Services	156,300	283,700	6370	3.0%	666,500	1,166,400	24,995	2.8%
Other Population Services	243,100	368,300	6260	2.1%	725,500	1,210,000	24,225	2.6%
Industrial	149,900	211,400	3075	1.7%	423,200	604,100	9045	1.8%
Total	**753,500**	**1,211,900**	**22,920**	**2.4%**	**2,376,700**	**4,049,500**	**83,635**	**2.7%**

Source: ABS Census of Population Aged 15+ in 2011 and 2021, cross tabulated by ANZSIC Level 1 industry. BIC 2021 for the forecast values, summarised by broad industry.

TABLE D.2 REVIEW OF PROFESSIONAL SERVICES AND HEALTH FORECASTS FOR CHELTENHAM STRUCTURE PLAN AREA

	PROFESSIONAL SERVICES	HEALTH
Is the industry employment projection Consistent with historical growth?	**No**. Whilst there has been some growth in this sector over the last decade, it will need to accelerate further to align at the employment forecasts, increasing from 2.5% to 4.4% per annum.	**Yes**, health employment is forecast to double in size, which is broadly consistent with the population in the Structure Plan Area also doubling. This growth was also achieved 2011-2021.
Does the industry employment projection align with either broader industry or regional trends?	**Broadly**, forecast growth rate for Cheltenham to 2041 is slightly higher than that of Greater Melbourne, but it will remain a supporting sector in Cheltenham.	**Yes**, forecast heath sector growth rate for Cheltenham is comparable to that of Greater Melbourne and aligns with national estimates for growth in this sector at around 3 % per annum to 2026 (Note 1).
Does the industry employment projection align with the competitive strengths of the Structure Plan Area?	**Yes**, professional services align with some of Cheltenham's competitive strengths and identified future economic role. Cheltenham is likely to remain as a retail and population services hub, with supporting knowledge intensive businesses, primarily catering to a local market. Increased population growth and access to a larger catchment is likely to stimulate some business growth. However, given the distribution of office across the precinct and lack of a single core, it is unlikely to have the critical mass or existing clusters required to attract larger office-based firms. As such future businesses are likely to be smaller businesses, primarily serving local or regional needs.	**Yes,** employment forecasts maintain around 10-12% share for health-related jobs, thus retaining a supporting role for this sector. The continued growth of Cheltenham's activity centres and the transition of the Bayside Business District are highly complementary to Cheltenham's local health, allied health and health and wellness offer. These uses typically use smaller offices, suites and consulting rooms in activity centres and integrate well with a retail offer.
Does the industry employment projection align with the future economic role of the Structure Plan Area, considering the transformative effect of SRL East?	**Broadly,** as noted, projections align with Cheltenham's future economic role. To meet these forecasts, professional services will need to grow at roughly three times the historical rate, adding an additional 150 workers per year. Whilst SRL East and associated infrastructure will help stimulate some of this growth, it is likely that it will also require a range of supports and incentives beyond zoning, to achieve this significant shift in growth. This would require actively accelerating the transition of Bayside Business District towards some office uses.	**Yes**, projections consistent with Cheltenham's future economic role, with health playing a supporting role and growing in response to local population growth. Increasing the health offer may face competition from larger, established health clusters at Clayton.
Overall, is the industry employment projection appropriate for the Structure Plan Area?	**Broadly**, but future planning should support the growth of professional services by implementing the key elements for successful suburban precincts (Section 4) and considering additional incentives to accelerate growth across the three activity hubs.	**Yes,** BIC projection appears broadly appropriate for Cheltenham's health sector.

Note 1: Australian Government's uses a CAGR of 2.98% from 2021 to 2026, when forecasting the Health Care and Social Assistance sector nationally. This rate of growth aligns with the historic 5-10 year trend. Refer to:
https://labourmarketinsights.gov.au/industries/industry-details?industryCode=Q

TABLE D.3 CHELTENHAM STRUCTURE PLAN AREA REVIEW OF EDUCATION, OTHER POPULATION AND INDUSTRIAL FORECASTS

	EDUCATION	OTHER POPULATION SERVICES	INDUSTRIAL
Is the industry employment projection Consistent with historical growth?	**Yes**, education is a very small sector in Cheltenham, with only 380 jobs in 2021. High growth rates over the past decade reflects the growth from a small base.	**No**, Population serving industries in Cheltenham grew at 2.2% per annum over the last decade, but despite being the largest and most specialist subsector, retail grew slower at 0.5% per annum. Growth in population services in Cheltenham was slower than that noted in regional or metropolitan trends.	**No**, industrial sector has had declined over the past decade, losing 640 jobs. Employment forecasts envisage doubling the number of industrial jobs by 2041.
Does the industry employment projection align with either broader industry or regional trends?	**No**, the lack of any major health or education institutions means it is likely that future growth in education in Cheltenham will likely be less than regional trends.	**No.** Forecast growth of population services in Cheltenham at 3.7% is faster than that of the South East Region and Greater Melbourne. Again, this the BIC forecasts show this coming from high retail growth in Cheltenham, which may not be achieved due to expectation of more modest retail floorspace growth given the large existing offer.	**No,** the forecasts do not reflect South East Region growth trends for this sector at around 1.7% per annum and project an annual growth rate of 3.7% per annum for Cheltenham through to 2041.
Does the industry employment projection align with the competitive strengths of the Structure Plan Area?	**Broadly,** general population growth in Cheltenham will drive demand for the education sector at all levels from pre-school, school, tertiary and a range of complementary education services such as tutoring. The Structure Plan Area does not have existing schools, but the growth projected can be supported in other education facilities.	**No**, The employment forecasts may overstate the potential growth in Cheltenham's retail sector, which currently account for half of all jobs in other population services. BIC forecasts an additional 3310 jobs by 2041. The *SRL East Retail Needs Assessment –Cheltenham* examines the detailed the future growth opportunities of this subsector.	**Partly**, the forecasts envisage growth in the industrial sector which will have to be driven by growth in the Bayside Business District. Whilst there may be some increase in industrial jobs as the area transitions and some of those jobs are accommodated in office space, it likely to be a much smaller increase than envisaged by the employment forecasts.
Does the industry employment projection align with the future economic role of the Structure Plan Area, considering the transformative effect of SRL East?	**Yes**, maintaining a small role for education in Cheltenham is appropriate given there are mainly small pre-school facilities (i.e. kindergarten, childcare etc) but no schools in the Structure Plan Area.	**Yes**, Given the high level of retail jobs, the employment forecasts potentially overstate the role of the other population services sector in Cheltenham and there may not be a need to plan for all forecast retail jobs. Retail floorspace should follow recommendations of the SRL East Structure Plan - Retail Assessment – Cheltenham. Should the growth be achieved, it would still be consistent with the role of Cheltenham as a regionally significant commercial area with a major retail offer.	**No**, the Structure Plan Area is expected to transition to a higher-order employment precinct, rather than the traditional industrial offer implied by the projected growth. There could be a small increase of industrial employment through redevelopment of industrial sites for higher density employment uses, but past declines in industrial sector employment shows this trend will not offset the reduction in jobs.
Overall, is the industry employment projection appropriate for the Structure Plan Area?	**Yes,** employment projection appears broadly appropriate for Cheltenham's education sector. But given no school facilities, future employment growth will need to be accommodated in other educational facilities (e.g. childcare, kinder, adult education).	**No**, the employment projections are likely to overstate the role of retail employment in Cheltenham by 2041 and all retail floorspace should follow the recommendations of the SRL East Structure Plan - Retail Assessment – Cheltenham.	**No**, industrial sector is likely to experience smaller growth through to 2041 than forecast by employment. Further transition of the Bayside Business District is likely to see further growth in other sectors and stagnant or low growth in industrial jobs.

AJM
Joint Venture

Appendix E

Floorspace methodology and testing

Overview

This section provides further detail on the methodology and supporting data behind the key assumptions in the floorspace modelling. As shown in the purple boxes in the figure adjacent, these are:

- Deriving employment land use shares in order to understand the distribution of employment by industry group across different land use types, and,
- Workspace ratios for each land use type, outlining they key assumptions used for this Structure Plan Area.

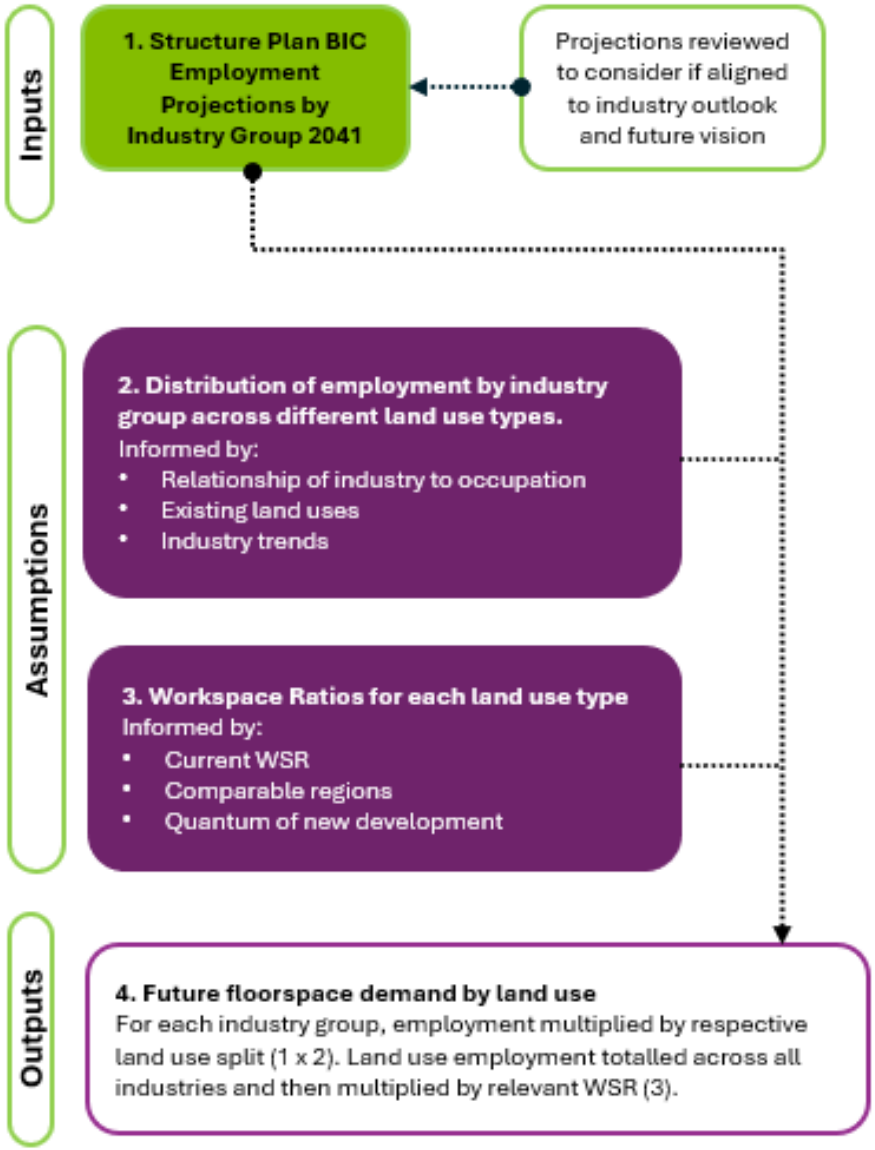


FIGURE E.1 OVERVIEW OF FLOORSPACE DEMAND ESTIMATION APPROACH

Employment land use shares in Cheltenham

Below are the data inputs used to understand the distribution of workers by employment land use type in the Cheltenham Structure Plan Area. As detailed in Section 7.3, this is based on a series of checks:

- **Check 1:** Understanding the relationship between occupations and industries in the Structure Plan Area to provide an indication of the type of floorspace or land use required for the occupation mix.
- **Check 2:** Understanding the existing relationship between occupations and floorspace by looking at the employment floorspace audit of the Structure Plan Area.
- **Check 3:** Projecting the future relationship between occupations and floorspace in 2041 by bringing together long-term industry trends, zoning information and employment floorspace data sets such as City of Melbourne CLUE data, to estimate the future shift in workers by industry toward different floorspace types

CHECK 1: RELATIONSHIP BETWEEN OCCUPATIONS AND INDUSTRIES

Figure E.2 shows a Sankey chart with the top 15 OCCP level 4 occupations found in Cheltenham Structure Plan Area as at the 2021 Census to the left, with links highlighting the proportion that are within each of the 19 ANZSIC industries moving to the right. Occupations have the greatest link to floorspace typology, given they describe what an employee does at work.

For Cheltenham Structure Plan Area, it is noted:

- A large share of workers work in retail trade-related industries. Key occupations that are attributed are generally retail floorspace oriented, like sales assistants, retail managers and retail supervisors.
- Occupations like general clerks, receptionists and welfare, recreation and community arts workers are spread across several industries and highlight the importance of cross-tabulating occupation and industry to understand floorspace type. For example, a general clerk in retail trade should be in retail floorspace, whilst a general clerk in professional services will likely be in office space.

Source: ABS Census 2021

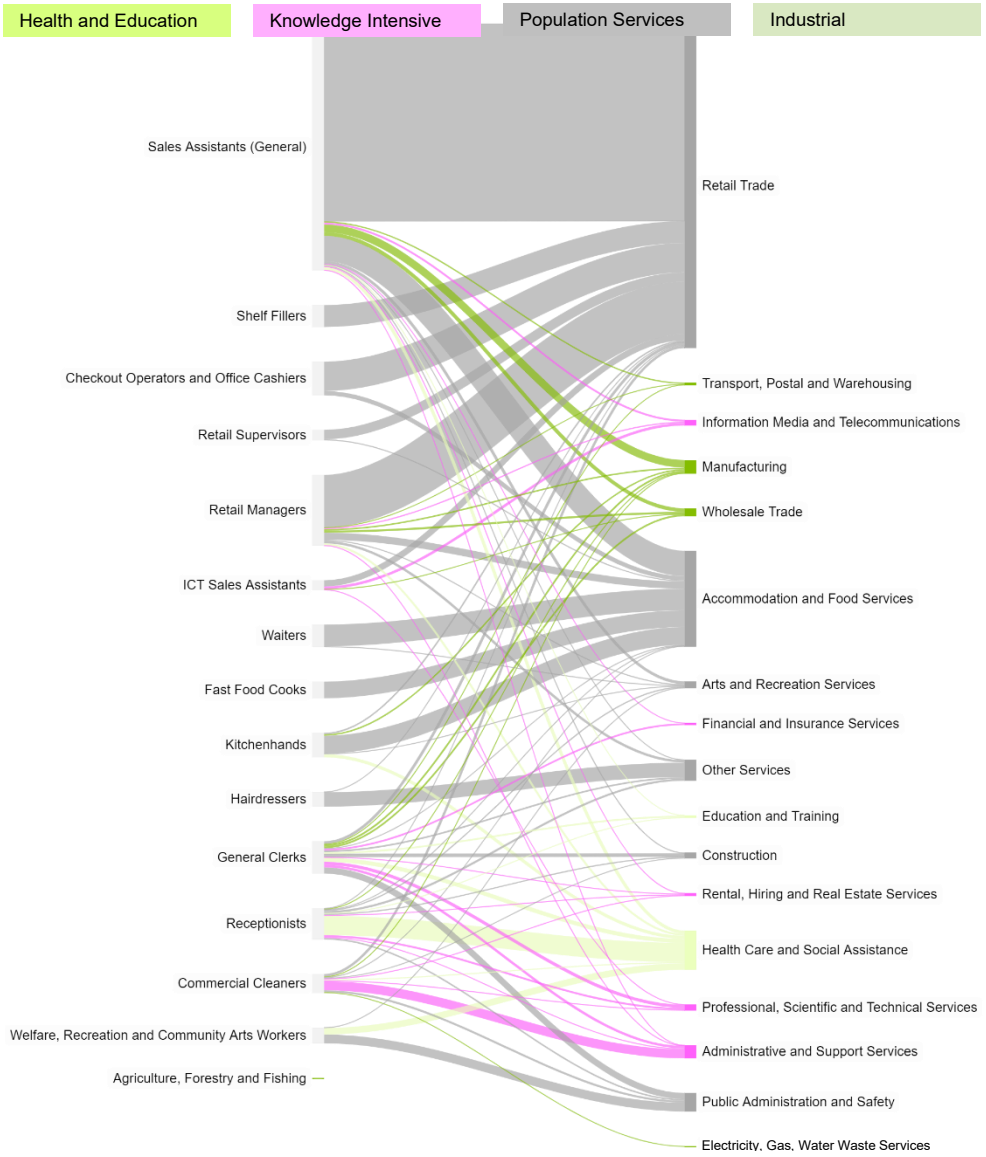


FIGURE E.2 EMPLOYMENT BY OCCUPATION BY INDUSTRY, CHELTENHAM STRUCTURE PLAN AREA 2021

CHECK 2 AND 3: RELATIONSHIP BETWEEN WORKERS BY INDUSTRY AND LAND USES IN 2021 (2) AND MOVEMENT TO 2041 (3)

The table adjacent shows the estimated current split of workers by floorspace type in 2021, informed from the land use audit completed for the Structure Plan Area. A description of this audit is in Appendix A. Table E.1 also shows the change projected to 2041 in the proportion of industry jobs in each land use. These shifts are based on observed trends in the typologies of floorspace (such as health workers using office space at a higher intensity) outlined in 4. City of Melbourne CLUE data was also considered to estimate the shift in workers by industry toward different floorspace types as well as applying iterative adjustments with future developments outlined in Section 5

Where appropriate, tests have been undertaken to ensure known future supply would fit within the projected outcomes.

Evidently, office floorspace is likely to play an increasingly important role in Cheltenham through an uptick in professional services employment and as other industries increasingly use office floorspace.

Cheltenham currently has a significant industrial area with a range of occupants but the share of employment that is going to industrial floorspace is expected to fall over the time to 2041. This will be due to two competing impacts:

- Urban industrial floorspace will continue to change, seeing a greater mix of employment activities in these industrial areas. This trend is already occurring in Cheltenham's industrial precinct as noted in Section 3.5.
- Where not protected or where the occupant is not requiring to be in the locale of Cheltenham specifically, costs of land and relative highest and best use of land will push out industrial floorspace in favour of higher value activities.

Retail floorspace is the primary use for other population services. This use is expected to increase to meet the demand for the growing population and employment around Cheltenham. However, given the current high weighting of retail floorspace within the Cheltenham Structure Plan Area, the proportion of each broad industry that will go to retail floorspace is expected to normalise downwards out to 2041.

In public use floorspace the proportion of professional services workers within this floorspace type is expected to move from 17% to 11%. This reflects the expected growth of commercial office space within Cheltenham, reducing the share that other floorspace types take of high-office consuming industries. The current higher weighting will be influenced by the Magistrates' court.

TABLE E.1 CHELTENHAM STRUCTURE PLAN AREA LAND USE SHARE ASSUMPTIONS, 2021 AND 2041

	INDUSTRY SECTORS									
	PROF. SERVICES		HEALTH		EDUCATION		OTHER POPULATION SERVICES		INDUSTRIAL	
LAND USE	2021	2041	2021	2041	2021	2041	2021	2041	2021	2041
Office	60%	76%	19%	32%	14%	20%	2%	12%	1%	22%
Health	1%	1%	34%	38%	4%	2%	1%	1%	1%	1%
Education	1%	1%	18%	12%	45%	55%	1%	1%	0%	1%
Retail	5%	5%	24%	17%	19%	9%	73%	68%	11%	6%
Industrial	12%	4%	4%	0%	2%	1%	20%	12%	86%	69%
Public Use	17%	11%	0%	0%	3%	3%	1%	1%	1%	0%
Accommodation	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%
Entertainment / Recreation	4%	2%	1%	1%	12%	10%	3%	5%	0%	0%
Total	**23%**	**23%**	**0%**	**15%**	**1%**	**1%**	**0%**	**0%**	**3%**	**34%**

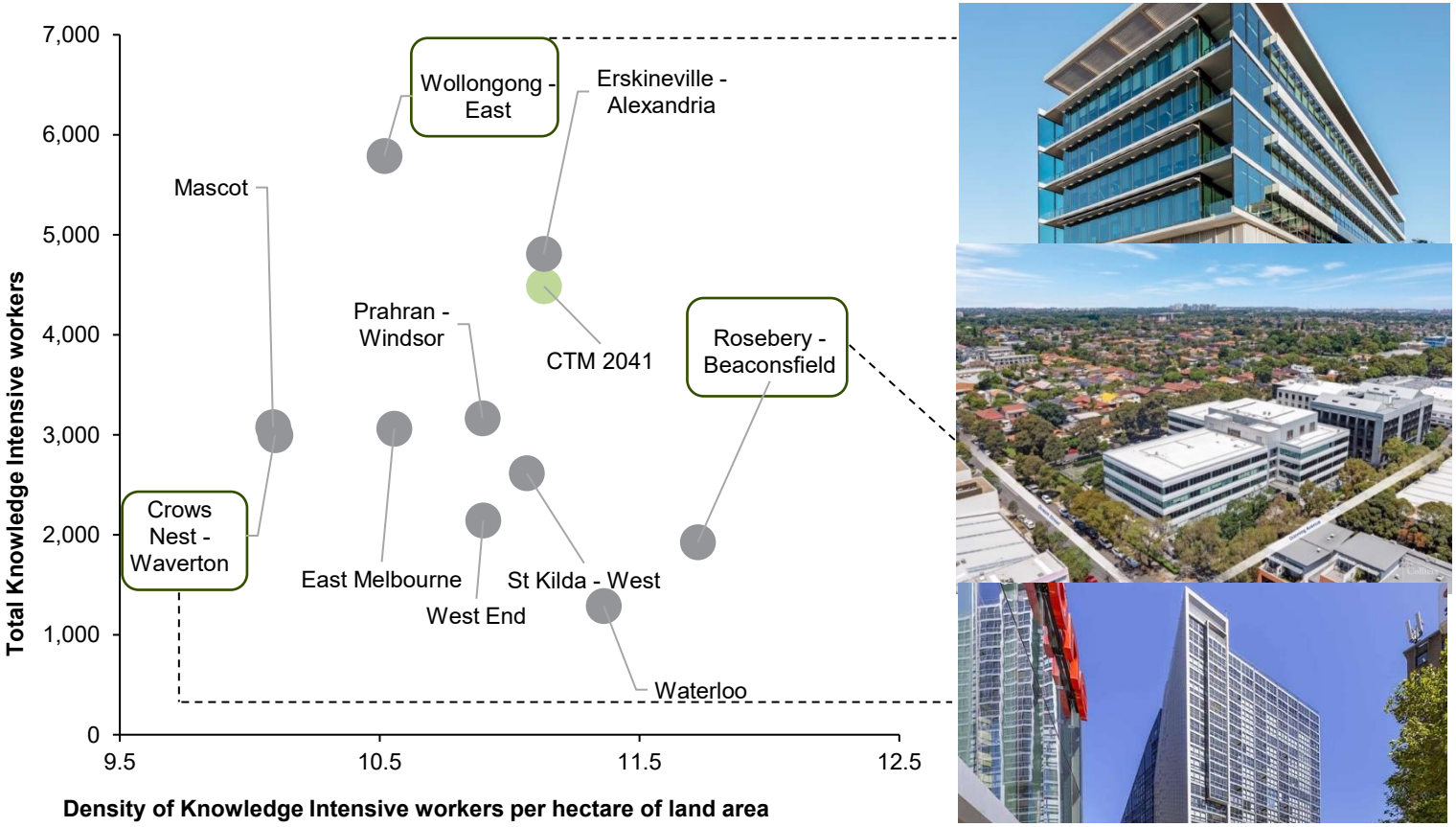
Source: ABS, CLUE, VPA, AJM JV

Workspace ratio approach for Cheltenham

Workspace ratios represent the amount of floorspace allocated to each worker in a work environment. Although there are typical ranges that are often noted, these can fluctuate depending on factors such as location, industry sector, and the specific needs of individual businesses.

As detailed in Section 7.4, the final workspace ratio is selected following a series of checks:

Check 1: On a land area basis, what will be the density of employment in the Structure Plan Area and where is this comparable? This will help identify areas around Australia that are currently holding the density of workers that the Structure Plan Area will hold in the future. This prompts further investigation on the typologies that allow for this. The jobs that are compared are the most comparable industry or set of industries to that floorspace. In the example for office shown below, this is knowledge intensive industries defined for this purpose to include finance, insurance, professional, scientific and technical services, and real estate advisory services.



New office stock in comparable areas medium to high rise, large floor plate office buildings within middle-suburban or regional city contexts.

FIGURE E.3 CHELTENHAM 2041 WORKER DENSITY BY LAND AREA COMPARED TO AUSTRALIAN SA2'S

Source: 2021 ABS census for population aged 15+ workers by ANZSIC industry, imagery from real commercial advertising

Check 2: Understanding existing WSR in the Structure Plan Area, by combining by combining the audit of floorspace in the Structure Plan Area and the analysis of workers recorded by the ABS Census 2021. This provides a baseline for future shifts to be incorporated from, and more accurately estimate the need for floorspace. This is then shown in comparison to benchmarks from the City of Melbourne, City of Sydney and Perth to gain an understanding on where the Structure Plan sits currently and why. To bring the floorspace audit in line with the benchmark comparisons a translation of floorspace from GBA to GLA has to occur. This is estimated using building level data from CLUE 2016 as shown in figure E.5.

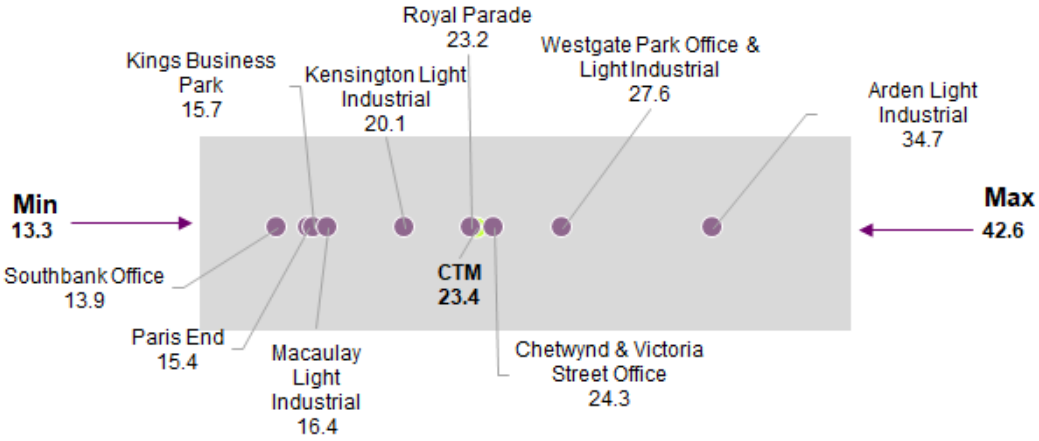
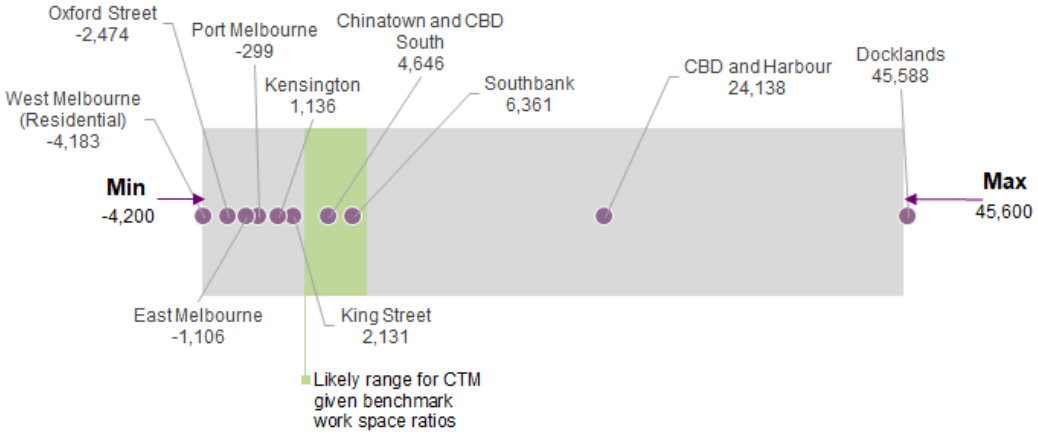


FIGURE E.4 CHELTENHAM OFFICE WSR IN COMPARISON TO BENCHMARKS

Cheltenham currently sits in the middle of the range for workspace ratios with a mix of older and newer office floorspace throughout the Bayside Business District and adjacent to Southland.

Given the typologies observed above, future floorspace will likely push workspace ratios lower, but not as low as if there were CBD scale, high rise office buildings.

Check 3: Again, bringing together benchmark data from the City of Melbourne and City of Sydney, the annual volume of floorspace growth in different areas is considered. This is checked against the range of growth scenarios that emerge by applying the 10th and the 90th percentile of workspace ratios in Check 2 against forecast the forecast jobs by type in the structure plan. For example, below shows that Cheltenham would grow at between 3000 and 7500 sq.m per annum from 2021 to 2041 if either the 10th percentile (14.5 sq.m per worker) or the 90th percentile (27 sq.m per worker) from Check 2 are applied to Cheltenham's 2041 office jobs estimate.



Cheltenham's office growth would sit somewhere between current day King Street (Newtown, Syndey) and Southbank (CBD, Melbourne) given the applied work space ratio scenarios.

Given the typologies and type of precinct that Cheltenham is, it is likely that it would not err towards the high-rise, inner city Southbank and more towards the mixed density King Street area in Newtown, Sydney.

FIGURE E.5 COMPARISON OFFICE 10 YEAR ANNUAL GROWTH BY VOLUME (SQ.M)

Source for both figures: City of Melbourne 2016 Census of Land Use and Employment, detailed information with breakdown of floorspace types by building. CLUE (City of Melbourne floorspace census), FES (City of Sydney floorspace census) and PLUC (Perth land use census) data to get a range of workspace ratios to compare with Cheltenham)

Check 4: Given a certain level of space as "new" and a certain level as "renovated" at different scenarios of growth, there will be a quantity of space left over as old floorspace in the Structure Plan Area. Within CLUE data, older floorspace has either remained constant or increased in its workspace ratio over time. By applying this assumption, the range of workspace ratios that can be applied to the Structure Plan Area can be further limited.

TABLE E.2 CHELTENHAM STRUCTURE PLAN AREA WORKSPACE RATIO ASSUMPTIONS

LAND USE	EXISTING WORKSPACE RATIO 2021	WORKSPACE RATIOS IN KNOWN BENCHMARK AREAS[1]	FUTURE PRECINCT COMPARABLE LOCATIONS[2]	TESTING WSR AGAINST PROJECTED EMPLOYMENT FLOORSPACE GROWTH	RECOMMENDED WORKSPACE RATIO FOR STRUCTURE PLAN 2041
Industrial	167.5 [GLA], 183.7 [GBA]	54.7 - 481.1 [GLA]	Murarrie, Braeside, Geebung, Bibra Industrial, Richmond (South) - Cremorne	Industrial floorspace is the largest use by total floorspace in Cheltenham with the greatest share in the Bayside Business District. Whilst there is expected to be some growth in floorspace, it is expected that there will be a greater transition towards other types of commercial floorspace into the future. New floorspace will also be different, with greater land values emerging, sites will be forced to be more efficient with their space. Workspace ratios have been reduced to 143 sq.m per worker, which is a large drop but keeps the ratio well above the median of the inner-city benchmarks within CLUE, FES and PLUC.	130.0 [GLA], 142.6 [GBA]
Retail	40.2 [GLA], 47.8 [GBA]	20.8 - 48.6 [GLA]	South Yarra - South, Glebe - Forest Lodge, Abbotsford, Hornsby - East, Rosebery - Beaconsfield	Retail floorspace is discussed in detail in the SRL East Structure Plan - Retail Assessment – Cheltenham. Retail based jobs are expected to increase significantly in the BIC projections, although the anticipated increase in floorspace is more modest. Given the floorspace and jobs forecasts, the workspace ratio would fall from 47.8 to 31.3 by 2041. This may not be achieved and rather, the employment growth may be more curtailed as discussed in this report.	26.8 [GLA], 31.3 [GBA]
Office	23.4 [GLA], 30.5 [GBA]	14.5 - 27.0 [GLA]	Newstead - Bowen Hills, Barton, Richmond (South) - Cremorne	Office based employment to projected grow by nearly four times out to 2041. This will lead to significant additions of floorspace. New office floorspace has low workspace ratios. High density office precincts like Docklands and Southbank have new space at between 12 – 14 sq.m whilst high-medium density will be slightly lower. Cheltenham is likely to err towards the latter given comparable areas, and this will push the overall WSR down to 19 sq.m per worker.	19.0 [GLA], 24.7 [GBA]
Enter'ment / Recreation	88.5 [GLA], 108.4 [GBA]	25.4 - 265.6 [GLA]	Parramatta - North, Albert Park, Randwick - South, Bondi Junction - Waverley, Paddington - Milton	Entertainment and recreation floorspace in the future Structure Plan Area will be oriented towards indoor entertainment for the future workers, residents, and students. This includes gyms, bars and arts workshops. These spaces are more comparable with retail floorspace on a workspace ratio basis and furthermore will be particularly concentrated around the fast growing, existing retail centres. As a result, future workspace ratios should reduce significantly.	70.0 [GLA], 85.7 [GBA]
Public Use	29.1 [GLA], 38.8 [GBA]	24.9 - 428.8 [GLA]	Hobart, Canberra Airport, Greenway	There will only be around 280 more public use jobs in Cheltenham out to 2041. The Magistrates' court and surrounding uses will take up the majority of these, and as such the workspace ratio is expected to remain similar given the type of any floorspace additions will be in line with existing.	28.0 [GLA], 37.3 [GBA]
Health	22.2 [GLA], 26.1 [GBA]	17.9 - 101.8 [GLA]	Fitzroy, South Yarra - West, Melbourne CBD - East	Similar to public use, there will not be much expansion of health floorspace. There are significant health precincts in neighbouring regions. Future space is expected to increase slightly in workspace ratio.	18.0 [GLA], 21.2 [GBA]
Education	19.1 [GLA], 22.4 [GBA]	30.4 - 110.6 [GLA]	Darlinghurst, Southbank - East, South Yarra - West, Surry Hills, North Sydney - Lavender Bay	Education floorspace in Cheltenham is purely early learning and adult education facilities currently. It is expected to remain as such out to 2041 and the workspace ratio has been kept low to account for this.	20.0 [GLA], 23.5 [GBA]
Accomm'n	199.0 [GLA], 275.2 [GBA]	153.7 - 604.6 [GLA]	Melbourne CBD - North, Brisbane City	Accommodation floorspace ratios have been decreased to better match the benchmark areas and allow for expansion of one or two commercial accommodation buildings that will accommodate worker, student and resident growth.	160.0 [GLA], 221.2 [GBA]

Source: AJM JV. Notes (1) The 10th to 90th percentile of workspace ratios were selected from the selected benchmark locations to remove outliers (2) Comparable locations were selected based on a review of employment density and development and building typologies across major Australian cities, similar to the anticipated outcomes in the Structure Plan Area

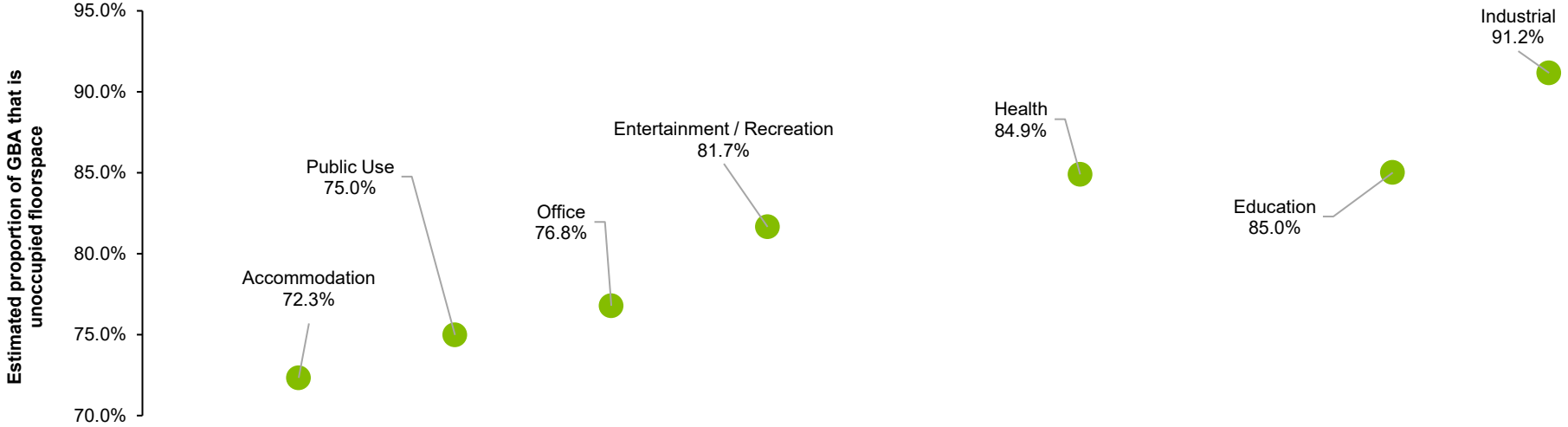


FIGURE E.6 CHELTENHAM STRUCTURE PLAN AREA GLA AS A SHARE OF GBA

Source: City of Melbourne building level CLUE data, obtained in 2017 for the calendar year 2016

Appendix F

Peer review report

Suburban Rail Loop East Precinct Planning Peer Review of Economic Technical Report Cheltenham Station Precinct

14/02/2025

1.1 Scope of Peer Review

SGS Economics and Planning (SGS), led by Julian Szafraniec, have been engaged by White & Case together with Clayton Utz acting on behalf of the Suburban Rail Loop Authority (SRLA) to provide a peer review of the Cheltenham Economic Profile Report (Technical Report) for the purpose of informing the Structure Plan (SP) and draft planning scheme amendment (PSA) for the Cheltenham structure plan area (SPA).

SGS was first engaged in relation to this matter in early 2024, and through an iterative approach, has reviewed the housing and economic technical reports for all six SRL East precincts, along with the land use scenario and capacity assessment (LUSCA) report. This peer review report documents SGS' findings as they relate to the Technical Report (dated February 2025).

The peer review advice addresses:

- The appropriateness of the methodology used to translate employment projections (developed as part of the Business and Investment Case (BIC)) into various employment floorspace needs for the Cheltenham SPA, specifically for the purposes of informing the SP and draft PSA.
- Understanding if the results of the analysis have then been appropriately presented and suitable precinct recommendations have been developed to inform the SP and draft PSA.

The peer review does not consider:

- Broader macro and regional trends, alternative employment growth forecasts for the SRL corridor or station precincts, or the appropriateness of earlier studies, such as the BIC.
- Other technical reports or matters, such as urban design, traffic and community infrastructure.
- The extent to which the recommendations from the Technical Report were ultimately used and implemented in the Cheltenham SP and draft PSA.

1.2 Summary of peer review

The remainder of this peer review document is structured as follows:

- Section 1.3 provides a summary and peer review of the appropriateness of the method used in the Technical Report for the purposes of informing the SP and draft PSA. This is consistent across all six precinct peer review reports as a consistent method was applied.
- Section 1.4 provides a peer review of the results and recommendations for Cheltenham SPA specifically.
- Section 1.5 provides final concluding remarks from the peer review of the Technical Report.

1.3 Appropriateness of methodology, assumptions and limitations

The Technical Report is split into four Parts, along with an Executive Summary and a set of Appendices. The same overall structure, and method, for determining employment needs within the SPA has been used consistently across all six SRL East precinct reports. In summary the structure is as follows:

- Executive Summary provides an overview of the analysis and recommendations in the report.
- Introduction (Section 1) details the scope, key definitions, key assumptions, limitations and how the report relates to other technical reports and the SP process.
- Parts A and B provide a summary of key regional and local policy and employment trends.
- Part C contains the core analysis work and details how employment projections were reviewed and translated into various employment floorspace needs for the Cheltenham SPA specifically.
- Part D provides recommendations specific to Cheltenham to inform the SP and draft PSA.

The advice contained within this section of the peer review report focuses on the appropriateness of the methodology used (primarily documented in Part C) along with key definitions, assumptions and limitations (largely summarised in Section 1 and the Appendices of the Technical Report). It also provides some commentary related to the appropriateness of the contextual research contained in Parts A and B.

Key inputs and interactions with other background technical reports

Given the scale of SRL, the evidence base to inform the SP process includes many technical and background reports which investigate specific issues and combine into an overall package.

A key input into the Technical Report is the 1600m catchment precinct employment projections which were derived using CityPlan as part of the BIC (August 2021). This is documented in Section 1.6 and in Appendix A of the Technical Report. How they have been used, limitations and uncertainty associated with those inputs are also clearly noted. This includes noting that these projections are strategic and should be considered indicative and that material events (i.e. COVID, 2021 Census) have occurred since their development. A key feature of the analysis method, discussed later, is also a review of these projections against the latest market trends and drivers to identify where risk and interventions might be considered as part of the SP process.

Another key input for the Technical Report is the 2021 ABS Census. The Technical Report appropriately notes that this data was collected during COVID-19 restrictions and that caution should be applied when using place of work employment data from that Census period. To mitigate this, the report also utilises 2011 and 2016 ABS Census and other datasets as part of the analysis to provide additional context, which is an appropriate response.

The Technical Report also interacts with other technical reports, including directly inputting to LUSCA (which SGS has separately completed a peer review of) and the SP. The scope and interactions with these other technical reports and the SP has informed the approach taken in the Technical Report. These interactions and broader body of work are clearly documented at Section 1.7 of the Technical Report and have been considered as part of the peer review - rather than considering the Technical Report purely in isolation.

Appropriate specification and application of definitions

For the Technical Report to appropriately inform a SP process, it is critical that any analysis directly relates to the SPA and planning horizon in question. Further, any definitions should be clearly defined and consistently applied to ensure results can be interrogated and correctly used in subsequent work.

These definitional aspects are primarily documented in Section 1 and Appendix A.

- Geography: the Technical Report results and recommendations specifically relate to the whole SPA (as summarised in Section 1.8 of the Technical Report). Various inputs consider alternative geographies, including a '1600m catchment' definition, travel zones and Local Government Areas. The Technical Report does not fully clarify the fact that the 1600m catchments were originally used for BIC employment projections, with assumptions made in the Technical Report analysis to apportion this down to the SPA. In Appendix A there is some commentary on spatial misalignment limitations generally, which are common in this type of analysis, but the specific method is not clarified. However, review of the results for each SRL precinct (further discussed in Section 1.4) indicate the apportionment is within plausible ranges and further analysis of the resulting SPA employment results as part of the method process has determined their suitability for informing the SP process. While the link to the BIC and clarification of approach appears to be lacking, I believe it has not actually materially impacted the results and recommendations used to inform the SP.

  In addition, the Technical Report includes no sub-precinct results, beyond high-level locational recommendations and opportunities in Section 11. While more spatially detailed analysis could often be contained within a Technical Report such as this, that analysis has been completed in the LUSCA and with input from other technical reports, such as Urban Design. When considered as a package of technical reports which inform the SP process, I believe this is an appropriate approach, but increases the importance of having clear definitions that are consistently applied across all technical reports.
- Time horizon: the Technical Report analysis considers employment needs out to 2041 (20 years from 2021 or 17 years from 2024). I believe this an appropriate planning horizon for SP purposes and is consistent with the planning horizon for housing.

  Employment and floorspace: how a job, or worker, is defined, and counted, can heavily influence how the results should be interpreted and used in other work. The definition of a job has been defined in Section 1.5, with the definition also consistent with the standard ABS definition. Job classifications by industry, based on standard ANZSIC definitions and a custom land use classification has also been documented. Various floorspace ratios have also been defined in Section 1.5 and used consistently throughout this report and in other technical reports. I believe these definitions are all clear and appropriately applied throughout the Technical Report.

Suitability of background policy and economic potential

Given the SRL precincts exist within an established urban context, it is critical that there is some analysis of the broader context and current state of the precinct and the economy. This contextual analysis helps establish the baseline trends and informs the economic and employment potential and plausibility of projections, key assumptions and the recommendations.

Part A and B of the Technical Report includes this contextual analysis:

- Part A details the relevant strategic context at state and local government level as well as providing a baseline understanding of the current economic outcomes for the precinct which provides the relevant economic and employment data. Most data has been sourced from the ABS Census, but more recent data sources provide up to date context and additional information to inform the future outlook.
- Part B details the role of suburban employment hubs and the potential growth trajectory for professional jobs in the SPA. The report details key factors to support development in the precinct as well as case studies for other similar locations. This section also considers trends in specific industries,

the changing nature of work and how this will influence future needs for the SRL precincts, as well as an analysis of strengths, weaknesses, opportunities and constraints for the SRL precinct.

Analysis of economic context is comprehensive, and the assessment of the SRL precinct policy status and potential seems reasonable. Part B further details the relevant trends and drivers influencing the SRL precinct and provides comprehensive and appropriate employment implications that should be considered when assessing the suitability of the employment projections and their alignment with established market conditions. The structure and use of consistent industry categories also enables this contextual analysis to be easily tracked and translated into the subsequent work around review of the forecasts and recommendations.

Identifying future employment floorspace needs

The core purpose of the Technical Report is to estimate the economic and employment floorspace potential of the SPA, to inform subsequent technical reports and the SP and draft PSA process.

Part C and Appendix D and E of the Technical Report details the method used to review and estimate the employment floorspace requirements. The broad steps are provided in Section 7.2, as follows:

- Review of employment projections (from the BIC) by industry group.
- Determine the distribution of employment across different land use types.
- Establish workspace ratios for each land use type.
- Calculate future floorspace demand.

These steps are discussed in further detail below:

- The first step involves a **review of employment projections** for the SPA from the BIC. As noted earlier, it is unclear from the Technical Report how employment projections for the SPA have been derived from the 1600m catchment data contained in the BIC. Despite this, they do seem broadly reasonable and consistent with BIC projections.

  It is clearly stated that projections have not been refined and only one future scenario (from the BIC) is considered. Instead, the focus of the review is to clearly highlight where growth is supported by the market/ trends or where risk exists or intervention is required. There are a range of suitable ways this aspect of the analysis could have been completed. Alternative or adjusted employment projections could have been developed as a result of the review. However, this would have required much broader (metropolitan wide) analysis (given the scale of SRL) to determine the plausibility of redistributions from/to other locations across Melbourne, which would have significantly expanded the scope of the Technical Report and potentially duplicated previous work. While updated projections and additional scenarios would be helpful, and might have addressed some limitations in the current projections, for the purpose of informing the development of the SP, reviewing the existing projection set, with clear commentary on risks, areas of flexibility, key opportunities and interventions required, is still an appropriate and efficient approach. This approach accepts that projections are inherently uncertain and places more focus on the general guidance and implications around the employment projections for the SP to consider, rather than additional analysis that seeks to refine a single employment projection outlook which the SP should plan to.
- The **translation of employment by industry to land uses** is an effective approach that recognises the differences between employment industries and the spaces that different businesses within an industry occupy. This is important when seeking to convert the employment into floorspace requirements for the SP. The translation matrix has been derived based on local employment industry and occupation data, a

comprehensive synthesised local land use audit and consideration of planning policy and economic trends. This method is clearly documented, and I believe results in a robust translation matrix which is specific to the SRL precinct and potential economic change in its future.

- Workspace ratios for each land use type and specific to the SRL precinct are derived from the City of Melbourne – Census of Land Use and Employment (CLUE) data and the local floorspace audit. It is also noted that the workspace ratios have been adjusted to reflect changes in built form attributes of new versus old floorspace as well as changes due to flexible working arrangements. This is all clearly documented and further evidenced with benchmarks in Appendix E. These ratios are all within typical industry standard ranges and the detailed approach ensures a more robust estimate of floorspace is calculated, as it reflects differences unique to each SRL precinct.
- Workspace ratios are then applied to employment by land use to determine floorspace requirements. This estimated demand is then thoroughly tested against a range of market criteria and case studies by land use type to determine how likely it is to be delivered by the market and what interventions and other consideration should be considered by the SP. I believe this is a robust assessment of the employment floorspace requirements within the SPA which clearly demonstrates some key opportunities and challenges or risks for certain employment sectors across the SRL precinct and which the SP will need to consider.

1.4 Station precinct analysis findings and recommendations

The following section considers how the method was applied to Cheltenham SPA specifically and provides a review of the results and recommendations that have been developed.

Employment projection and spatial allocation

Table 1 below shows how employment growth is allocated to the SPA, relative to the wider 1600m catchment definition using data in Table 8.1 of the Technical Report. The second row, presenting the *SPA as share of 1600m Catchment* has been separately calculated to help with the peer review process. As of 2021 the SPA represents 72 per cent of the 1600m catchment employment. For Cheltenham, the SPA captures 88 per cent of net employment growth, which sees the overall share of employment increase to 79 per cent by 2041.

For comparison, as of 2021 the SPA for all six SRL East precincts combined represents 73 per cent of their respective 1600m catchments employment and combined they are estimated to capture 84 per cent of the 1600m catchment employment growth by 2041.

The share of employment growth allocated to the SPA is higher than other precincts. However, this is broadly consistent, recognising growth in the strategic site of Southland Shopping Centre and the intensification assumed in the Bayside Business District. Given this, I believe that share is reasonable and suitable for the SP process.

Table 1: Employment change by geography, 2021-2041

	Projected employment (no.)		Change (no.)
	2021	2041	2021-2041
Structure Plan Area	10,600	22,600	12,000
SPA as share of 1600m Catchment	72%	79%	88%
1600m Radius Area	14,800	28,500	13,700
South East Region	753,500	1,211,900	458,400
Greater Melbourne	2,376,700	4,049,500	1,672,800

Source: Derived from Table 8.1 of the Economic Profile Assessment, AJM, Feb 2025

Employment and floorspace requirements by land use type.

Overall, the analysis indicates Cheltenham will need to plan for 22,600 jobs (12,000 additional) that will require an additional 272,900 square metres of floorspace to be provided. This results in an average workspace ratio across all land use types of 49 square metres per worker, which appropriately reflects the dominance of more labour intensive employment functions (i.e. retail and office) in the SPA.

The following table summarises the results from Table 9.2 of the Technical Report as a share of the SPA total. This highlights a diversity of floorspace needs, with the majority of additional employment floorspace being Office and Retail related (66 per cent combined), which is broadly consistent with the dominance of these land use types in the precinct currently and broader macro economic trends.

Table 2: Share of SPA employment and floorspace by land use, 2021-2041

	Total jobs % of SPA	Average WSR (GBA per worker)	Floorspace 2021, (GBA) % of SPA	Floorspace 2041, (GBA) % of SPA	Add' Floorspace 2021-2041 (GBA) % of SPA
Education	4%	24	1%	2%	5%
Health	5%	21	2%	2%	4%
Office	31%	25	6%	16%	44%
Public use	3%	37	2%	2%	4%
Retail	35%	31	25%	23%	16%
Accommodation	0%	221	0%	2%	6%
Ent / Rec	3%	86	4%	6%	10%
Industrial	16%	143	59%	47%	11%
Total	100%	49	100%	100%	100%

Source: Derived from Table 9.2 of the Economic Profile Assessment, AJM, Feb 2025

I believe the analysis appropriately translates the employment projections into relevant floorspace requirements for the SPA, to inform the SP process. The detailed assessment in the Technical Report then highlights a number of risks, challenges and opportunities in realising this outcome for the SP to consider and address. The assessment also clearly highlights that the employment projections are not fundamentally

unrealistic, while they will still require some considerable shifts in existing market trends, other supportive interventions or flexibility in how some outcomes are achieved. I believe this combined analysis and market assessment should provide sufficient guidance for the SP process.

Recommendations

Section 11 of the Technical Report includes 12 Recommendations and 1 Opportunity to inform the development of the SP and draft PSA. These recommendations cover various aspects of different employment sectors including Office, Health, Education, Retail and Entertainment, Industrial and other employment. They highlight the scale and form of growth that should be planned and identify potential conflicts or barriers that should be addressed via the SP process.

In addition, the recommendations consider the preferred location for various employment uses within the SPA. This highlights the significant established role of Southland Shopping Centre and the Bayside Business District which needs to be prioritised for employment development. In general, these locational recommendations are appropriate and will need to be balanced alongside other technical reports as part of the SP process.

1.5 Concluding comments of peer review

Overall, I believe, the final Technical Report's approach, findings and recommendations are an appropriate evidence base to inform the Cheltenham SP and draft PSA.

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