KNOX LAND FOR BUSINESS

DIRECTIONS PLAN

KNOX CITY COUNCIL

DECEMBER 2018

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OVERVIEW

"...a strong regional economy, local employment and learning opportunities" is an overarching goal of the Knox Community and Council Plan 2017 – 2021. A strong economy extends the range of local employment opportunities and improves access to goods and services, while being able to work locally has a positive impact on health, wellbeing and connection to the local community.

To achieve this goal, it is important the City has an appropriate supply of business land into the future, and that it is suitable to meet current and future needs of the community.

This *Knox Land for Business Directions Plan* (Directions Plan) provides strategic direction regarding land requirements within the municipality over the period 2016 – 2036, having regard to employment projections, current land supply, economic trends, drivers of change and planning policy. The FDP includes strategic planning, investment support, business support and other recommendations.

The Directions Plan draws on and responds to the information and analysis included in the *Knox Land for Business Background Report* and supporting *Technical Reports* that are considered the 'review' and 'evidence base' component of the project.

85% of all employment in the City (47,421 of 55,807 jobs in 2011) is within Knox's Land for Business Assessment Areas (which covers all land in a business zone, i.e. Commercial 1 Zone, Commercial 2 Zone, Industrial 1 Zone), 59% of which is located within Assessment Areas that are zoned Industrial 1 and Commercial 2.

SIGNIFICANT BUSINESS LOCATIONS

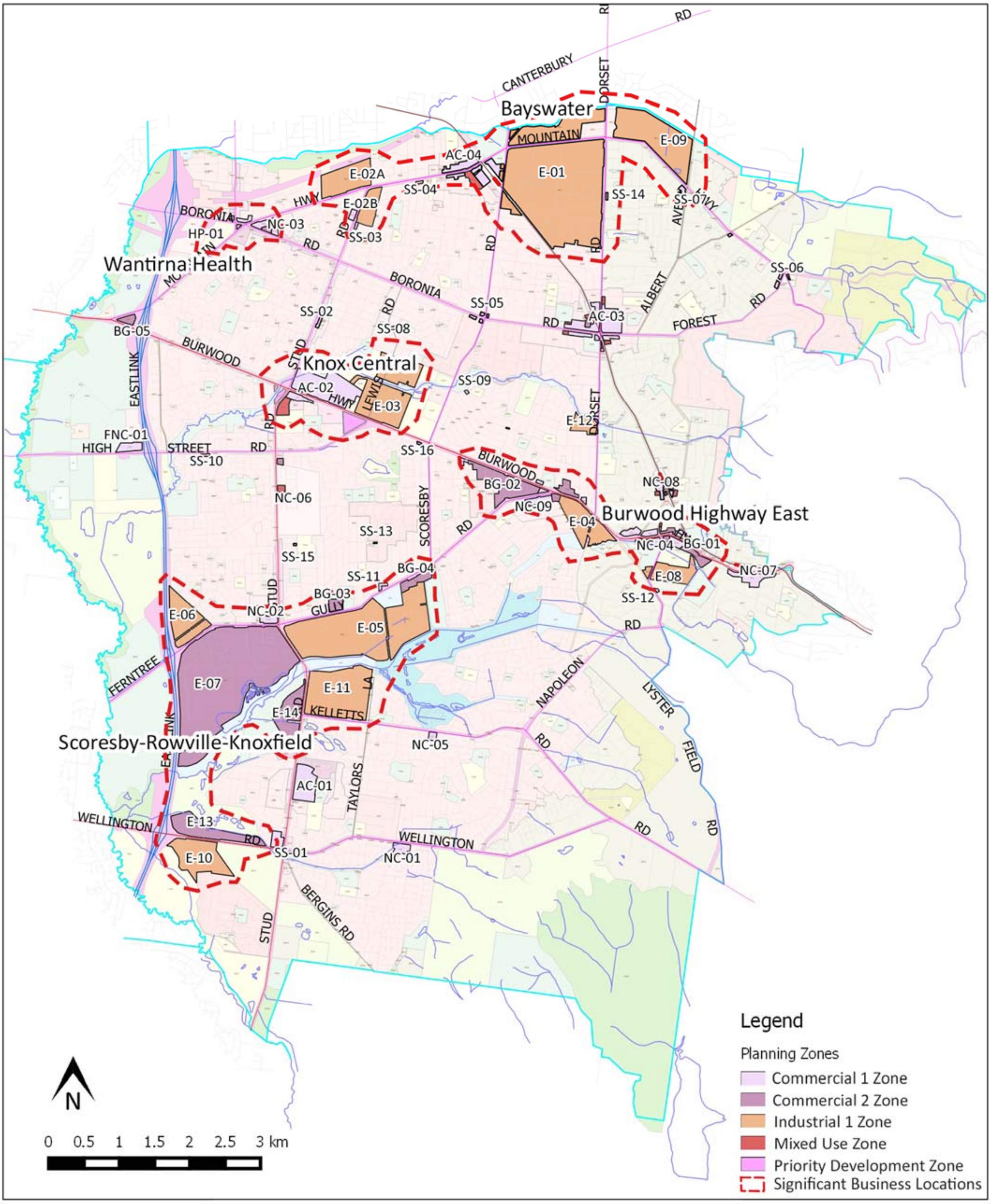
The Land for Business Assessment Areas identified in this report combine to form significant or strategic business locations. These comprise a range of business types, incorporating industrial, commercial and retail. These major employment concentrations of business land are shown in Figure S1 as 'Significant Business Locations' and are as follows:

- Bayswater Business Precinct/Bayswater Activity Centre: includes 279ha in the Industrial 1 Zone within the City of Knox, the Bayswater Activity Centre (principally Commercial 1 Zone with some Public Use Zone 6 and Mixed Use Zone), and a section of Commercial 1 Zone land on Stud Road. Note, the Bayswater Business Precinct extends across the municipality boundary into Maroondah and Yarra Ranges and in total equates to approximately 800 hectares;
- Scoresby-Rowville-Knoxfield area: includes 219 hectares of land in the Industrial 1 Zone, 238 ha in the Commercial 2 Zone and the Scoresby Village Shopping Centre;
- Knox Central, including 49 hectares of land in the Industrial 1 Zone, the Knox Central Activity Centre including Westfield Knox and further land in the Mixed Use Zone, Priority Development Zone and Residential Growth Zone to the south of the Burwood Highway;
- The Burwood Highway corridor – Burwood Highway East, including a range of employment and retail areas totalling 37 hectares in the Industrial 1 Zone and 26 ha in the Commercial 2 Zone, along with the Mountain Gate Activity Centre and the Burwood Highway, Ferntree Gully Commercial 1 areas; and

- **Wantirna Health Precinct**, including Knox Private Hospital in the Residential Growth Zone, Wantirna Health hospital in the Public Use Zone 3 and the adjacent Wantirna Mall Neighbourhood Centre (Commercial 1 and 2 Zone).

The largest concentrations of employment are within the five Significant Business Locations and represents 77% of jobs in Knox: Scoresby-Rowville-Knoxfield (15,400 jobs), Bayswater Business Precinct/Bayswater Activity Centre (12,500 jobs), Knox Central (7,400 jobs), Burwood Highway East (5,300 jobs) and Wantirna Health Precinct (2,400 jobs).

FIGURE S1 LAND FOR BUSINESS ASSESSMENT AREAS AND SIGNIFICANT BUSINESS LOCATIONS



Source: Knox City Council, Urban Enterprise, 2017.

PLANNING CONTEXT

State and/or Local Planning Policy clearly supports investment and employment growth in the Significant Business Locations of Scoresby-Rowville-Knoxfield, Bayswater Business Precinct and Wantirna Health Precinct. The Directions Plan reflects the importance of these areas for investment and employment.

Knox Central and Burwood Highway East are also Significant Business Locations that offer redevelopment opportunities over the short to medium term. A Structure Plan and Planning Scheme Amendment is in draft form for Knox Central, while Burwood Highway East would benefit from some additional strategic work. Both would also benefit from investment and business support.

Policy supporting activity centres and 20-minute neighbourhoods applies to a number of centres in Knox, reinforcing the importance of Knox Central, Bayswater, Boronia and Rowville Activity Centres in providing a range of retail, commercial and residential services and development opportunities.

The current suite of planning zones available to Council is very broad in terms of the variety of land uses permitted – Councils have less opportunity to influence the desired mix of land uses since changes to the commercial and industrial zones in 2013. In this context, Council should consider utilising a greater diversity of planning zones and schedules to provide direction to the market regarding the desired role of each Land for Business Assessment Area, and in some cases to better manage interfaces with sensitive uses. Office floorspace caps and local policy could be considered in certain areas, and local policy could be used to discourage non-employment uses in specific employment land areas.

The strength of the retail hierarchy of Activity Centres and Neighbourhood Centres has been put at significant risk through the introduction of new Commercial 1 Zone area in 2013 without prior strategic assessment and the opportunity for small supermarket (less than 1,800 sqm) to locate within the Commercial 2 Zone (and Industrial 3 Zone) without a permit. This has the potential to further disperse retail activity and dilute the strength of the existing activity centre hierarchy and should be addressed by rezoning properties away from the Commercial 1 Zone that are not located in areas suitable for core retail uses.

The rezoning of some areas from the former Business 5 Zone to the new Commercial 1 Zone may not be the most appropriate zone based on location and/or activity occurring on the land. As such, some further investigation should occur to determine if rezoning is appropriate.

LAND DEMAND AND SUPPLY

Employment projections and land demand assessments were undertaken as outlined in this report and in the Background Report. Based on these assessments, the following floorspace requirements are identified over the period 2016-2036:

- Retail floorspace: 91,000sqm;
- Office floorspace: 115,000sqm;
- Health and education floorspace: 45,000sqm; and
- Industrial: 109,500sqm floorspace / 29ha land.

Overall, future employment and business growth will generate significant demand for additional business land up to a current total in the order of 107ha. There is a total of 70ha of vacant employment land in the municipality.

There is likely to be a significant overall shortfall of business land within the next 20 years in the City of Knox unless additional land is zoned for business purposes and existing business land is developed and used differently. Particularly critical land shortages for office, retail and health and education uses are expected - these uses generally require land in the Commercial 1 Zone and Commercial 2 Zone.

Demand for land within activity centres is expected to be particularly strong, given interest in the land for residential apartment development and ongoing increases in demand for retail, office and food floorspace.

There is likely to be sufficient land in the Industrial 1 Zone to accommodate projected demand from businesses requiring industrial land assuming that 4ha of the remaining land in the Caribbean Park is available for industrial use. However, there is expected to be a significant transition in the types of industrial businesses operating in the municipality with a decrease in manufacturing employment and an increase in other industrial sectors. It is important that existing industrial land is retained to enable this transition to occur, and, where relevant, policy introduced to reinforce the importance of industrial land to underpin the Knox economy. Industrial land is likely to become scarce during the planning period.

Given the lack of broad-hectare business land, much of the increase in employment and economic activity will need to be met through greater utilisation of existing land and the adoption of innovative approaches by both Council and the private sector. In addition to better utilisation and protection of existing business zoned land, new business land opportunities need to be considered when examining strategic sites in the planning stages.

FUTURE DIRECTIONS

Eight Future Directions are identified in response to the challenges and opportunities identified in this study. Each direction is supported by a range of planning and economic development actions. Actions are grouped into short term actions (0-3 years) and medium term (4-10 years). Actions for the period 10-20 years should be identified at the time this plan is reviewed (within the next 10 years).

The Future Directions are as follows:

Understanding and Monitoring the Knox Economy

1. Establish and maintain an ongoing evidence base to support economic and strategic planning/decision making
2. Prepare and maintain an 'Knox Economy Futures Statement' and associated implementation plan

Protecting and Strengthening the City's 'Land for Business'

3. Identify, retain and strengthen existing 'Significant Business Locations', including their core employment land areas
4. Consolidate and diversify the role of existing activity and neighbourhood centres
5. Accommodate projected employment and retail floorspace growth in strategic locations
6. Maintain an ongoing supply of 'local' employment land (Industrial 1 Zone & Commercial 2 Zone)

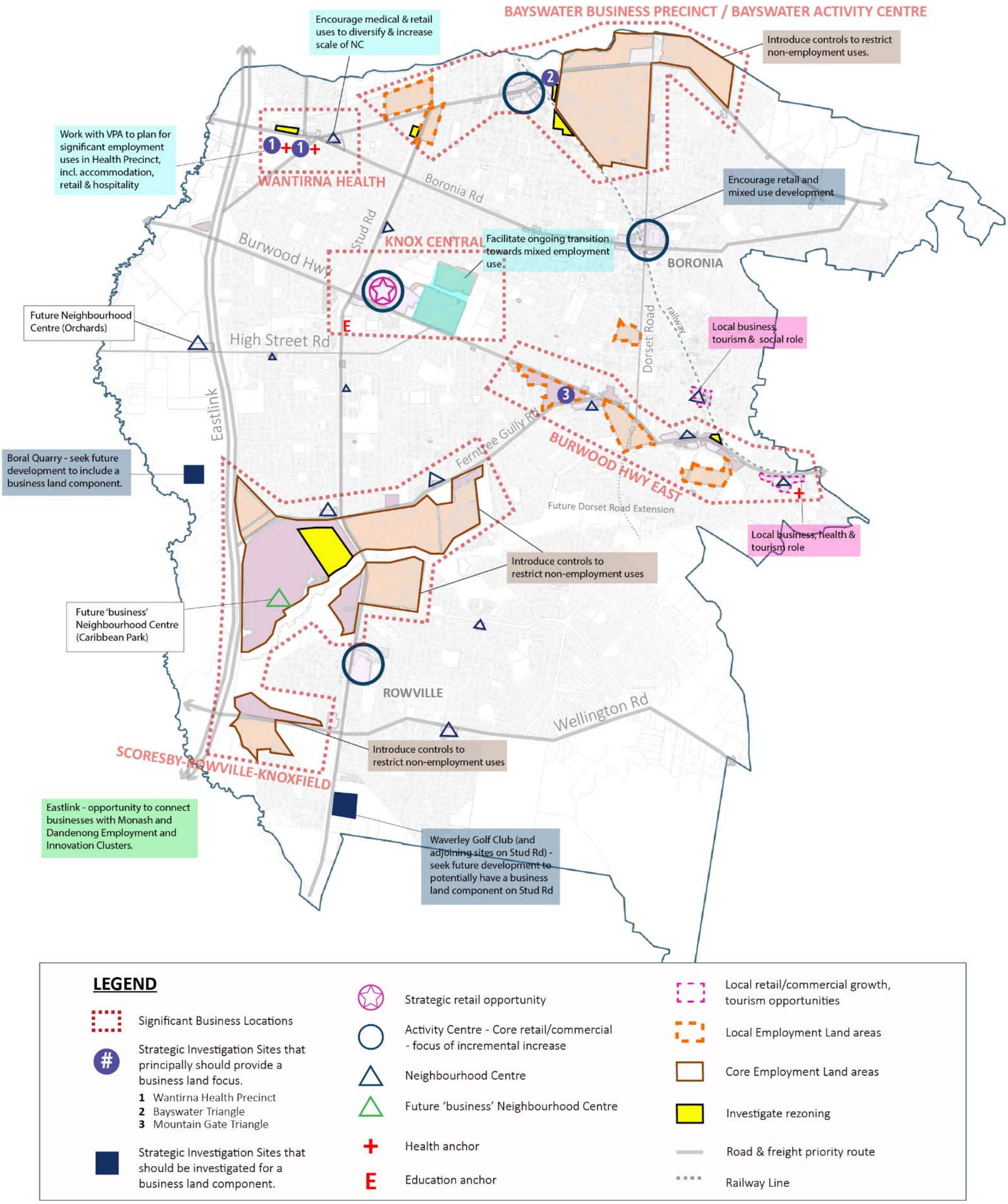
7. Update local content of the Knox Planning Scheme to reflect the Directions Plan.

Strategic Investment and Partnerships with Key Industries

8. Encourage growth in propulsive industries and in industries which leverage local opportunities and advantages

A full list of actions is provided in Section 7. Key spatial directions are also shown on Figure S2 overleaf.

FIGURE S2 SPATIAL DIRECTIONS



Source: Urban Enterprise, 2017.

1. INTRODUCTION

1.1. WHY SHOULD KNOX PROVIDE LAND FOR BUSINESS?

Having a strong regional economy and local employment is an overarching goal of the Knox Community and Council Plan 2017 - 2021 which was adopted in June 2017. A strong economy extends the range of local employment opportunities and improves access to goods and services, while being able to work locally has a positive impact of health, wellbeing and connection to the local community. To achieve this vision, it is important the City has an appropriate supply of business land into the future, and that it is suitable to meet current and future needs of the community.

Business activity in the City of Knox provides many benefits to the local, regional and metropolitan communities, including:

- Meeting the local needs of Knox and nearby residents through services such as retail, medical and entertainment;
- Providing employment opportunities for Knox and other residents to work close to where they live across a range of industry sectors; and
- Adding value to the local, regional and metropolitan economies in terms of exports, wages and salaries through successful small, medium and large businesses.

The Knox community highlighted the importance of being able to access jobs close to where they live during consultation for Knox@50. As the population of Knox continues to grow, new opportunities for businesses will need to be provided within Knox in order to maintain similar levels of business activity and ensure that current and new residents have access to jobs and services in their local area.

The economy is continually evolving, with change now more swift and significant – Council must be aware of and respond to the changing needs of current and future businesses, and have a plan to ensure that the scale, type and location of land available for business activity meets these needs. Although local governments cannot control the location and type of private sector investment, local planning and economic policies and strategies, and place-based improvements are essential tools to ensure that Council is a facilitator of desired investment and does not inadvertently limit or deter business activity that benefits the community.

1.2. PROJECT PURPOSE

The project seeks to enable and encourage a strong local economy for Knox through the delivery of a Land for Business Review and Directions Plan.

This Review and Directions Plan is to provide the evidence base and strategic directions for the period 2016-2036 to enable Knox to deliver a supply of appropriate and well serviced business land into the future ('securing land') and leveraging this land to ensure it meets current and future needs ('putting the land to work').

The project should assist in supporting local employment opportunities, provide greater certainty to businesses and assist with balancing competing demands for land in the established municipality of Knox.

1.3. PROJECT SCOPE

This *Knox Land for Business Directions Plan* (Directions Plan) provides strategic direction regarding land requirements within the municipality over the period 2016 – 2036, having regard to employment projections, current land supply, economic trends, drivers of change and planning policy. The FDP includes strategic planning, investment support, business support and other recommendations.

The project includes a review of existing economic conditions, an understanding of trends and projections, drivers of change, planning policy and controls and an analysis of evidence relating to business land use and employment. This is an important component to understanding the current and potential performance of the Knox economy.

The key output is strategic direction on land supply (amount and type) to ensure that land adequately meets the City's current and future needs in the short (1-3 years), medium (4-10 years) and long (10-20 years) term, based on understanding the Knox economy and business land as it is now and how it could evolve over the next 20 years.

Development of the Directions Plan has involved input and workshops with relevant Council officers.

The scope of the project examines land within the following business zones that are currently applied within the City of Knox:

- Industrial 1 Zone (IN1Z);
- Commercial 1 Zone (C1Z);
- Commercial 2 Zone (C2Z);
- Mixed Use Zone (MUZ); and
- Priority Development Zone (PDZ).

In all, 51 Land for Business Assessment Areas were examined via the background work. The breakdown of the Assessment Areas are as follows:

- Activity Centre – 4;
- Employment Land – 15;
- Health – 1;
- Neighbourhood Centre – 9;
- Future Neighbourhood Centre – 1;
- Bulky Goods – 5; and
- Strip Shops – 16.

The project does not consider land outside these zones and assessment areas, however other zones/land also play an important role in supporting business activity, particularly the Residential zones through home based business and other local businesses, the Special Use Zone for various activity, and Public Use Zones through public sector employment and activity. The role of these 'other' zones is considered where relevant throughout the report.

Typically, studies of business land refer to broad land uses and areas as either 'industrial' or 'commercial'. Although these terms are also used in this report, the way in which economic activity occurs, and the locations in which it occurs, is changing. Many traditional industrial areas now include a significant amount of office floorspace, and other areas accommodate a mix of retail, commercial and industrial uses, such that ‘employment land’ now often better describes these areas that in Knox are principally zoned Industrial 1 (IN1Z) and Commercial 2 (C2Z).

1.4. SUPPORTING DOCUMENTS

The Directions Plan draws on and responds to the information and analysis included in the *Knox Land for Business Background Report* and supporting *Technical Reports* that are considered the 'review' and 'evidence base' component of the project.

These reports assess relevant strategies and provide economic and spatial analysis across all the Land for Business Assessment Areas and sectors. The background reports are to be used as reference documents as the findings of the Directions Plan are underpinned by the analysis included in the Background Report and Technical Reports.

1.5. REPORT SECTIONS

This Directions Plan includes the following sections:

- Section 1 provides an introduction to both the Project and Plan;
- Section 2 provides a summary of business land in Knox, including location, amount of land and floorspace (including vacant and underutilised land) and the current distribution of employment across the various Land for Business Assessment Areas;
- Section 3 includes a profile of the Knox economy and workforce;
- Section 4 includes a calculation of the likely demand for business land over the next 20 years, including trends, drivers of change and projections;
- Section 5 provides an analysis of the extent to which existing zoned land can accommodate the expected employment and business growth, and the specific requirements for each land use type;
- Section 6 includes a discussion of the key opportunities and challenges and the types of business land that can best respond to these; and
- Section 7 recommends Future Directions and Actions required to ensure that a suitable supply of land is maintained over the next 20 years, along with a map showing Future Directions and key changes proposed.

2. EXISTING LAND FOR BUSINESS

2.1. INTRODUCTION

This section includes a description of the current land available for business in Knox, including location, assessment areas, planning zones, floorspace and employment.

2.2. LOCATION AND CONTEXT

The Knox municipality is located approximately 25 kilometres east of Melbourne's CBD. The boundaries of the municipality are well defined: including Dandenong Creek to the north; Dandenong Creek and adjacent parklands to the west; the Dandenong Ranges to the east; and, the Churchill National Park and low density land uses to the south. As a result, the municipal area is generally well separated from other urban areas.

Knox is an established urban municipality renowned for its residential lifestyle, employment opportunities and social and recreational attributes. The municipality covers an area of 114 square kilometres and contains the suburbs of Bayswater, Boronia, Ferntree Gully, Knoxfield, Lysterfield (part of), Sassafras (part of), Scoresby, The Basin, Upper Ferntree Gully, Wantirna and Wantirna South.

Major transport routes within Knox include the Eastlink freeway which provides excellent north-south vehicle access across the west of the municipality, and the Belgrave Train Line which services the north and east of the municipality including the Activity Centres of Bayswater, Boronia, Ferntree Gully and Upper Ferntree Gully. Stud Road, which is a major public transport (bus) route, also runs in a north-south direction connecting suburbs in the west of the municipality, while Boronia Road, Burwood Highway, High Street Road, Ferntree Gully Road and Wellington Road all provide vehicle access east-west.

The estimated resident population in Knox as at June 30, 2015 is 155,681.

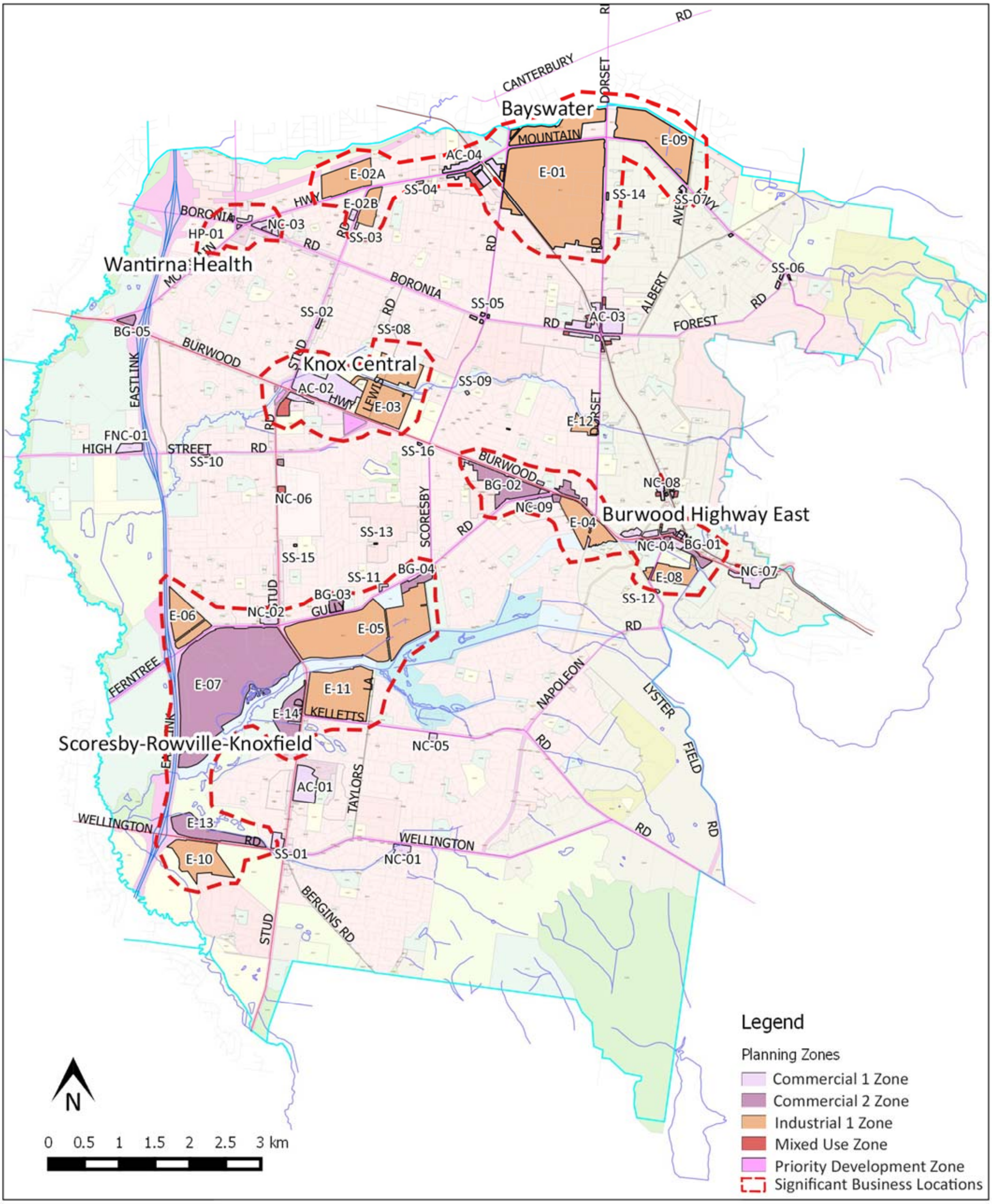
There were 13,216 registered businesses in 2011, with 5,700 of these employing staff. The estimated job number for Knox in 2011 was 55,800.

Figure 1 shows the location of land currently zoned for business purposes in the City. There are considerable concentrations of business land in Bayswater, Scoresby, Rowville and Knoxfield, as well as a network of Activity Centres. Business land equates to around 10.3 square kilometres or 9% of Knox's total land area.

2.3. LAND FOR BUSINESS ASSESSMENT AREAS

All land in business zones in Knox has been classified as part of an Employment Land area, Activity Centre, Neighbourhood Centre, Bulky Goods Corridor, Strip Shops or Health Precinct for the purposes of understanding Knox's different business activities and locations. The categorisation is based on current planning zones, local and state planning policy, and businesses operating within. Each Assessment Area has been allocated a code, and the location of each area is shown in Figure 1 and described in Table 1. More detail on the Assessment Areas is covered in Technical Report B.

FIGURE 1 LAND FOR BUSINESS ASSESSMENT AREAS AND SIGNIFICANT BUSINESS LOCATIONS



Source: Knox City Council, 2016, Urban Enterprise.

TABLE 1 LAND FOR BUSINESS ASSESSMENT AREAS IN KNOX

Code	Name of Assessment Area	Current Zone	Location/Address	Significant Business Location
AC-01	Rowville Activity Centre	C1Z	Stud Rd & Fulham Rd, Rowville	
AC-02	Knox Central Activity Centre	C1Z, MUZ, PU6Z, RGZ1, PDZ1	Burwood Hwy & Stud Rd, Wantirna South	Knox Central
AC-03	Boronia Activity Centre	C1Z, C2Z, MUZ	Dorset Rd & Boronia Rd	
AC-04	Bayswater Activity Centre	C1Z, MUZ, PUZ6	Mountain Hwy, Bayswater station	
E-01	Bayswater (Central)	IN1Z	Mountain Hwy, Power Rd & Dorset Rd	Bayswater Business Precinct
E-02a	Bayswater (West- Mountain Hwy & Stud Rd)	IN1Z	Mountain Hwy & Stud Rd	Bayswater Business Precinct
E-02b	Bayswater (West - Stud Rd)	C1Z	Mountain Hwy & Stud Rd	Bayswater Business Precinct
E-03	Knox Central Employment	IN1Z	Burwood Hwy & Lewis Rd	Knox Central
E-04	Mountain Gate Industrial Estate	IN1Z	Burwood Hwy & Dorset Rd	Burwood Highway East
E-05	Knoxfield Employment	IN1Z, C2Z	Ferntree Gully Rd, Stud Rd & Bunjil Way	Scoresby-Rowville-Knoxfield
E-06	Scoresby (north Ferntree Gully Rd/Jellico Dr)	IN1Z	Ferntree Gully Rd, Jellico Dr, Rocco Dr & Eastlink	Scoresby-Rowville-Knoxfield
E-07	Caribbean Park & Scoresby Industrial	C2Z	Ferntree Gully Rd, Eastlink & Stud Rd	Scoresby-Rowville-Knoxfield
E-08	Upper Ferntree Gully	C2Z	Burwood Hwy & Acacia Rd	Burwood Highway East
E-09	Bayswater (East)	IN1Z	Mountain Hwy & Colchester Rd	Bayswater Business Precinct
E-10	Rowville (south side Wellington Rd)	C2Z, IN1Z	Wellington Rd, Viewtech Pl, Myer Pl & Eastlink	Scoresby-Rowville-Knoxfield
E-11	Rowville (Kelletts Rd)	IN1Z, C2Z	Stud Rd & Kelletts Rd	Scoresby-Rowville-Knoxfield
E-12	Edina Rd Industrial Estate	IN1Z	Dorset Rd & Edina Rd	
E-13	Rowville (Corporate Ave, Wellington Rd)	IN1Z	Wellington Rd, Corporate Ave & Eastlink	Scoresby-Rowville-Knoxfield
E-14	Enterprise Business Park	IN1Z	Enterprise Dr & Stud Rd	Scoresby-Rowville-Knoxfield
H-01	Wantirna Hospitals	PUZ3, RGZ3	Mountain Hwy & Boronia Rd	Wantirna Health Precinct
NC-01	Wellington Village Shopping Centre	C1Z	Wellington Rd & Gearon Ave	
NC-02	Scoresby Village Shopping Centre	C1Z	Ferntree Gully Rd & Stud Rd	Scoresby-Rowville-Knoxfield
NC-03	Wantirna Mall	C1Z	Mountain Hwy & Boronia Rd	Wantirna Health
NC-04	Ferntree Gully (north Burwood Hwy)	C1Z, C2Z	Burwood Hwy & Selman Avenue	Burwood Highway East
NC-05	Rowville Lakes	C1Z	Kelletts Rd & St Lawrence Way	
NC-06	Harcrest Boulevard	MUZ	Stud Rd & Harcrest Blvd	
NC-07	Upper Ferntree Gully Village	C1Z	Burwood Hwy & Dawson St	
NC-08	Ferntree Gully Village	C1Z, MUZ	Station St & Ferntree Gully Station	
NC-09	Mountain Gate Central	C1Z	Ferntree Gully Rd & Burwood Hwy	Burwood Highway East
FNC-01	The Orchards	C1Z	High St & Eastlink	
BG-01	Ferntree Gully (Burwood Hwy central)	C2Z, C1Z	Burwood Hwy & Selman Avenue	Burwood Highway East
BG-02	Mountain Gate Triangle	C2Z	Ferntree Gully Rd & Burwood Hwy	Burwood Highway East
BG-03	Knoxfield Bunnings	C2Z	Ferntree Gully Rd near Carrington Park	Scoresby-Rowville-Knoxfield
BG-04	Knoxfield (south Ferntree Gully Rd)	C2Z	Ferntree Gully Rd & Rushdale St	Scoresby-Rowville-Knoxfield
BG-05	EastLink Triangle	C2Z	EastLink, Mountain Hwy and Burwood Hwy	
SS-01	Stamford	C1Z	Stud Rd & Wellington Rd (north west side)	
SS-02	Studfield Shopping Centre (Wantirna)	C1Z	Stud Rd, Coleman Rd & Somerset Rd	
SS-03	Stud Bay (Stud Rd, north of Leonard St)	C1Z	Stud Rd, Leonards Rd & Phyllis St	

SS-04	Mountain Hwy/Kumala Rd	C1Z	Mountain Hwy & Kumala Rd	
SS-05	Boronia Rd/Scoresby Rd	C1Z	Scoresby Rd & Boronia Rd	
SS-06	The Basin	C1Z	Basin-Olinda Rd, Mountain Hwy & Forest Rd, The Basin	
SS-07	Alchester Village	C1Z	Mountain Hwy & Albert Ave	
SS-08	Lewis Rd/Coleman Rd	C1Z	Coleman Rd & Lewis Rd	
SS-09	Fairhills Shops (Manuka Dr/Loretta Ave)	C1Z	Manuka Rd & Loretto Ave	
SS-10	Knox Gardens	C1Z	High St & Fonteyn Dr	
SS-11	Knoxfield shops	C1Z	Kathryn Rd & Knox Pl	
SS-12	Glenfern Rd/Mason St	C1Z	Glenfern Rd & Mason St	
SS-13	Anne Rd	C1Z	Anne Rd & Kathryn Rd	
SS-14	Dorset Rd/Landscape Dr	C1Z	Dorset Rd (between Landscape Dr & Bellevue Ct)	
SS-15	Cavell St/Armin St shops	C1Z	Cavell St & Armin St, Scoresby	
SS-16	Bunnett Rd/Burwood Hwy shops	C1Z	Bunnett Rd & Burwood Hwy, Knoxfield	

Source: Urban Enterprise, 2016.

LAND AREA BY ZONE

As at January 2016, Knox has 1,033 hectares of land in business zones. As shown in Table 2, land in the Industrial 1 Zones makes up 57% of all business land. There is 130 hectares of land in the Commercial 1 Zone and 276 hectares in the Commercial 2 Zone. The Mixed Use Zone only covers a small area of 10 hectares.

TABLE 2 LAND AREA BY ZONE

Employment Zones	Land area (ha)	% of total	Vacant land	Vacancy
Commercial 1 Zone	130	13%	2.9	2%
Commercial 2 Zone	276	27%	36.1	13%
Mixed Use Zone	10	1%	0	0%
Industrial 1 Zone	591	57%	30.6	5%
Industrial 2 Zone	0	0%	0	N/A
Industrial 3 Zone	0	0%	0	N/A
Priority Development Zone	7	1%	0	0%
Public Use Zone 3	10	1%	0	0%
Public Use Zone 6	5	0%	0	0%
Residential Growth Zone 3	4	0%	0	0%
Total Business Land	1,033	100%	69.6	

Source: Council Rates Database 2016, derived by Urban Enterprise 2016. Note: Public Use Zone 3, Public Use Zone 6 and Residential Growth Zone 3 are included in specific locations where the areas are adjacent to employment land and included in the scope of this project.

SIGNIFICANT BUSINESS LOCATIONS

The Land for Business Assessment Areas identified in this report often combine to form significant or strategic business locations. These comprise a range of business types, incorporating industrial, commercial and retail. These major employment concentrations of business land are shown in Figure 1 and described in Table 1 as 'Significant Business Locations' and are as follows:

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Bayswater Business Precinct extends across the municipality boundary into Maroondah and Yarra Ranges and in total equates to approximately 800 hectares;

- Scoresby-Rowville-Knoxfield area: includes 219 hectares of land in the Industrial 1 Zone, 238 ha in the Commercial 2 Zone and the Scoresby Village Shopping Centre;
- Knox Central, including 49 hectares of land in the Industrial 1 Zone, the Knox Central Activity Centre including Westfield Knox and further land in the Mixed Use Zone, Priority Development Zone and Residential Growth Zone to the south of the Burwood Highway;
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- Wantirna Health Precinct, including Knox Private Hospital in the Residential Growth Zone, Wantirna Health hospital in the Public Use Zone 3 and the adjacent Wantirna Mall Neighbourhood Centre (Commercial 1 and 2 Zone).

The balance of the business land is distributed across the municipality, including within the Boronia and Rowville Activity Centres, Neighbourhood Centres, strip shops and smaller employment land areas.

VACANT AND UNDERUTILISED LAND

There is approximately 70 hectares of vacant land in business zones in the City in 2016. Figure 2 shows the distribution of vacant land across the municipality.

Almost half of the vacant business land in the City (32.2 ha, 46%) is located within Caribbean Park under single ownership and is within the Commercial 2 Zone. The Industrial 1 Zone includes 30.6ha of vacant land, and the Commercial 1 Zone includes only 2.9ha of vacant land.

It is estimated that there is a further 39.7 hectares of land in business zones that is 'underutilised', including sites which are occupied by an existing business that is not using the whole property, and sites which currently include vacant buildings, and sites which have low value improvements such as car sales or car parking. These sites have the potential to support some level of redevelopment and floorspace growth, however this will depend on the intentions of the property owners of each site and are not guaranteed to be made available to more intensive use over the period of this study.

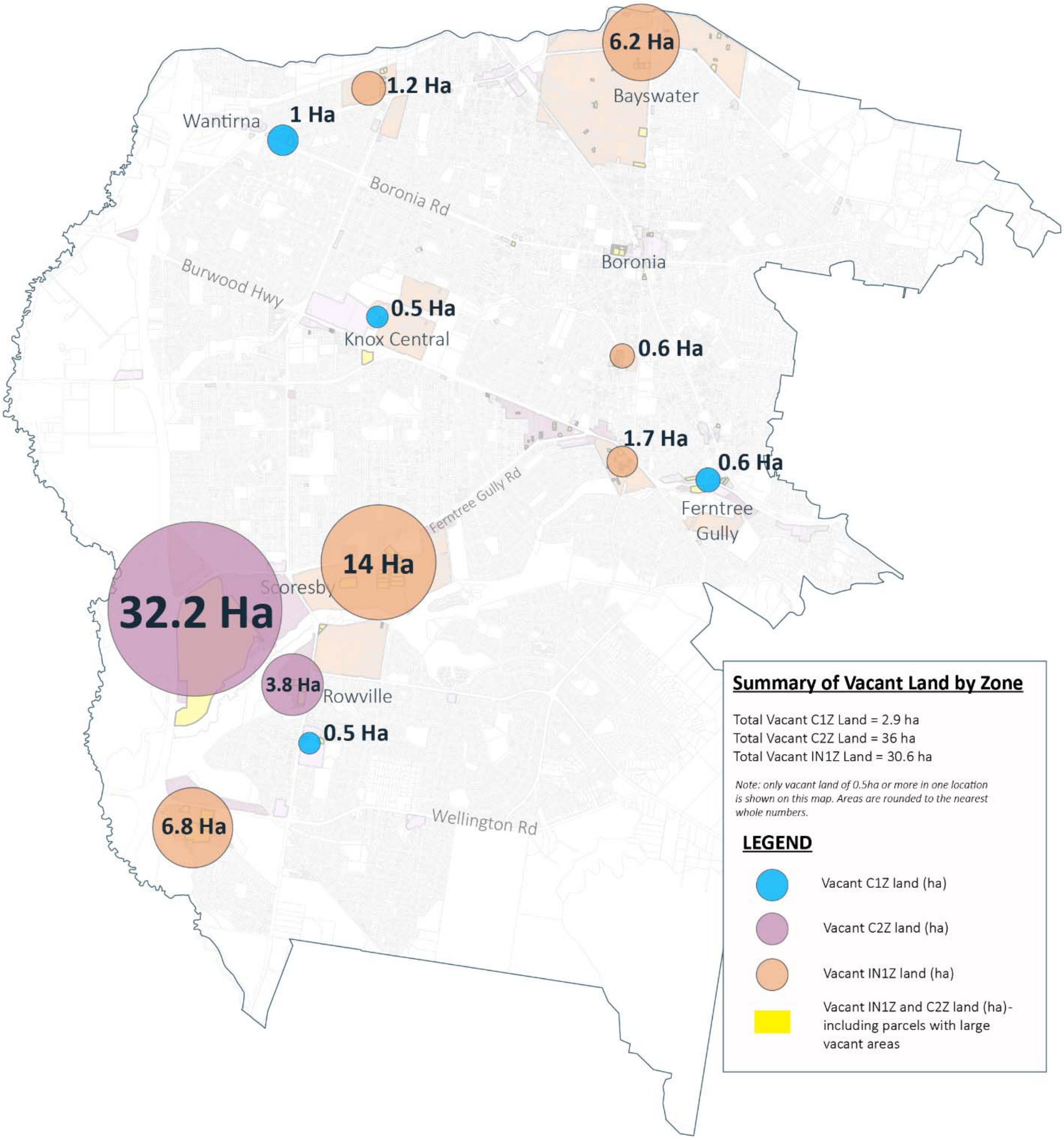
TABLE 3 VACANT AND UNDERUTILISED LAND BY ZONE

	Land Area (ha)
Vacant	
C1Z	2.9
C2Z	36.1
IN1Z	30.6
Vacant sub-total	69.6
Underutilised	
C1Z	8.6
C2Z	2.1
IN1Z	15.9

PDZ1	3.0
PUZ3	10.1
Underutilised sub-total	39.7
Total	109.3

Source: Council Rates Database 2016, derived by Urban Enterprise 2016

FIGURE 2 LOCATION OF VACANT LAND



Source: City of Knox Rates Database, reviewed and presented by Urban Enterprise.

FLOORSPACE BY LAND USE

According to Council's Rates Database, there is 3,671,749 square metres (3.67 square kilometres) of floorspace within business zones in the City of Knox. The majority of this floorspace is classified as 'industrial' (78%), followed by uses classified as 'retail' (14%). A range of uses that do not fall within industrial, commercial or retail categories (such as religious, civic, education and recreation) are operating within business zones, comprising around 2% of all business floorspace.

TABLE 4 GROSS FLOORSPACE BY LAND USE CATEGORY

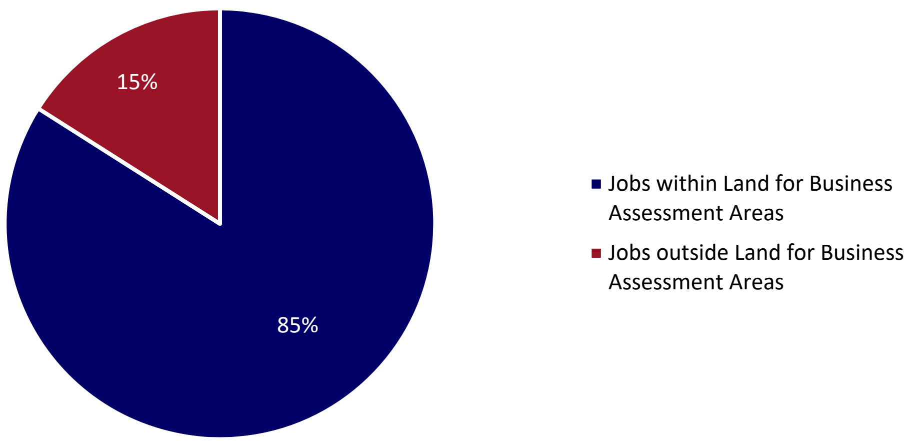
Business Floorspace	Gross Floorspace (sqm)	Other Floorspace	Gross Floorspace (sqm)	Total Floorspace
Industrial	2,854,739	Residential	56,355	
Retail	500,365	Recreation and Leisure	23,306	
Health and Medical	71,915	Education	14,833	
Office	61,251	Religious	15,726	
Highway Sales	24,753	Civic	10,460	
Pubs and Gaming	12,932	Infrastructure and Utility	1,277	
Industrial Development Site	10,878	Open Space	838	
Other Commercial	7,052	Emergency Services	538	
Accommodation	4,206	Other	325	
Sub-Total Business Floorspace	3,548,091	Sub-Total Other	123,658	3,671,749

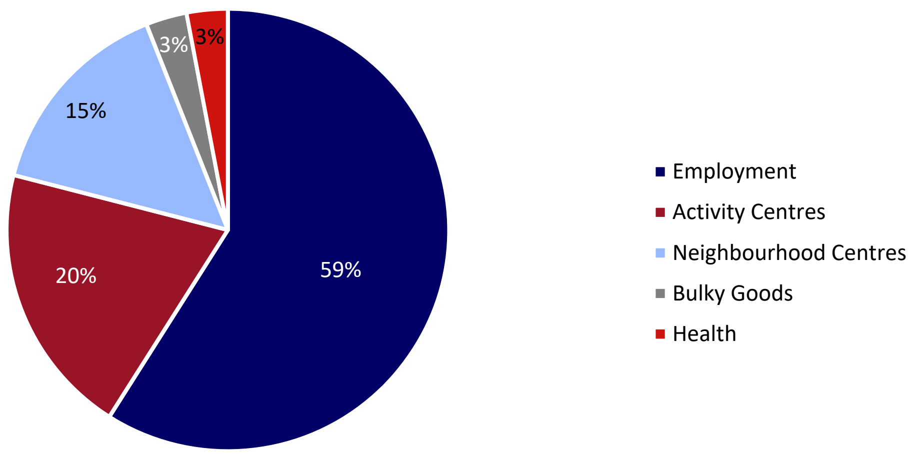
Source: Council Rates Database 2016, derived by Urban Enterprise 2016.

2.4. EMPLOYMENT BY LAND FOR BUSINESS ASSESSMENT AREA/SIGNIFICANT BUSINESS LOCATION

Figure 3 shows that 85% of all employment in the City (47,421 of 55,807 jobs in 2011) is within the Land for Business Assessment Areas, 59% of which is located within employment land areas (Industrial and Commercial 2 Zoned land). The largest concentrations (Figure 4) of employment are within Knox's five Significant Business Locations: Scoresby-Rowville-Knoxfield (15,400 jobs), Bayswater Business Precinct/Bayswater Activity Centre (12,500 jobs), Knox Central (7,400 jobs), Burwood Highway East (5,300 jobs) and Wantirna Health Precinct (2,400 jobs). These Significant Business Locations accommodate 77% of jobs in Knox.

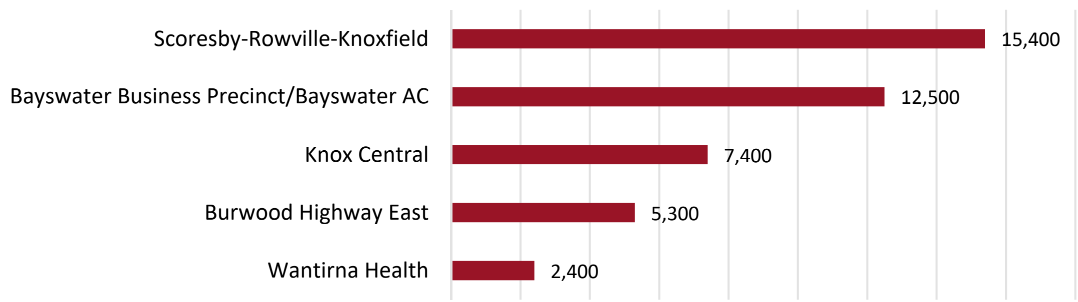
FIGURE 3 PROPORTION OF EMPLOYMENT IN EACH DEVELOPMENT SETTING IN KNOX, 2016





Source: Remplan, 2016.

FIGURE 4 LARGEST CONCENTRATIONS OF EMPLOYMENT IN KNOX, 2016



Source: Remplan, 2016.

2.5. PLANNING POLICY AND CONTROLS

This sub-section outlines the key state and local planning controls that apply to business land in the City. The section also includes a commentary on the implications of recent changes to the Victorian Planning Provisions in respect of commercial and industrial zones and a discussion of the options for applying planning zones in the City of Knox to influence and control commercial and industrial development in the future.

2.5.1. PLAN MELBOURNE (2017)

Plan Melbourne, the State Government Planning Strategy, projects that over the next 35 years the priority sectors for the Melbourne economy will be medical technology and pharmaceuticals, new energy technologies, food and fibre, transport technologies, defence technologies, construction technologies, international education and professional services, reflecting a trend away from labour intensive to knowledge intensive economic activity. For the Eastern metropolitan region, Plan Melbourne identifies the key industries of Retail Trade, Health Care and Social Assistance, Manufacturing and Education and Training.

Plan Melbourne identifies the Wantirna Health Precinct (Knox Private Hospital) as a place of state significance as a Health Precinct. The Victorian Planning Authority has commenced planning work for the precinct, which is expected to undergo substantial change and development supported by infrastructure investment in this key cluster of health and related economic activity.

Plan Melbourne identifies five Activity Centres in the City of Knox: Knox Central, Bayswater, Boronia, Mountain Gate and Rowville (p.53). The direction for these Activity Centres is as follows:

> *"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. In many activity centres, this growth will include housing, particularly at higher densities." (p.37)*

Plan Melbourne identifies that policies encouraging a diversity of land uses within activity centres can lead to "residential uses competing with commercial uses and employment opportunities" and that "consideration needs to be given to ways in which commercial and residential development can be developed together." (p.35) This is particularly relevant to the City of Knox given the constrained land profile typical of established urban areas.

2.5.2. COUNCIL PLANNING POLICY

The Knox Planning Scheme currently relies on a variety of economic analysis and strategic planning references, some of which are considered dated (i.e. the 2008 Knox Economic Development Strategy). The Municipal Strategic Statement's Economic Development clause (Clause 21.07) contains the majority of local policy regarding business land in the City, along with local policies in Clause 22 for Knox Central, Bayswater, Boronia and Rowville Activity Centres, Ferntree Gully Village, and the Scoresby-Rowville Employment Precinct.

A local policy at Clause 22.02 guides urban design for designated 'Industrial and Restricted Sales Areas'. The policy aims to maintain high urban design standards primarily through setbacks, minimum lot sizes and landscaping. The policy generally has the effect of reducing the intensity of land use along and near arterial roads within the Industrial 1 Zone and Commercial 2 Zones. There is no specific local policy which relates to non-core employment uses in business land areas, though Clause 21.07 does include strategies relating to discouraging restricted retail sales and other non-industrial related activities from locating in Industrial 1 zoned areas to ensure sufficient land for industrial and production economy related uses.

PLANNING SCHEME REVIEW – AMENDMENT C150

The Planning Scheme was recently updated through draft Amendment C150 to reflect the findings of the Planning Scheme Review undertaken in 2015. In respect of land for business, the Amendment made relatively minor changes in relation to economic development and land for business, given the Land for Business Project is seen as the most appropriate path for addressing more significant changes in policy direction.

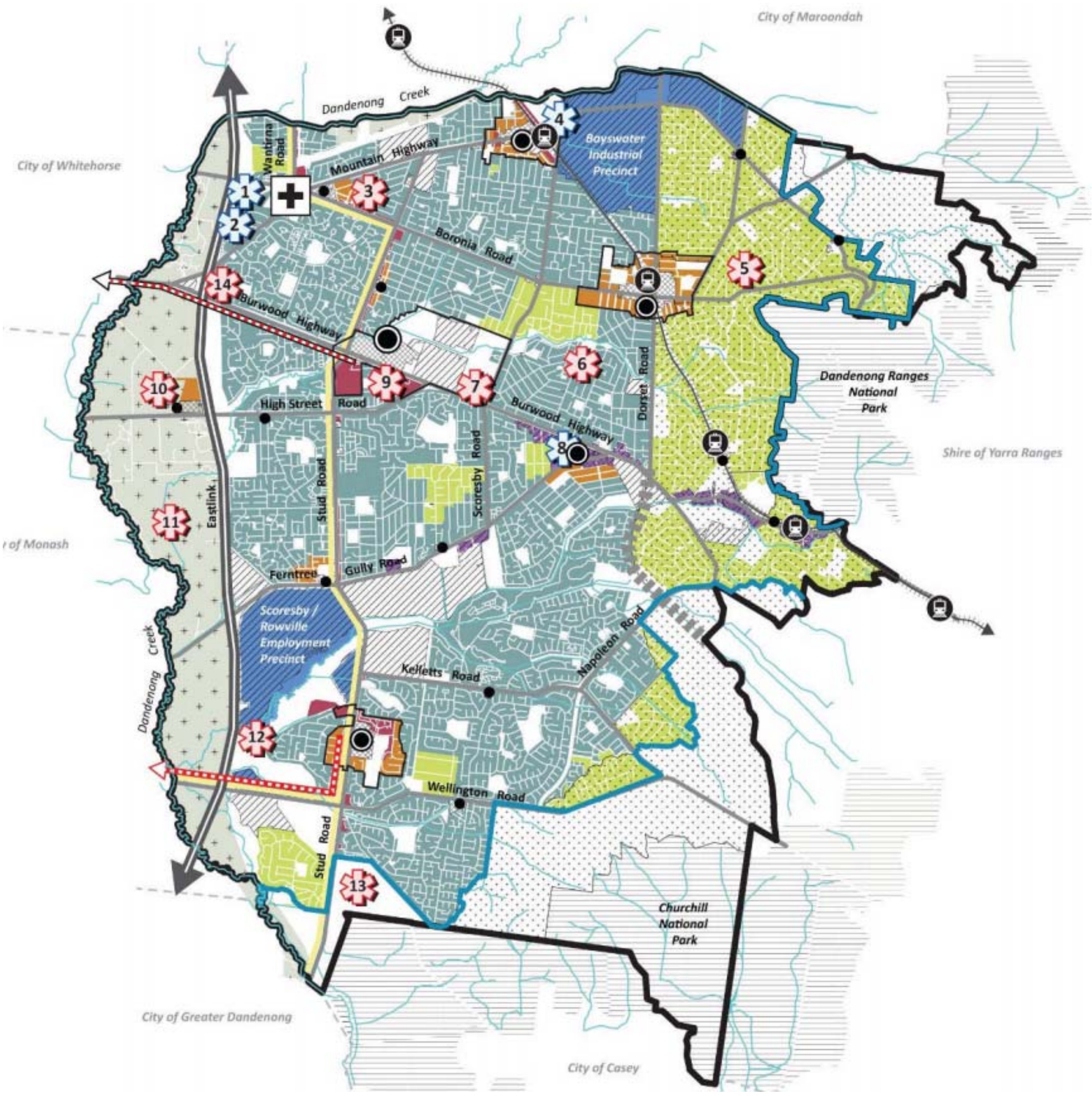
The changes Amendment C150 made included bolstering of policy regarding 'non-residential uses in residential areas' which strengthens support for local business and employment opportunities (i.e. medical centres, veterinary centres, display homes, convenience shops, child minding centres, places of assembly and places of worship) near activity centres and other business areas. Amendment C150 also introduced policy support for residential land use and development within the Commercial 1 Zone at Clause 22.06 consistent with the role of the centre and appropriate within its context.

Figure 5 shows the Strategic Framework Plan included in Clause 21.02 via Amendment C150. The Strategic Framework Plan identifies three Strategic Investigation Sites for Employment / Commercial / Mixed Use, being the Wantirna Health Precinct, the 'Bayswater Triangle' and the 'Mountain Gate Triangle'. These sites are presently identified in the Housing and Economic Development clauses of the Municipal Strategic Statement and covered in the Knox Housing Strategy 2015. It is noted there are other Strategic Investigation Sites identified in the Housing Strategy as having a business land component which are not specifically referenced in the Economic Development clause. The Directions and Actions section will specifically address all the relevant sites, including recommending further updates to the Strategic Framework Plan.

KNOX CENTRAL – AMENDMENT C149

The Knox Central Structure Plan was implemented through Amendment C149, which was gazetted in May 2018, replacing the Knox Central Urban Design Framework. It covers the area that includes the Land for Business Assessment Areas of AC-02 Knox Central and E-03 Knox Central Employment and seeks to supports this area remaining competitive by supporting an increase in range of business types and retail offering available, along with supporting uses such as accommodation, entertainment and community uses. This report takes into account the findings and recommendations of the Knox Central project.

FIGURE 5 KNOX STRATEGIC FRAMEWORK PLAN



LEGEND

Not to scale N

- MUNICIPAL BOUNDARY
- RAIL CORRIDOR / TRAIN STATION
- SMART BUS ROUTE
- ARTERIAL ROAD
- EASTLINK
- URBAN GROWTH BOUNDARY
- CREEK
- ACTIVITY AREA (RESIDENTIAL)
- LOCAL LIVING (RESIDENTIAL)
- KNOX NEIGHBOURHOOD (RESIDENTIAL)
- BUSH SUBURBAN (RESIDENTIAL)
- MIXED USE AREAS (RETAIL/COMMERCIAL/RESIDENTIAL)
- COMMERCIAL/INDUSTRIAL AREA
- MAJOR EMPLOYMENT PRECINCT
- HIGHWAY RETAIL
- NEIGHBOURING MUNICIPAL BOUNDARIES
- DANDENONG CREEK VALLEY
- DANDENONG FOOTHILLS
- NATIONAL PARK

HIERARCHY OF ACTIVITY CENTRES

- ACTIVITY CENTRE
- NEIGHBOURHOOD ACTIVITY CENTRE
- ACTIVITY CENTRE BOUNDARY

- WANTIRNA HEALTH PRECINCT
- POTENTIAL BURWOOD HIGHWAY TRAM EXTENSION
- FUTURE ROWVILLE RAIL
- FUTURE DORSET ROAD EXTENSION

STRATEGIC INVESTIGATION SITES - RESIDENTIAL

3 Wantirna Heights School
5 Boronia Heights College
6 Norvel Road Quarry, Ferntree Gully
7 DPI site, 609-621 Burwood Highway
9 Knox Village Retirement Village (Burwood Highway)
10 Jenkins Orchard (1201-1211 High Street Road Wantirna South
11 191 George Street, Wantirna South (Boral Quarry)
12 Kingston Links Golf Course
13 Waverley Golf Course (and adjoining sites)
14 Part of 25 Burwood Highway; 55 Burwood Highway; 56 Mountain Highway and unreserved Crown Land (Parcel 196), Wantirna

STRATEGIC INVESTIGATION SITES - EMPLOYMENT/ COMMERCIAL/MIXED USE

1&2 Wantirna Health Precinct, 750-750A Boronia Road and 203 Mountain Highway, Wantirna
4 Bayswater Triangle
8 Mountain Gate Triangle

Source: Knox Planning Scheme, Clause 21.02.

2.5.3. COMMERCIAL AND INDUSTRIAL ZONES

OVERVIEW

The zones available to Council to accommodate business uses include:

- Two Commercial Zones (Commercial 1 Zone and Commercial 2 Zone);
- Three Industrial Zones (Industrial 1 Zone, Industrial 2 Zone and Industrial 3 Zone);
- Mixed Use Zone;
- Activity Centre Zone
- Priority Development Zone
- Special Use Zone

The above zones utilised presently in Knox are:

- Commercial 1 Zone
- Commercial 2 Zone;
- Industrial 1 Zone;
- Mixed Use Zone;
- Priority Development Zone (though Amendment c149 – Knox Central proposes replacing this zone with the Mixed Use Zone).

CONVERSION OF FORMER BUSINESS ZONES TO COMMERCIAL ZONES

In 2013, Victoria's zoning framework was subject to review and a series of new and revised commercial and industrial zones were introduced into the Victorian Planning Provisions (VPP) and planning schemes.

The Commercial 1 Zone automatically replaced the Business 1 Zone, Business 2 Zone and Business 5 Zone, while the Commercial 2 Zone automatically replaced the Business 3 Zone and Business 4 Zone. The reform also removed retail floor space caps.

The introduction of new commercial and revised industrial zones in 2013 across Victoria had the general effect of broadening the range of commercial development options available, diluting the role of the planning ordinance in guiding the location of business-related land uses.

For some of Knox's activity centres, the suite of five former 'Business' zones (Business 1, 2, 3, 4 and 5 Zone) were applied to achieve, or encourage, differentiation between uses. The amalgamation of these 'Business' zones into two 'Commercial' zones undermines this intent in many cases. Given there are very few 'permit required' land uses in the Commercial 1 and 2 Zone, the influence of local policy is limited to those uses where a permit is required.

The changes to the Commercial Zones in 2013 were automatically applied, resulting in an expansion of the Commercial 1 Zone at the edges of activity centres and neighbourhood centres, significant alterations to the area and location of land in the Commercial 1 Zone in Wantirna (former B2Z) and Bayswater (former B5Z), creation of new stand-alone sections of land in the Commercial 1 Zone and removal of the differentiation between Business 3 and Business 4 Zones once combined into the Commercial 2 Zone.

The creation of new sections of C1Z land remote from existing activity centres has the potential to attract new retail anchors (i.e. supermarkets) that would further disperse retail expenditure and shopping trips. In some cases, this could create positive outcomes such as new, well-located opportunities for retail or office floorspace to support population growth, however in others the zoning requires review to ensure that retail and business services are within activity centres to align with State and local policy. Locations recommended for rezoning away from the Commercial 1 Zone are outlined in Section 7 of this report.

CURRENT PLANNING TOOLS AVAILABLE TO COUNCIL

The VPPs provide the following tools to Council to manage business land:

- Application of the suite of commercial and industrial zones;
- Inclusion of office floorspace caps within a schedule to the Industrial 1 or Industrial 3 Zone;
- Introduction of local policies to guide decisions on planning permits.

Table 5 provides a summary of the planning controls that apply under each of the business zones for a list of the most common business land uses. The table demonstrates that the current business zone options are relatively limited in the extent to which Councils can exercise discretion to grant permits. The Commercial 2 Zone in particular presents the opportunity for a wide range of uses without a planning permit, including retail, restricted retail, small supermarkets, offices and industry.

TABLE 5 VICTORIAN PLANNING PROVISIONS FOR BUSINESS USES AND ZONES USED IN KNOX (EXCEPT INDUSTRIAL 3 ZONE)

Use	Commercial 1 Zone	Commercial 2 Zone	Mixed Use Zone	Industrial 1 Zone	Industrial 3 Zone
Accommodation	Max 2m ground frontage	Except Hotel and motel (S2)			
- Dwelling	Max 2m ground frontage	Prohibited			
Retail Premises		Permit required	Other than Food and Drink and Shop	Other than Shop	Other than Shop
- Food and Drink Premises		Max. 100sqm	Max. 150sqm		
- Shop		Adjoin supermarket, max. 500sqm combined, max. 30m from Road Zone (RDZ)	Max 150sqm		Adjoin supermarket, max. 500sqm combined, max. 30m from RDZ
- Supermarket		Max. 1,800sqm, max. 30m from RDZ			Max. 1,800sqm, max. 30m from RDZ
- Restricted Retail					
Office			Max. 250sqm	Option: Schedule cap	Option: Schedule cap
Hospital					
Education Centre				Not primary or secondary school	Not primary or secondary school
Industry					
- Warehouse					

Section 1 (Permit not required)	Section 2 (Permit Required)	Section 3 (Prohibited)

Text summarises key conditions and schedule options

Source: Urban Enterprise, using Knox Planning Scheme, 2016.

2.5.4. IMPLICATIONS

The following key implications from the analysis of current policy and zones inform the Directions Plan:

- State and/or Local Planning Policy clearly supports investment and employment growth in the Scoresby-Rowville-Knoxfield, Bayswater Business Precinct and Wantirna Health Precinct Significant Business Locations, supported by the existing network of Activity Centres. The Directions Plan should reflect the importance of these areas for investment and employment.
- Knox Central and Burwood Highway East are also Significant Business Locations that offer redevelopment opportunities over the short to medium term. A Structure Plan and Planning Scheme Amendment is in draft form for Knox Central, while Burwood Highway East would benefit from some additional strategic work. Both would also benefit from investment and business support;
- Policy supporting activity centres and 20-minue neighbourhoods applies to a number of centres in Knox, reinforcing the importance of Knox Central, Bayswater, Boronia and Rowville Activity Centres in providing a range of retail, commercial and residential services and development opportunities;
- The current suite of planning zones available to Council is very broad in terms of the variety of land uses permitted – Councils have less opportunity to influence the desired mix of land uses since changes to the commercial and industrial zones in 2013. In this context, Council should consider utilising a greater diversity of planning zones and schedules to provide direction to the market regarding the desired role of each Land for Business Assessment Area, and in some cases to better manage interfaces with sensitive uses. Office floorspace caps and local policy could be considered in certain areas, and local policy could be used to discourage non-employment uses in specific employment location areas;
- The strength of the retail hierarchy of Activity Centres and Neighbourhood Centres has been put at significant risk through the introduction of new Commercial 1 Zone area in 2013 without prior strategic assessment and the opportunity for small supermarket (less than 1,800 sqm) to locate within the Commercial 2 Zone (and Industrial 3 Zone) without a permit. This has the potential to further disperse retail activity and dilute the strength of the existing activity centre hierarchy and should be addressed by rezoning properties away from the Commercial 1 Zone that are not located in areas suitable for core retail uses;
- The rezoning of some areas from the former Business 5 Zone to the new Commercial 1 Zone may not be the most appropriate zone based on location and/or activity occurring on the land. As such, some further investigation should occur to determine if rezoning is appropriate.

3. THE KNOX ECONOMY

3.1. INTRODUCTION

This section provides a snapshot of the Knox economy and workforce, having regard to: State economic conditions; local output; local employment; and, analysis of key economic opportunities for the City.

3.2. VICTORIAN ECONOMIC CONTEXT

The Victorian economy has experienced a long period of economic growth. The latest reported Gross State Product for Victoria was $373.6 billion for 2015/16, a 3.3% increase from 2014/15 (Australian National Accounts, ABS), above the long-term average of 3% per annum over the past 20 years.

The economy has experienced moderate growth in recent years, supported largely by strong population growth, low interest rate conditions and a low Australian dollar. The State Budget Update for 2016/17 identified the following economic conditions and drivers for Victoria:

- Gross State Product (GSP) saw a 3.3% growth over the year of 2015-16 and is expected to increase by 3% in 2016-17. The consistent growth trend provides confidence for short to medium term projections for ongoing growth in Victoria and Melbourne. The extent to which economic growth is experienced in individual municipal areas will depend on a range of factors, not all of which Councils can influence;
- Inflation grew at 1.6% in 2015-16 due to strong competition in the domestic market – these low price growth conditions and subsequent low wage growth conditions are expected to continue into the future. These conditions could pose challenges to Knox's retail industry which is exposed to strong competition from existing shopping centres in neighbouring municipalities;
- Strong employment growth in 2015/16 resulted in a reduction in the unemployment rate to 5.9%. Over two-thirds of job growth in Victoria over the period 2000 – 2015 occurred in the industries of health care and social assistance, professional, scientific and technical services, education and training, construction and retail trade.[1] These sectors – particularly health care and retail trade - are well represented in Knox, and opportunities to support ongoing growth in all of these sectors are discussed throughout this report;
- Interest rates have been low in Victoria for many years. Combined with a low Australian dollar, this has resulted in strong conditions for business and consumer investment.
- Population growth for Victoria is continuing at a very high rate, with 110,000 people being added to the State's population each year. Victoria has the fastest growing population of any state, which is underpinning demand for a range of goods and services including retail, health, professional services and construction.

The relatively strong economic conditions are primarily underpinned by population growth and subsequent activity in related sectors. Ongoing population growth projections for both Melbourne and the City of Knox are expected to drive ongoing demand for employment, however there are expected to be changes in the growth profiles of individual sectors within Knox – these trends and changes are discussed in Section 3.4 and in Technical Report A.

[1] Department of Economic Development, Jobs, Transport and Resources, February 2017.

3.3. MAJOR INFRASTRUCTURE AND REGIONAL EMPLOYMENT HUBS

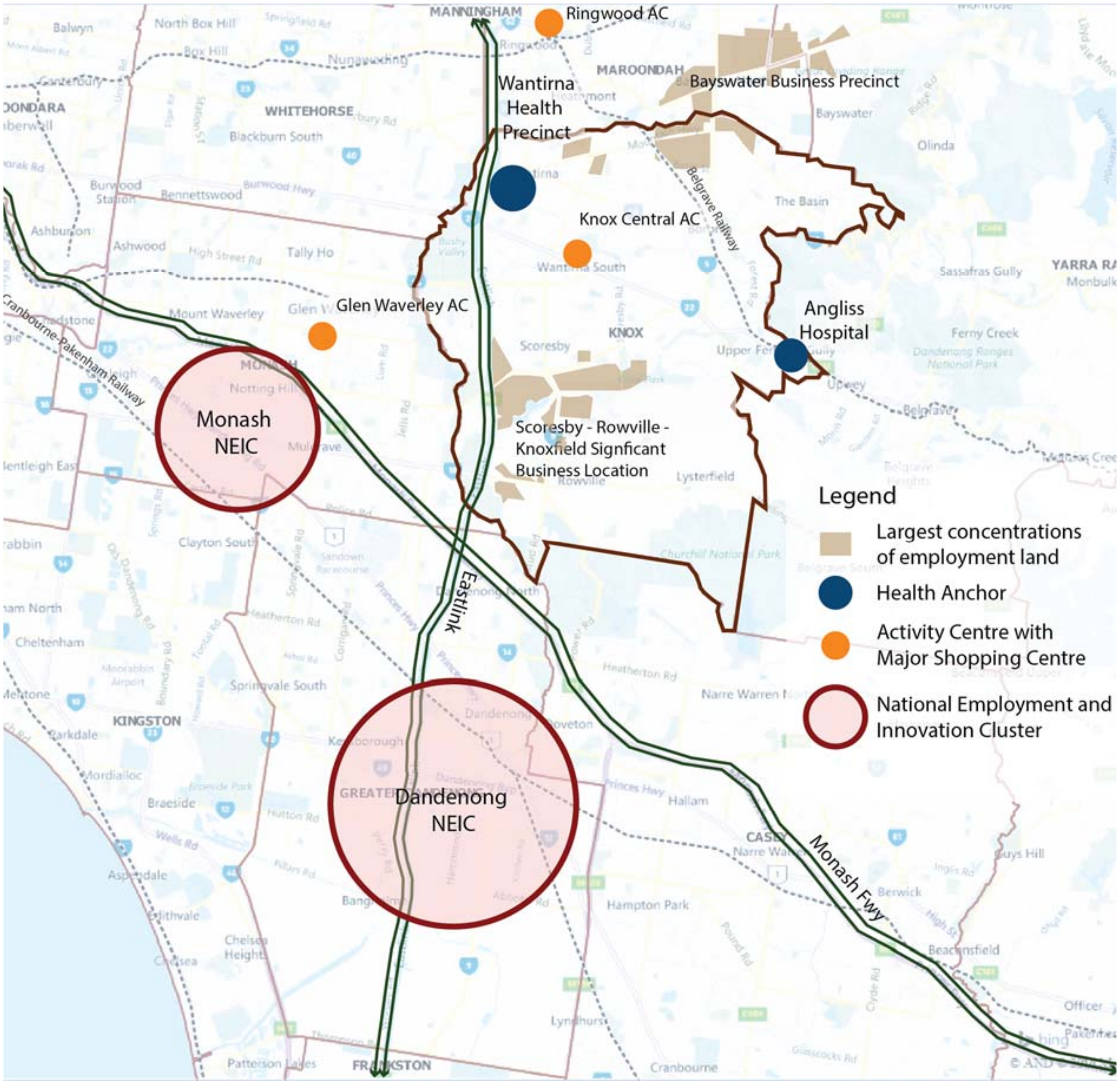
A range of major economic infrastructure assets are located within and near Knox, including universities (Monash Clayton, Swinburne Wantirna South), hospitals (Knox Private, Wantirna Health, Angliss), major shopping centres (Knox Central, Eastland Ringwood, Glen Waverley), freeways (Eastlink M3, Eastern Freeway M3, Monash Freeway M1) and nationally significant employment clusters (Monash National Employment Cluster, Dandenong South National Employment Cluster, Bayswater Business Precinct and Scoresby-Rowville-Knoxfield. These major economic assets provide a range of opportunities to residents and businesses within Knox.

Council is advocating for improved public transport in the municipality, including the extension of train services to Rowville (via Monash University Clayton) and tram services to Knox. The level crossings at Bayswater (Mountain Highway and Scoresby Road) having recently being removed, along with a station upgrade. The Wantirna Health Precinct is expected to undergo significant land use intensification and is likely to be supported by government investment in infrastructure in this part of the municipality.

These infrastructure investments will support improved accessibility for both residents and businesses, particularly to the Bayswater Business Precinct/Bayswater Activity Centre, Rowville Activity Centre and Knox Central.

Public transport is important in attracting business types which have high employment densities, high numbers of visitor movements and businesses and institutions which attract visitation from cohorts which have a higher reliance on public rather than private transport such as older, younger and lower socio-economic groups. Improvements to public transport will therefore be critical supporting infrastructure to encourage business growth in the Health Care, Professional Services, Retail and Education and Training sectors.

FIGURE 6 MAJOR ECONOMIC ASSETS, KNOX AND SURROUNDS



Source: Urban Enterprise 2016

3.4. THE KNOX ECONOMY

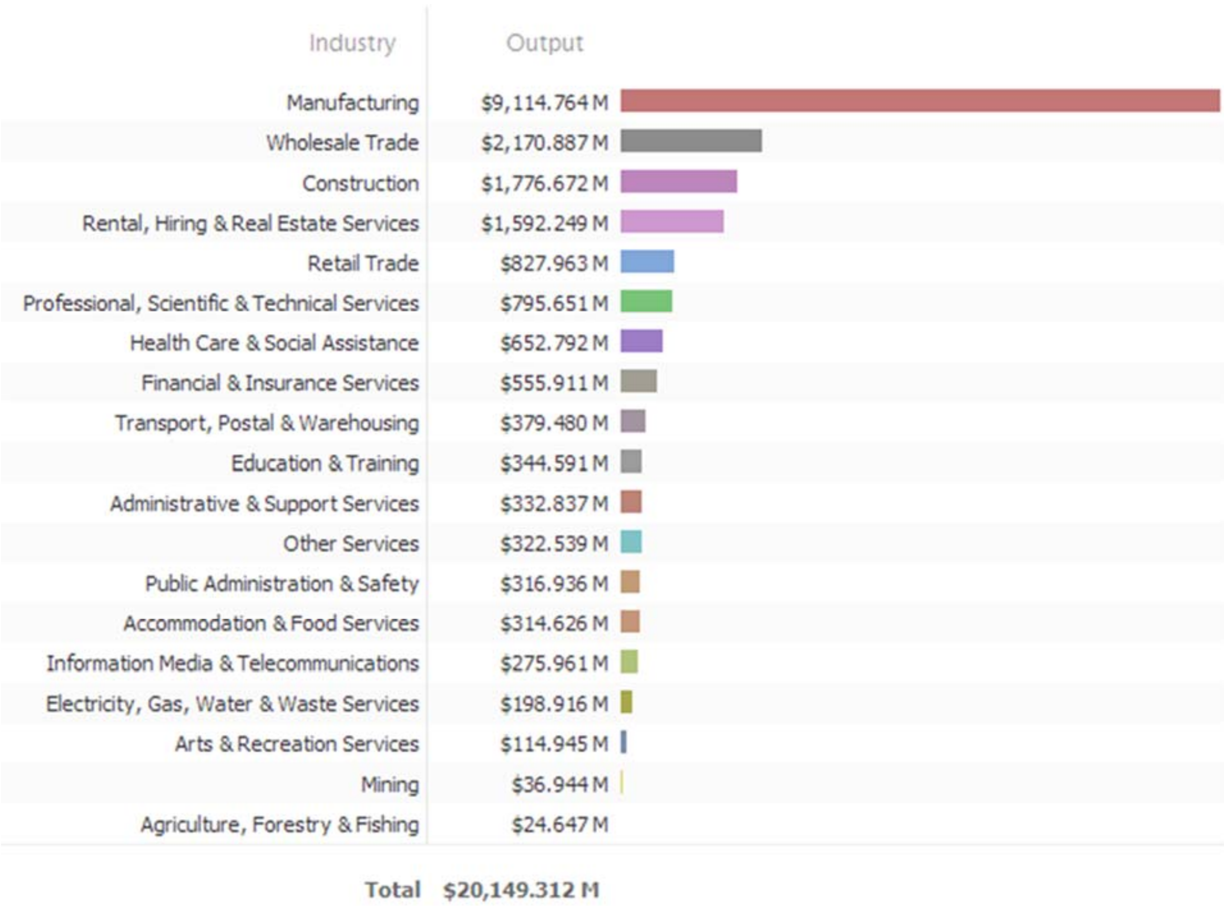
The Knox economy is growing and changing. This section draws on data and analysis prepared by Remplan in 2016 for the City.

Gross Regional Product (GRP) reached a ten-year high of $8.08 billion in 2015/16, representing 3% of Greater Melbourne's GRP. Economic output is estimated at $20.1 billion, with the Manufacturing sector accounting for 45% of all output. The next three largest sectors in terms of output are all sectors which make use of industrial land, including Wholesale Trade, Construction and Rental, Hiring and Real Estate Services. The economic output of each industry is summarised in Figure 7.

Manufacturing and Wholesale Trade account for the majority of exports of goods and services. Manufacturing accounts for 75% of total exports. Within the Manufacturing sector, a transition is underway from larger format, traditional manufacturing to more of a mix with more technical, advanced forms of manufacturing. Although Knox still has a number of big players in this space that utilise large areas (i.e. CSR, PDF Foods, Tilley Soaps).

Small businesses make up the majority of the Knox business base - 97% of businesses employ less than 20 people. The total number of businesses in Knox declined by 2% from 2012 to 2015. 71% of jobs are attributable to the six industry sectors of Manufacturing, Retail trade, Wholesale Trade, Health Care, Construction and Education.

FIGURE 7 KNOX CITY GROSS OUTPUT BY INDUSTRY 2015/16

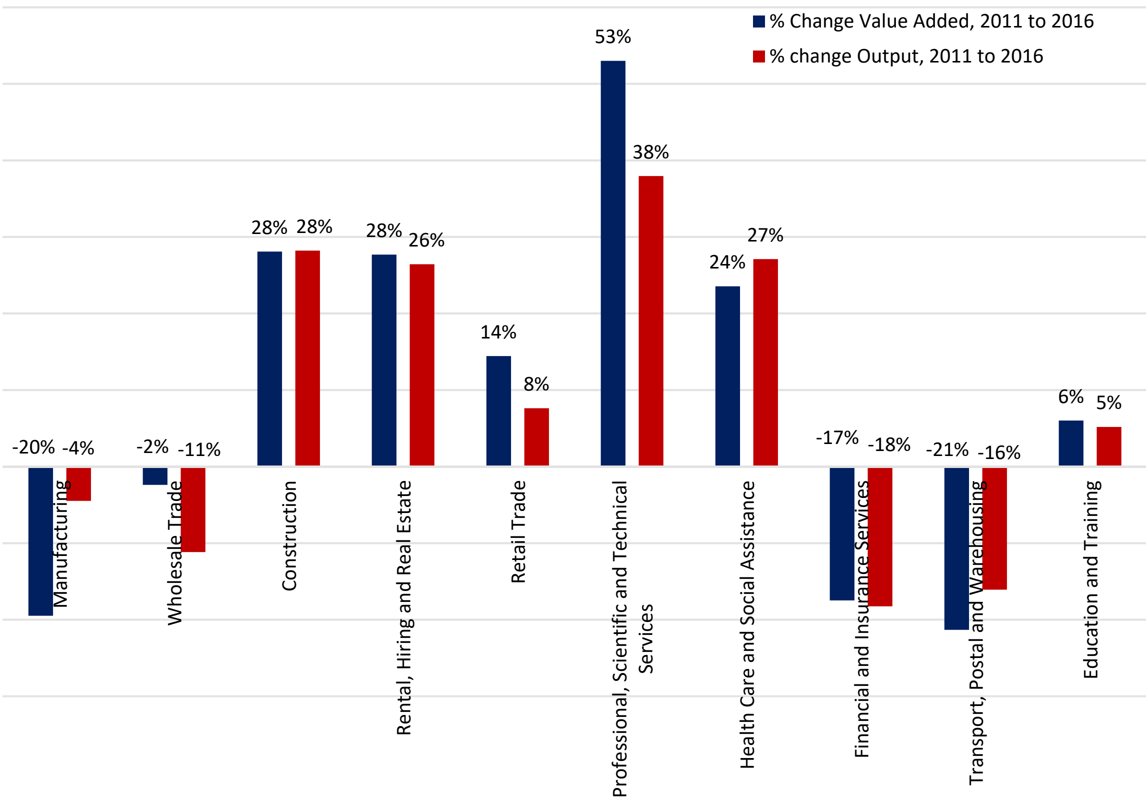


Source: Remplan 2016

Despite the ongoing importance of traditional 'industrial' industries, the Knox economy is shifting from a production and processing-based economy to a more knowledge intensive economy. Manufacturing remains a key industry in terms of employment and output, however the development of other industries is diversifying the local economy. Recent increase in GRP have resulted from increased economic output from industry sectors such as Rental, Hiring and Real Estate Services, Construction, Health Care and Professional, Scientific and Technical Services.

Figure 8 shows the change in economic output and value added over the past 5 years for the ten largest industries in Knox, showing decreases in output and value added by generally larger format industrial sectors of Manufacturing and Transport, Postal and Warehousing, while there were significant increases in output and value added in the Professional, Scientific and Technical Services, Health Care and Social Assistance, Construction and Rental, Hiring and Real Estate industries.

FIGURE 8 CHANGE IN OUTPUT AND VALUE ADDED BY INDUSTRY, 2011 TO 2016, KNOX



Source: Remplan 2016

PROPULSIVE SECTORS

The industry sectors which are the key drivers of Knox City's economy in terms of regional exports, employment, value-added and local expenditure on goods and services (backward linkages) are recognised as key 'propulsive industries'. The industry sectors identified as propulsive industries for Knox are as follows, based on analysis by Remplan in 2016:

- Construction;
- Wholesale Trade;
- Manufacturing;
- Other services; and
- Health Care and social services.

Within the manufacturing industry, a number of sub-sectors have also been identified as propulsive, including Professional, Scientific, Computer & Electronic Equipment. Manufacturing; Human Pharmaceutical Product Manufacturing & Specialised & Other Machinery & Equipment Manufacturing.

Based on the consultation undertaken and economic reports reviewed for this study, the types of businesses in propulsive sectors that require land in business zones can be summarised as follows:

- Businesses requiring industrial land for small and medium operations, including:
  - Medium sites for specialised manufacturing, heavy and civil construction with separation from residential areas;
  - Small and medium sites for wholesale trade businesses with ready access to road and freeway networks; and
  - Smaller sites for construction services (trades), including storage and supplies.
- Business requiring a range of office and medical building types and sizes, including:
  - Health care services within medical clinics, activity centres and near hospitals;
  - Aged care and social services in small and medium office spaces generally located in activity centres or near aged care facilities and hospitals.

It is noted that some propulsive sectors could include a proportion of home-based businesses and businesses operating in residential zones, including health care services, construction services (trades with no fixed address) and residential care. The implications of employment projections and economic opportunities are discussed later in this report.

3.5. THE KNOX WORKFORCE

Knox has a highly skilled workforce with 55% of the working population considered in this category based on a graduate / post graduate qualification, above average individual weekly income and high tertiary attainment rates. This aligns with the highly skilled nature of resident workforce across the Melbourne East region, which is ranked as Australia's most 'highly qualified workforce' (Melbourne East Regional Plan 2020, RDA Melbourne East).

Other important characteristics of the Knox workforce include:

- The workforce is ageing, with 43% of the workforce over 45 years of age.[2]
- The Knox City unemployment rate was 4.7% in December 2015. The rate has decreased from a five-year peak of 5.7% in 2014.
- 37% of employment is occupied by local residents and a further 43% of local jobs are occupied by residents of the surrounding areas of Yarra Ranges, Maroondah, Casey, Whitehorse, Monash and Greater Dandenong.

The largest industry sector of employment is Manufacturing, which provides 23% of jobs in Knox, followed by Retail Trade 13% and Wholesale Trade. Employment in each of these industries has slightly decreased as a proportion of total employment in Knox since 2011 due to increases in 'knowledge' sectors including Health Care and Social Assistance, (up to 11% from 9%), Education and Training (6% up from 5%), and Professional, Scientific and Technical Services, (6% up from 4% in 2011), demonstrating the gradual shift towards more knowledge-based activity.

The diversification of the Knox economy and the growth of knowledge-based industries such as Health Care, Professional, Scientific and Technical Services and Education and Training, in terms of output, value added and employment indicates that a different mix of jobs will be available in Knox over the next 20 years compared with the previous 20 years. Employment projections are provided later in this report, along with implications for land requirements.

[2] Melbourne East 2020 Prospectus, Regional Development Australia 2016

4. PROJECTED DEMAND FOR BUSINESS LAND

4.1. INTRODUCTION

Demand for land for business in Knox will be driven by a range of factors such as population growth, demographic changes, economic changes and technology. This section provides a summary of the type and scale of demand drivers, projections of employment over the next 20 years, and implications for business land requirements in the municipality based on existing information.

Of important note, however, is the unprecedented speed of technological change which is presently occurring that is transforming economies, local and global. The impacts can be broad, including on what, how and where things are produced. As the changes can be difficult to accurately predict how they might influence land and development requirements, it will be increasingly important to regularly monitor, review and understand what is happening in the Knox local economy in order to support the ongoing prosperity of the local economy.

4.2. DRIVERS OF EMPLOYMENT GROWTH AND LAND USE CHANGE

The main drivers of employment growth in Knox include population growth, demographic and household change, transition within the industrial sector, the increasing importance of technology and business amenity, and infrastructure investment.

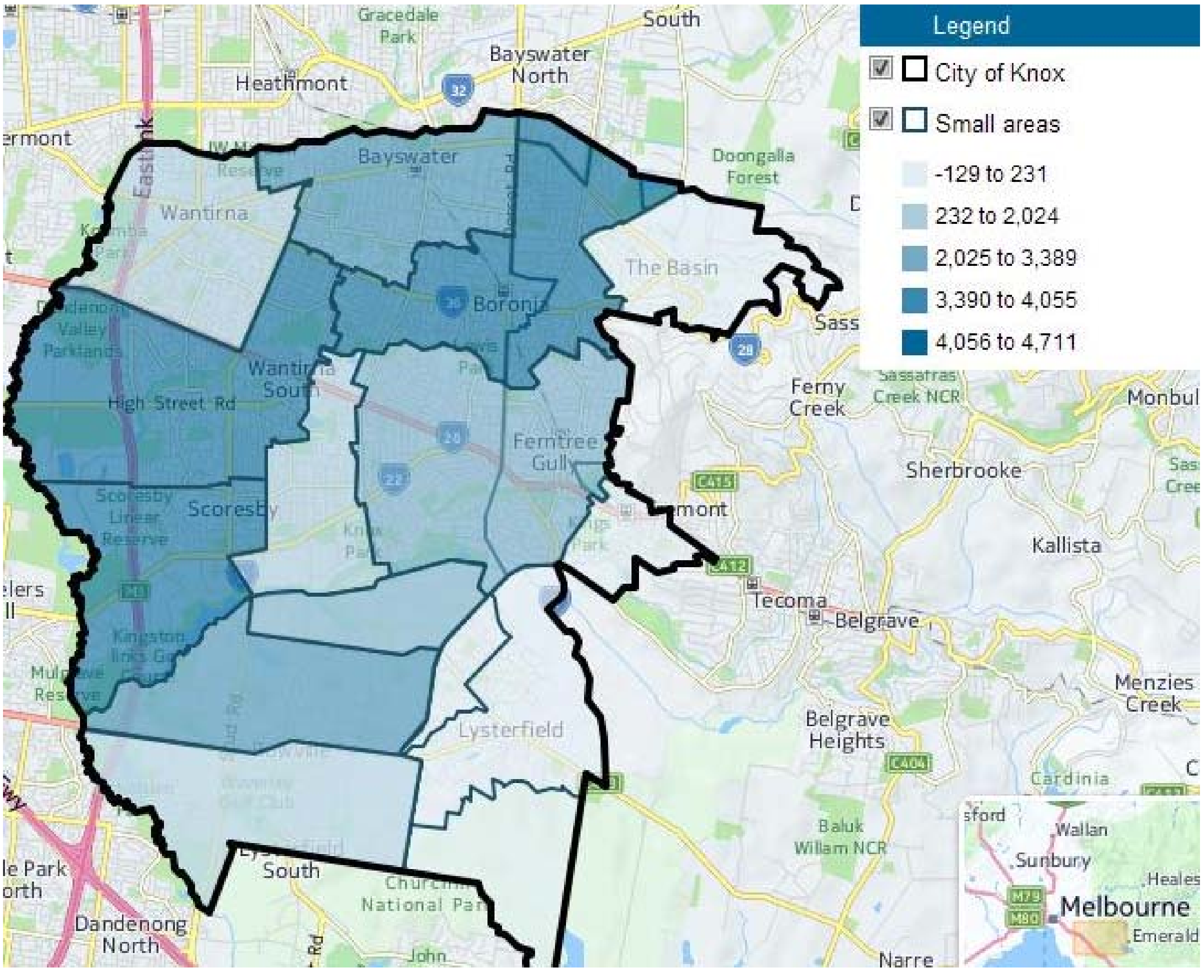
POPULATION GROWTH

The Knox population is projected to increase at an average rate of 0.74% per annum from 159,541 in 2016 to 184,821 in 2036, an increase of approximately 25,000 residents over the next 20 years (Forecast ID, City of Knox).

The scale of projected growth and increase in number of local residents of employable age will result in increased demand for employment in the municipality, along with a significant increase in demand for local retail goods and services. Projected changes in the demographic profile, primarily increases in older people and young families, will also drive increased demand for health care and child care services.

Population growth is expected to be primarily concentrated in two development settings: residential and mixed use developments within and near existing activity centres such as Knox Central, Boronia, Bayswater and Rowville; and at identified Housing Strategic Investigation Sites. The balance of population growth is expected to occur in established suburbs through incremental subdivision and development, with only moderate growth in the foothills areas in the eastern part of the municipality. The distribution of projected population growth by suburb is shown in Figure 9.

FIGURE 9 PROJECTED DISTRIBUTION OF POPULATION GROWTH, 2016 TO 2036



Source: Forecast ID.

RETAIL/SUPERMARKETS

Population growth has led to a number of retail proposals, including a proposed major expansion of Westfield Knox in Knox Central which will improve the retail offer for the entire municipality and surrounding areas. Other retail proposals include a new Neighbourhood Activity Centre in the Orchards development and new Aldi supermarkets in Boronia and Scoresby. It is likely that there will be ongoing demand for additional retail floorspace, especially supermarkets to support population growth. However, the dispersed model of smaller retail centres starting to emerge could face viability challenges in Knox if catchments with sufficient retail expenditure are not maintained. Given that a significant proportion of population growth is projected within and near existing Activity Centres, retail floorspace should be primarily consolidated within existing centres.

A CHANGING INDUSTRIAL SECTOR

Manufacturing is the most significant sector of employment in Knox, however the sector is transitioning. Capabilities that support lower cost, but higher output businesses are increasingly driving opportunities for smaller entrepreneurial firms. Typically, smaller firms can support greater innovation and increased job creation. While demand for higher order employment (greater skills in research and development) is forecast coupled with advances in technology, it is expected that opportunities for manufacturing within

Australia and locations like Knox will continue. Technical Report A identifies that long term expectations for a lower Australian dollar and tapering wages growth will also boost the productivity of the sector.

The availability of large vacant lots at lower prices in the Dandenong South and Pakenham areas has led to a number of large format manufacturers and transport businesses moving from Knox and other established areas to these greenfield industrial and business parks. Some larger businesses have reduced their operations in Knox, resulting in the opportunity to redevelop or re-use large sites.

In recent years, industrial subdivisions have been approved and proposed in Knox which convert a single large industrial site into a business park incorporating smaller warehouses, factories and offices. New business parks have been established in Bayswater, Knoxfield, Rowville and Scoresby, providing higher density employment, a greater proportion of office floorspace and opportunities for smaller businesses to access new premises, supporting the transition from large format industrial uses to smaller industrial and commercial businesses.

THE ROLE OF TECHNOLOGY

A range of broader trends generated by technological advances and globalisation will impact on the way economic activity and land use takes place over the next 20 years. For example, online retail is capturing an increasing share of retail expenditure in Australia, with turnover growth outpacing traditional store-based retail.[3] This has placed additional pressure on existing retailers and has contributed to challenging economic conditions for all retail sectors. If online market share continues to increase, demand for shopfront floorspace may decrease in response. Conversely, demand for postal services, transport and distribution could increase. There are already many examples of small online retail distributions centres being established in Knox's industrial zones, which are well located to service the significant residential catchment in Melbourne's east. Forty-two (42) 'non-store retail' businesses were created in Knox between 2011 and 2016, the largest increase for any retail type in the municipality.

Further into the future, autonomous vehicles are expected to become part of the mix, potentially resulting in fewer vehicles per person/worker, and less space required for car parking. Conversely, higher employment densities are generally experienced as economies transition from traditional manufacturing and wholesale trade uses to more knowledge intensive uses. Although greater employment densities will generally lead to more efficient use of land, loads will increase on infrastructure such as roads, public transport, open space and employment support services such as retail and accommodation. There are international examples of buildings which include 'industrial' floorspace at upper levels, significantly increasing employment densities and land use efficiency. This design opportunity may be relevant to the Knox context later in the planning period once land values appreciate sufficiently.

BUSINESS AMENITY

Although Caribbean Park has continued to attract major industrial businesses, the vision for this area is to attract major office tenants, driven by the provision of a high amenity employment land area, reflecting the transition underway within the economy towards professional services, and the importance of high local amenity in attracting businesses seeking larger office spaces.

[3] NAB Online Retail Sales Index, ABS Retail Trade.

As former industrial areas in Knox become more densely occupied and accommodate a broader mix of uses, it is important that employee amenity is improved, which may include the provision of retail services, hospitality and recreation options nearby.

INFRASTRUCTURE AND INVESTMENT

Knox is strategically located at the juncture of significant road transport infrastructure, including EastLink, Mountain Highway, Burwood Highway and Ferntree Gully Road. There is significant demand for movement of the workforce both to and from the region to support economic activity. The investment in key Activity Centres located on the Melbourne train network, including the level crossing removal and station upgrade at Bayswater, facilitates the movement of both a workforce and customers, which can create opportunity to lift consumption.

Despite forecast investment in the expansion of Westfield Knox in Knox Central, the limited rail network may have impacts on the role, function and performance of this activity centre when compared with locations such as Ringwood and Glen Waverley.

The identification of the Wantirna Health Precinct as a priority for the State government through Plan Melbourne is expected to lead to significant land use change and infrastructure investment in this area, combining with the expansion of the Knox Private Hospital (current construction) to form a major opportunity for business and employment growth in this area.

4.3. EMPLOYMENT PROJECTIONS AND LAND REQUIREMENTS

Employment projections for the City have been prepared, having regard to recent trends in employment and economic activity, population and demographic projections, and the drivers of employment growth discussed in this report.

Employment in the City of Knox is projected to increase by 15,142 persons over the period 2011 to 2036, with the most significant employment growth in the following industries:

- Professional, Scientific and Technical Services (+3,071 jobs);
- Health Care and Social Assistance (+2,853 jobs);
- Retail Trade (+1,905 jobs);
- Construction (+1,641 jobs);
- Education and Training (+1,346 jobs).

The only industry projected to experience a significant decline in employment in Knox is Manufacturing, projected to decrease by 803 jobs (6.2%) from its peak in 2016 of 13,012, however the Manufacturing industry is projected to remain the largest industry of employment within Knox over the entire period, particularly given its alignment towards knowledge intensive manufacturing and innovation.

Table 6 shows the employment projections for each industry sector from 2011 to 2036.

The projection for Health Care and Social Assistance is in line with population and ageing forecasts. A catalytic project such as the Wantirna Health Precinct could alter the rate and extent of growth.

TABLE 6 INDUSTRY SECTOR EMPLOYMENT FORECASTS 2011 TO 2036

Industry	2011	2016	2021	2026	2031	2036	Change 11-36	Change (%)
Manufacturing	12,569	13,012	12,840	12,565	12,390	12,209	-360	-2.86%
Retail Trade	7,441	8,186	8,398	8,615	8,921	9,346	1,905	25.60%
Health Care and Social Assistance	6,172	6,865	7,314	7,717	8,254	9,025	2,853	46.22%
Wholesale Trade	6,240	6,664	6,841	6,906	7,059	7,356	1,116	17.88%
Construction	4,102	4,667	4,933	5,171	5,475	5,743	1,641	40.00%
Professional, Scientific and Technical Services	3,053	3,842	4,315	4,799	5,325	6,124	3,071	100.59%
Education and Training	3,181	3,509	3,720	3,905	4,153	4,527	1,346	42.31%
Accommodation and Food Services	2,848	3,218	3,358	3,524	3,724	4,025	1,177	41.33%
Other Services	2,401	2,577	2,622	2,653	2,705	2,754	353	14.70%
Public Administration & Safety	1,605	1,733	1,806	1,863	1,934	2,015	410	25.55%
Administrative and Support Services	1,444	1,547	1,589	1,606	1,645	1,716	272	18.84%
Transport, Postal and Warehousing	1,469	1,542	1,564	1,572	1,589	1,616	147	10.01%
Financial and Insurance Services	955	1,025	1,067	1,100	1,139	1,176	221	23.14%
Arts and Recreation	665	800	850	900	961	1,011	346	52.03%
Rental, Hiring and Real Estate Services	666	792	832	867	910	952	286	42.94%
Information Media & Telecommunications	592	631	654	675	701	739	147	24.83%
Electricity, Gas Water and Waste Services	279	345	382	416	456	491	212	75.99%
Agriculture, Forestry & Fishing	78	79	68	66	69	72	-6	-7.69%
Mining	47	47	49	49	50	52	5	10.64%
Total	55,807	61,081	63,202	64,969	67,460	70,949	15,142	27.13%

Source: Urban Enterprise and Remplan 2016

*The projected figures for Health Care and Social Assistance may differ as the Wantirna Health Precinct develops over time.

TABLE 7 EMPLOYMENT FORECASTS - IMPACT ON LAND FOR BUSINESS ASSESSMENT AREAS

Industry	Relevant Assessment Area	Impact Level	Impact type
Manufacturing	E-01 Bayswater (Central) E-05 Knoxfield Employment E-07 Caribbean Park & Scoresby Industrial E-11 Rowville (Kelletts Rd) E-09 Bayswater (East) E-03 Knox Central Employment	High	Decreasing employment, business exits, change in business types.
Retail Trade	AC-02 Knox Central AC AC-01 Rowville AC E-01 Bayswater (Central) NC-09 Mountain Gate Central NC	High	Increased demand for floorspace in centres
Health Care and Social Assistance	H-01 Wantirna hospitals NC-03 Wantirna Mall	Medium	High employment growth, increased demand.
Wholesale Trade	E-01 Bayswater (Central) E-07 Caribbean Park & Scoresby Industrial	Medium	Employment growth, business entries.
Construction	E-01 Bayswater (Central) E-11 Rowville (Kelletts Rd)	Medium	Employment growth, business entries.
Professional, Scientific and Technical Services	E-01 Bayswater Central E-07 Caribbean Park & Scoresby Industrial AC-02 Knox Central AC	Medium	High employment growth, new large and small business entries
Education and Training	NC-03 Wantirna Mall AC-02 Knox Central AC NC-09 Mountain Gate Central	Low	High employment growth, most employment outside employment zones.
Accommodation and Food Services	AC-02 Knox Central AC AC-01 Rowville AC AC-03 Boronia AC	High	Employment growth, important support for other businesses
Other Services	E-01 Bayswater (Central) E-03 Knox Central Employment E-04 Mountain Gate Industrial Estate E-11 Rowville (Kelletts Rd)	Low	No significant change.
Public Administration & Safety	AC-02 Knox Central AC	Medium	Modest employment growth
Administrative and Support Services	AC-02 Knox Central AC E-01 Bayswater (Central) E-07 Caribbean Park & Scoresby Industrial	Medium	Modest employment growth
Transport, Postal and Warehousing	E-01 Bayswater (Central) E-05 Knoxfield Employment E-02b Bayswater (West – Stud Rd) E-03 Knox Central Employment E-11 Rowville (Kelletts Rd)	High	Low employment growth Change in business types
Financial and Insurance Services	E-03 Knox Central Employment AC-02 Knox Central AC AC-03 Boronia AC	Medium	Moderate employment growth
Arts and Recreation	AC-03 Boronia AC E-01 Bayswater (Central)	Medium	Moderate employment growth
Rental, Hiring and Real Estate Services	E-01 Bayswater (Central) AC-03 Boronia AC AC-04 Bayswater AC	High	Moderate employment growth
Information Media & Telecommunications	AC-02 Knox Central AC E-07 Caribbean Park & Scoresby Industrial	Medium	Moderate employment growth
Electricity, Gas Water and Waste Services	E-01 Bayswater (Central) E-02a Bayswater (West – Mountain Hwy & Stud Rd)	Low	No significant change.
Agriculture, Forestry & Fishing	E-04 Mountain Gate Industrial Estate E-11 Rowville (Kelletts Rd)	Low	No significant change.
Mining	E-07 Caribbean Park & Scoresby Industrial	Low	No significant change.

Source: Remplan 2016.

EMPLOYMENT MODEL FLOORSPACE AND LAND REQUIREMENTS

As at 2016, it is estimated that 85% of all jobs in Knox are located within identified land for Business Assessment Areas, principally having a commercial or industrial zone. The balance is in other zones, including residential, Public Use, Special Use and rural zones. This proportion varies significantly by industry sector – for example, only 19% of jobs in the Education and Training industry occur within business zones (commercial and industrial) because most education institutions (e.g. schools) are located within Special Use and Public Use Zones, resulting in a minimal requirement for business zoned land.

Projections of the floorspace and land areas required to support employment growth within business zones have been prepared for each industry sector and land use type using an Employment Growth Model. These projections are shown in Table 8, and are based on the following assumptions:

- The current proportion of employment within commercial and industrial zones is maintained for each industry;
- Typical employment densities for each industry and land use (i.e. employees per square metre of floorspace, incorporating industry benchmarks and current density estimates for the City of Knox); and
- Current site utilisation for each land use in Knox, based on Council rates and property data.

Under the Employment Growth Model, it is estimated that 284,000 sqm of additional land for business floorspace across approximately 86.1 hectares of land would be required in the Knox land for business employment areas and activity centres between 2016 and 2036.

TABLE 8 FLOORSPACE AND LAND AREA REQUIREMENTS RESULTING FROM EMPLOYMENT GROWTH MODEL, CITY OF KNOX, 2016-2036

Land Use	Industries supported	Indicative Zones	Floorspace (sqm)	Land Area estimate (Ha)
Industrial	Manufacturing, Construction, Wholesale Trade, Transport Postal and Warehousing, Electricity, Gas, Water and Waste.	IN1Z, IN3Z	49,000	12.9
Office	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 & Safety, Art and Recreation, Other Services.	C1Z, C2Z, IN1Z	115,000	37.1
Retail	Retail Trade, Accommodation and Food Services	C1Z, C2Z	75,000	22.1
Health and Education	Health Care and Social Assistance, Education and Training	C1Z, C2Z	45,000	14.1
Total			284,000	86.1

Source: Urban Enterprise 2016.

Under the Employment Growth Model, industrial land uses will require approximately 49,000sqm of net additional floorspace (12.9 hectares of land) within the industrial zones. Businesses typically requiring office space will require 115,000sqm of net additional floorspace (37.1 hectares of land). Businesses typically located in retail premises will require 75,000sqm of new additional floorspace (22.1 hectares), and businesses in the health and education industries will require an additional 45,000sqm (14.1 hectares of land) in business zones (this excludes major hospitals and does not include specific projections of any major changes resulting from future investment in the Wantirna Health Precinct).

The timing of floorspace construction will depend on a range of factors, including investment decisions of major landowners and developers, economic conditions and the availability of suitable sites. Therefore, demand estimates from this model have not been estimated for shorter periods within the projection timeframe.

INDUSTRIAL LAND– ALTERNATIVE FLOORSPACE REQUIREMENTS

Although the amount of industrial land required to accommodate the projected net increase in employment in industry sectors that require industrial land is in the order of 12.9 ha (based on the Employment Growth Model), the total amount of land required may significantly exceed this quantum for the following reasons:

- The industrial role of Knox is in transition, and there is a lack of available greenfield land to accommodate purpose-built facilities for businesses looking to move to or within the municipality. Further, the projected decrease in employment in the manufacturing industry is expected to result in more industrial premises being vacated on larger lots, which then become available for smaller manufacturing lots and other industrial land uses such as distribution, construction and wholesale trade. These growing industries will require a range of lot and building sizes, generally medium to small premises in proximity to major transport routes, and the space needs will not always be met by existing lot sizes and premises. There is expected to be a time lag during which planning and development of new lots occurs to provide premises that are better aligned with demand. Therefore, it is expected that more land will be required in the short to medium term than would otherwise be required if broad hectare land was available to be subdivided in a manner which directly meets the new needs of businesses;
- Consumption of vacant industrial land has averaged 2ha per annum over the past 3 years, following a period of much higher land consumption between 2005 and 2010 of 8.4ha per annum. The construction of the Eastlink freeway led to strong industrial land consumption in the west of Knox that influenced the 8.4ha per annum rate of consumption, while the lack of remaining greenfield land is likely to have led to the more recent low vacant land consumption rates; and
- An average of 8,500sqm of additional industrial floorspace was approved for construction each year in the City of Knox over the period 2009 – 2016[4]. If this rate of development were to continue, a total of 170,000sqm of additional industrial floorspace would be required over the next 20 years, requiring approximately 45 ha of industrial land at the current Knox average industrial site coverage of 38%.

Taking both the Employment Growth Model result (49,000sqm) and a projection based on the recent rate of construction (170,000sqm) into account, an average rate of industrial floorspace growth has been adopted of 109,500sqm over the 20 year period. This floorspace would result in demand for 29 hectares of industrial land at 38% site coverage. A higher growth scenario would result in demand for up to 40ha over the period at an average land consumption rate of 2ha per annum rather than approximately 12.9 ha for 49,000 sqm.

RETAIL MODEL- ALTERNATIVE FLOORSPACE REQUIREMENT BASED ON RETAIL EXPENDITURE MODELLING

Demand for retail floorspace can also be estimated using retail expenditure modelling, based on data and assumptions relating to population growth, existing retail floorspace, retail expenditure per person and the trading performance of retailers in the municipality. A high level retail model has been prepared to estimate the supportable retail floorspace in Knox and to verify the results of the employment projections model for the retail sector.

[4] Victorian Building Authority, 2017.

The projections in the retail model take into account trends in consumer behaviour, including:

- A long term trend of increasing retail expenditure per person in real terms;
- A medium term trend of an increasing proportion of retail expenditure captured by non-store based (internet) retailers; and
- A medium term trend of increasing efficiencies in retail floorspace utilisation leading to higher retail turnover densities.

As shown in Table 9, it is projected that over the next 20 years the City of Knox could anticipate demand for an additional 91,000sqm of retail floorspace. The Municipal Retail Model projection results are derived from the expected increase in retail expenditure of Knox residents based on population growth, as distinct from the Employment Growth Model which derives floorspace demand from projected changes in the economy and subsequent employment growth projections.

TABLE 9 MUNICIPAL RETAIL MODEL PROJECTIONS, CITY OF KNOX, 2016 - 2036

	2016 -2036
Change in core retail supportable floorspace	+71,000
Change in bulky goods supportable floorspace	+19,600
Change in supportable retail floorspace 2016-36	+91,000

Source: Urban Enterprise, 2016.

These projections provide an indication of the scale of floorspace and land required to support projected employment growth in the City. The results of the Retail Model show a slightly higher supportable floorspace than the results of the employment projection model (75,000sqm), however the scales of the two results are similar. For the purposes of this study, the higher projection has been adopted to ensure that strategic planning allows for the upper range of the two scenarios. It should be noted that long term projections such as these may not eventuate and provide a broad indication of the potential scale of growth based on broad assumptions. A range of factors will influence growth and investment over the projections period, however it is important that Council plans to accommodate the scale of growth that can be reasonably expected based on current conditions.

ONGOING REVIEW OF PROJECTIONS

The above floorspace projections are based on existing data and the Employment Growth Model and the Retail Model. The projections will require regular monitoring and review, and subsequent updates and refinements to the priorities and actions required to support a strong Knox economy.

4.4. KEY FINDINGS

Based on the evidence outlined in the Background Report and in this section, the following floorspace requirements are identified over the period 2016-2036:

- Retail floorspace: 91,000sqm;
- Office floorspace: 115,000sqm;
- Health and education floorspace: 45,000sqm; and
- Industrial: 109,500sqm floorspace / 29ha land.

5. ACCOMMODATING BUSINESS GROWTH

5.1. INTRODUCTION

This section discusses the considerations for accommodating demand for business and employment growth within each land use type, the opportunities and challenges that will impact Council's ability to facilitate economic growth, and the role of the various types of business land in Knox can play in meeting demand.

5.2. CONSIDERATIONS FOR ACCOMMODATING EACH LAND USE TYPE

The projections shown in Section 4 provide a guide as to the likely scale of future land requirements under certain assumptions. In most cases, assumptions are based on current evidence on key model inputs such as employment densities and site coverage. Over the next 10-20 years, further changes are expected in the way that land is used and in the types of businesses that are located in Knox. These changes will influence the type, location and scale of land required to support employment and business growth.

The factors that are likely to influence business land requirements, and the potential implications of these changes, are outlined for each broad business land use as follows.

INDUSTRIAL LAND

The projected requirement for 29ha of industrial land should be supported within the Industrial 1 Zone (or Industrial 3 Zone if in locations that require consideration of buffer zones to sensitive nearby uses such as residential areas). Research and consultation undertaken for this project indicated that there is no clear demand or requirement for heavy industries that would require land in the Industrial 2 Zone within Knox.

As the Knox economy transitions to more knowledge intensive forms of economic activity and a different mix of industrial land uses, the types of land required will also change. Larger manufacturers and transport businesses are seeking large sites, cheap land and direct freeway network access in nearby areas such as Dandenong and Pakenham. Economic opportunities in the advanced manufacturing, construction and wholesale trade industries will generally require smaller lots than traditional manufacturing, seek opportunities to form clusters of similar activity, and seek locations close to main road networks, activity centres and other supporting services.

Overall, it is expected that industrial land in Knox will be most sought after in locations in proximity to Eastlink; within or near major employment land areas, major anchor businesses and activity centres; in proximity to established industry connections and markets; and in areas that offer smaller lots in higher amenity business environments compared with traditional larger lots in many established industrial areas. The Scoresby-Rowville-Knoxfield area and Bayswater Business Precinct are expected to be in relatively high demand for such industrial businesses.

OFFICE USES

There is expected to be significant demand for additional office floorspace over the next 20 years in Knox. Employment growth in industry sectors which typically require office floorspace is expected to generate demand for an additional 115,000 sqm by 2036. In addition, some businesses in the growing health sector will also require office space.

The land area required to accommodate office floorspace will depend on the type of developments that take place over the next 20 years, particularly the balance between large scale multi-level offices (for example in Caribbean Park and other employment land areas) and smaller scale activity centre developments (which are often combined with retail and other business uses). Although Knox does not currently accommodate many stand-alone 'headquarter' office buildings, the recent construction of multi-level office space in Caribbean Park indicates that some larger scale office floorplates are becoming feasible. Although this type of office development is expected to continue in Caribbean Park over the planning period, it is expected that a significant proportion of office demand will continue to be from micro, small and medium businesses requiring small to medium office premises in close proximity to activity centres, residential areas and transport options.

The Employment Growth Model projects demand for 37ha of land to support growth in industry sectors using office floorspace. It is expected that this land area will not be required in full, given the likelihood that new offices will be constructed at greater site coverages than the current situation, primarily due to many office spaces likely to be constructed at upper levels within activity centres.

Land will primarily be required in the Commercial 1 Zone; however, the Commercial 2 Zone can also accommodate a significant proportion of office space, especially in Caribbean Park. Recent development have also resulted in a number of office buildings in the Industrial 1 Zone. Given that there is very limited vacant land within the Commercial 1 Zone, it is likely that some land within the Commercial 2 Zone and Industrial 1 Zone will continue to be incrementally converted to office uses over time, particularly if there is limited/no policy or zone controls to direct or limit office floorspace.

Office uses have higher employment densities than industrial and other commercial uses, and businesses generally seek higher amenity locations proximate to services. Accordingly, it is appropriate that the majority of office floorspace is accommodated in areas within or near activity centres and along public transport routes.

Council has the option of introducing a cap on office floorspace in the industrial zones. This approach may be appropriate to investigate for 'core' employment land areas zoned Industrial 1 Zone to differentiate between areas designated for industrial use and other areas that are appropriate for a mix of employment uses. Office floorspace caps for non-ancillary office development in appropriate locations will direct business development investment to areas that are well served by public transport, retail and community services, thereby supporting accessibility and amenity for workers and visitors, while ensuring that sufficient opportunities remain for larger industrial businesses within designated industrial precincts with appropriate buffers to residential areas. Clusters of 'local' industrial businesses may also benefit by limiting office development to that of ancillary office.

Areas that may be appropriate for consideration for office floorspace caps or policy include:

- Bayswater (Central) E-01;
- Knoxfield (E-05), except for sites fronting Stud Road;
- Rowville North Industrial (E-11), except for sites fronting Stud Road;
- Mountain Gate Industrial Estate (E-04); and

- Edina Rd Industrial Estate (E-12).

For Bayswater (Central) E-01 which is part of the Bayswater Business Precinct, consideration on this approach would need to take into account the direction for the whole Precinct across the three Councils and whether this is consistent.

Monitoring of office floorspace development (extent and location) over the next few years will assist in determining whether office floor caps may be appropriate for further investigation for specific Industrial 1 Zone locations.

RETAIL FLOORSPACE

Retail expenditure projections indicate that there will be demand for up to 91,000 sqm of additional retail floorspace in the City over the next 20 years. The majority of this floorspace will require land in the Commercial 1 Zone within existing and new activity centres, with secondary allowances for restricted retail to locate within the Commercial 2 Zone and convenience retail to locate in the Industrial 1 Zone. Approximately 20,000sqm of additional bulky goods floorspace will be required to meet demand from Knox residents. Some of this demand can be met through re-occupation of the presently vacant large format Masters store in Knoxfield.

The Westfield Knox expansion in the Knox Central Activity Centre will result in significant floorspace growth (30,000sqm in Stage 1) within existing zoned land through increased site utilisation and equates to one third of the demand in take-up. The balance of additional retail floorspace will be delivered across the municipality.

Given the lack of vacant land in the Commercial 1 Zone (total of 2.9ha), and the expected strong competition from office and residential uses for land in activity centres, it will be important for Council to identify strategic opportunities to support additional retail floorspace growth and encourage efficient use of land within existing activity centres. Bayswater, Boronia and Rowville Activity Centres will need to accommodate ongoing increases in retail floorspace. Retail floorspace will also be required in proximity to key employment growth areas, such as the Wantirna Health Precinct.

In Neighbourhood Centres, incremental growth in retail floorspace should be supported. In the Dandenong Foothills, there is likely to be demand for tourism and hospitality uses, for example in the Upper Ferntree Gully and Ferntree Gully Village Neighbourhood Centres. It is important that incremental increases in retail floorspace are delivered within Activity Centres and Neighbourhood Centres as part of new developments. Mixed use developments should be encouraged wherever possible to provide new retail floorspace at ground level to ensure that retail floorspace keeps pace with population growth and is not solely reliant on major retail developments.

HEALTH

Significant employment growth is projected in the Health Care and Social Assistance sector, led by population growth (primarily in the west of the municipality and around existing activity centres), ageing of the existing population (municipal-wide) and investment in existing health facilities (particularly in the Wantirna Health Precinct including the Knox Private Hospital).

Projected employment growth will require an estimated 31,000 sqm of floorspace required over the next 20 years within business zones, in addition to the employment growth that could be accommodated within hospitals and other non-business zones. The floorspace is expected to be required within the following premise types: medical centres, allied health clusters, child care centres and smaller businesses located within general office and retail shopfronts. Businesses will often seek proximity to existing and new population concentrations and public transport routes, as well co-locating with other medical centres and hospitals. The Wantirna Health Precinct, and to a lesser extent the Angliss Hospital in Upper Ferntree Gully, present particularly strong opportunities to facilitate health clusters. It is important that sufficient land is available within suitable business zones (both Commercial 1 Zone and Commercial 2 Zone) near hospitals and along public transport routes.

The local policy introduced by Amendment C150 Planning Scheme Rewrite relating to non-residential uses in residential areas is aligned with encouraging health uses in close proximity to public transport and existing hospital and aged care facilities.

5.3. COMPARING LAND REQUIREMENTS WITH LAND AVAILABILITY

Table 10 shows a comparison of land requirements against vacant land supply. Overall, future employment and business growth will generate significant demand for additional business land up to a total in the order of 107ha.

Major sites have the following indicative capacities:

- Caribbean Park: 200,000 sqm office floorspace, 4ha industrial land and 5,000 sqm retail;
- Knox Central: 30,000 sqm retail;
- The Orchards: 5,000 sqm retail plus ancillary commercial;
- Vacant Masters store: 10,000 sqm bulky goods retail.

The balance of land demand would need to be met across the municipality in existing Employment Land areas and Activity Centres. At present, there is a total of 37.5ha of vacant land available in Land for Business areas (outside the major sites identified), indicating that there is likely to be a significant overall shortfall of business land within the next 20 years in the City of Knox unless additional land is zoned for business purposes and existing business land is developed and used differently. The circumstances for each land use group are as follows:

- It is apparent that there could be significant land shortages for office, retail, health and education uses. These uses generally require land in the Commercial 1 and Commercial 2 Zones, however there is only 6.9ha available outside Caribbean Park, indicating a shortage of land for these uses. There is a particular lack of vacant land in the Commercial 1 Zone (only 2.9ha available), which is the primary zone to accommodate office and retail uses;
- There is likely to be sufficient land in the Industrial 1 Zone to accommodate projected demand from businesses requiring industrial land assuming that 4ha of the remaining land in the Caribbean Park is available for industrial use (within the section of the site currently designated for industrial use). However as mentioned earlier, there is expected to be a significant transition in the types of industrial businesses operating in the municipality with a decrease in manufacturing employment and an increase in other industrial sectors. It is important that existing industrial land is retained to enable this transition to occur, and, where relevant, policy introduced to reinforce the importance of industrial land to underpin the Knox economy.

TABLE 10 COMPARISON OF BUSINESS LAND REQUIREMENTS AND AVAILABILITY

Land Use	Demand 2016-36			Major sites (floorspace capacity)				Balance to be accommodated		Balance vacant supply available		
	Floorspace (sqm)	Ave Site coverage	Land area (ha)	Caribbean Park	Knox Central Stage 1	The Orchards	Masters	Floorspace (sqm)	Land area (ha)	IN1Z	C1Z	C2Z
Industrial	109,500	38%	28.8	15,000				94,500	24.9	30.6		
Office	115,000	31%	37.1	200,000				57,500[1]	18.5[1]			
Core retail	71,000	34%	20.9	5,000	30,000	5,000		31,000	9.1			
Bulky goods retail	20,000	34%	5.9				10,000	10,000	2.9		2.9	4.0
Health and Education	45,000	32%	14.1					45,000	14.1			

Total	360,500		106.7					238,000	69.5	30.6	2.9	4.0

Source: Urban Enterprise, 2016. 1. Adjusted from Background Report based on submission from land owner. Noted that new office space proposed to be constructed in Caribbean Park is primarily large floorplate, high quality space generally most suitable to large businesses and headquarter premises. Although some medium and smaller businesses may ultimately occupy space, this type and location of office floorspace will not serve the entire office market. For this assessment, it is assumed that up to 50% of the office demand will need to be met elsewhere, primarily in smaller offices located within and near activity centres.

In quantitative terms, there is likely to be a significant shortfall of business land within the next 20 years in the City of Knox based on the quantity of vacant zoned land available and the current densities. Particularly critical land shortages for office, retail and health and education uses are expected - these uses generally require land in the Commercial 1 Zone and Commercial 2 Zone. Demand for land within activity centres is expected to be particularly strong, given interest in the land for residential apartment development and ongoing increases in demand for retail, office and food floorspace.

Potential responses to these challenges include:

- Identifying and rezoning additional land for business purposes;
- Encouraging / facilitating greater intensity and density of business land use, including through the redevelopment of underutilised land and turnover of employment land to create opportunities for new premises; and
- Using existing business land for alternative business types that have higher employment and land use densities.

Given the lack of broad-hectare land for business, much of the increase in employment and economic activity will need to be met through greater utilisation of existing land and the adoption of innovative approaches by both Council and the private sector. It is important that core industrial and employment land is available for industrial, office and related uses and is not compromised by competition for sites from non-employing or non-industrial uses that do not support the primary purpose of these locations.

Given the prospect for strong competition for employment land in the future and the recent changes to planning zones which applied the broad Commercial 2 to many areas primarily focused on industrial use, it will be important to ensure that sufficient land is retained for industrial uses over the medium to long term in Knox to support a suitably diversified economy and respond to the attractive location for high value industrial uses based on proximity to the freeway network, a large consumer and labour market and business and research nodes in eastern Melbourne.

In addition to better utilisation and protection of existing business zoned land, new business land opportunities need to be considered when examining strategic sites in the planning stages. For example, the Boral Quarry, adjacent to Eastlink, could make a contribution to increasing the amount of land designated for business purposes based on its considerable land area and proximity to Eastlink. Depending on the ultimate layout of the developable area, this area could provide suitable land for business uses which complement existing assets in the area (such as active open space facilities, transfer station) in addition to retail and commercial businesses required to meet the needs of the planned residential development.

For an established municipality such as Knox, it will be important to focus on utilising existing business land more effectively and limiting existing business land being converted to other uses.

FLOORSPACE PROJECTIONS

Floorspace growth projections are included in the Background Report which seek to allocate floorspace growth by land use to locations which have capacity and planning support to accommodate the relevant land uses. These projections have been prepared based on the analysis outlined in this section, the Background Report and Technical Reports, and are designed to be used as a guide to the likely scale and location of growth over the foreseeable future. The projections should be regularly reviewed and updated to reflect economic conditions and land availability. If decisions are taken based on this report to change planning zones and controls, the assumptions should be reviewed in response.

5.4. KEY FINDINGS

- Overall, future employment and business growth will generate significant demand for additional business land up to a total in the order of 106.7ha. There is a total of 70ha of vacant business land in the municipality.
- There is approximately 39.7 ha of underutilised business land.
- There is likely to be a significant overall shortfall of business land within the next 20 years in the City of Knox unless additional land is zoned for business purposes and existing business land is developed and used differently.
- Particularly critical land shortages for office, retail and health and education uses are expected - these uses generally require land in the Commercial 1 Zone and Commercial 2 Zone.
- Demand for land within activity centres is expected to be particularly strong, given interest in the land for residential apartment development and ongoing increases in demand for retail, office and food floorspace.
- There is likely to be sufficient land in the Industrial 1 Zone to accommodate projected demand from businesses requiring industrial land, however land is likely to become scarce during the planning period. There is expected to be a significant transition in the types of industrial businesses operating in the municipality and strong competition for employment land across all land use types. It is important that existing industrial land is retained to enable this transition to occur, and, where relevant, rezoning of some land from C2Z to IN1Z to reinforce the importance of industrial land to underpin the Knox economy.
- Given the lack of broad-hectare land for business, much of the increase in employment and economic activity will need to be met through greater utilisation of existing land and the adoption of innovative approaches by both Council and the private sector.
- In addition to better utilisation and protection of existing business zoned land, new business land opportunities need to be considered when examining strategic sites in the planning stages.

6. OPPORTUNITIES AND DIRECTIONS

6.1. INTRODUCTION

This section summarises the key opportunities and challenges aligned to the provision of land for business in order to support economic activity and growth within Knox over the next 20 years, and the ways in which land for business can be positioned to meet future needs. These issues are used to inform the directions and actions outlined in Section 7.

6.2. KEY OPPORTUNITIES

COMPETITIVE ADVANTAGES

The Knox economy is growing and diversifying – this is expected to continue over the next 20 years, with steady increases in employment and output projected within industries requiring office and retail floorspace.

Knox is located within an area which contains one of Australia's highest skilled workforces. There is a clear opportunity for the business land in Knox to service this region and to continue to accommodate businesses seeking proximity to this significant labour catchment.

Much of the municipality is well positioned in relation to the freeway network, including the Monash Freeway (M1), with accessibility to Eastlink (M3). This has attracted investment from a range of industrial and commercial businesses and is expected to underpin ongoing business attraction where appropriate land is available, particularly in Caribbean Park.

The concentration of a number of businesses in the advanced manufacturing field presents the opportunity to further strengthen clusters of businesses in this industry which is identified as a propulsive sector for Knox. Other propulsive sectors for Knox, such as health, education and professional services, are sectors in which the broader Melbourne economy is expected to grow significantly over the next 20 years, meaning that Knox is well positioned to accommodate a diversifying economy which is relevant to the broader metropolitan opportunities with the opportunity to continue to grow and add value.

Knox's ongoing competitive advantages will lie in the proximity to a skilled labour force within Knox and the broader east of Melbourne, major health assets, and the ongoing provision of employment land areas with relatively high amenity.

A TRANSITIONING INDUSTRIAL SECTOR

The industrial sector is expected to continue to be the major driver of exports and employment, however changes in the types of businesses that will seek to locate in Knox will lead to changing land requirements, particularly demand for smaller premises, businesses seeking proximity to the road transport network and those making greater use of technology.

The recent examples of some larger manufacturing businesses reducing operations within Knox and/or moving to other municipalities is expected to continue due to cheaper rent and access to land, creating opportunities for subdivision/development within established business areas which will lead to attraction of new businesses and greater employment densities. There is the opportunity to encourage collaboration clustering of businesses associated with propulsive industries of health, professional services, wholesale trade, construction and advanced manufacturing, many of which can utilise land in the industrial zones.

The scarcity of industrial and other business land in Knox is expected to lead to strong land value growth and drive opportunities for greater intensity of land use. In the short to medium term, this is expected to be realised through greater site coverage utilisation, subdivision and business park developments, including greater amounts of offices at upper levels. In the long term, demand and value growth may lead to opportunities for industrial development at upper levels, especially in the fields of technical, mechanical and digital manufacturing which generally do not require heavy machinery or large format outdoor areas.

HEALTH AND EDUCATION DEMAND

Melbourne's economy is expected to experience significant growth in the Health Care and Education sectors – Knox has the opportunity to leverage existing infrastructure which supports these sectors, especially in relation to the Wantirna Health Precinct, Angliss Hospital and Swinburne University.

POPULATION GROWTH AND CHANGE

Population growth is projected near and within existing Activity Centres in Knox – this will consolidate demand for retail and commercial space in these areas and drive opportunities for new anchor retailers and redevelopment of sites for multi-level mixed use developments.

Population growth across the municipality and the adjacent labour market will drive demand for both local jobs and local economic activity. This growth will support the diversification of the economy and lead to the establishment of new businesses in Knox, particularly small businesses in the service and professional industries.

REGIONAL OPPORTUNITIES

Knox's proximity to both the Monash and Dandenong National Employment and Innovation Clusters, together with being part of the regional employment location of the Bayswater Business Precinct, provides opportunities for Knox businesses to connect with businesses in these locations.

6.3. KEY CHALLENGES

Council's role to date in influencing the location and type of investment and economic activity has been focussed generally to land zoning, planning policy, economic development, place-based improvements and business support activities. Other realistic opportunities also available include investment attraction and development facilitation which Council also undertakes. Ultimately however, the market will continue to determine most economic location for development and decisions taken by individual land owners, developers and businesses.

In Activity Centres, the highest and best use of land may often be medium and high-density residential, particularly given ongoing population growth and dwelling price growth. These circumstances will lead to strong competition for development opportunities in Activity Centres, many of which will be secured by residential developers. The primary role of Activity Centres is to provide a variety of employment, commercial and community services to serve a residential catchment. Planning policy encourages higher residential densities within and near activity centres in order to maximise accessibility to these services, however it is important to ensure that floorspace growth for retail, office and other employment uses is facilitated in each centre to maintain the level and variety of services available and the opportunity for local employment. In response to these circumstances, it is important that planning policy clearly recognises the need for business floorspace and employment opportunities in activity centres, including by discouraging residential development at lower levels in these locations.

Improvements to the public transport network and access to land for business is important for a strong local economy. Current accessibility to most business land areas by public transport is a key limitation which could limit medium to long term growth in industries such as professional services, health and education. Similarly, population growth throughout the municipality is likely to lead to greater congestion on the road network if no improvements to the public transport network are made, which could constrain the operational efficiency and competitiveness of businesses in the transport and distribution, wholesale trade and manufacturing sectors. Ensuring good freight access from employment areas to the freeway network via Eastlink is important.

Within industrial zones, non-employment land uses have been frequently proposed and approved in recent years, particularly indoor recreation facilities and places of worship. In some Industrial zones areas, such as areas in close proximity to activity centres and residential areas, these uses are appropriate and add to the local services available to residents. In core employment land areas, however, ongoing land use transition towards these types of low employment uses that are not directly servicing the area it is located could have the effect of reducing land available for commercial and industrial uses that generate greater employment and economic activity.

The expected concentration of population growth to the north, west and south-east of the municipality and within existing activity centres will lead to increased competition for land within activity centres and will increase pressure on existing infrastructure assets in these areas which currently support business uses, particularly roads.

In many employment land areas, low intensity uses such as car sales are occupying significant land areas, often in high profile locations. Ways to encourage redevelopment of such sites should be considered.

As employment areas and business types change over time, it is important that urban design standards are maintained and improved. This is especially important in the context of the broad transition towards knowledge-based industries which often results in greater employment and development densities and greater need for high quality design, public realm and supporting infrastructure and services. It is also important that a range of lot and building sizes are catered for to enable transition of business areas and the attraction of new business types and sizes.

The current suite of Commercial and Industrial Zones (which allow many uses without the need for a planning permit) together with existing local policy has provided limited opportunity or mixed influence for Council to direct desired employment outcomes – this is a major challenge to implementing change in the current business zones. As such, a range of planning and non-planning actions will be required to ensure that land for business is appropriate and responds to the economic opportunities identified in this project.

EVIDENCE BASE

Council will have a role in keeping up to date with the extent and details of how Knox's land for business is being used and developed, in addition to how the Knox economy is performing and evolving. This understanding will be important for determining the longer-term future directions and actions for supporting a strong local economy.

6.4. SIGNIFICANT BUSINESS LOCATIONS

The five Significant Business Locations are expected to play a major role in delivering a strong economy and employment opportunities within Knox over the next 20 years, including:

- Bayswater Business Precinct/Bayswater Activity Centre;
- Scoresby-Rowville-Knoxfield;
- Wantirna Health Precinct;
- Knox Central; and
- Burwood Highway East Corridor.

These significant locations are considered the next iteration of Knox's key employment location clusters, where strategic planning, economic development and investment focus and priority is warranted. These locations are quite different in how they operate and the challenges and opportunities they face as outlined below.

BAYSWATER BUSINESS PRECINCT/BAYSWATER ACTIVITY CENTRE

The Bayswater Business Precinct is a major regional employment location across Knox, Maroondah and Yarra Ranges recognised with the strategic need to improve its economic and employment performance, physical design and function as a key business hub. In line with this a partnership project has been formed of which Knox City Council is a partner.

Recommendations for the Knox component of the Bayswater Business Precinct will need to be considered in the context of the partnership and this regional precinct.

The Precinct has long been a major industrial location for the municipality, however in recent years there has been a significant amount of transition in land use, with larger manufacturers being replaced by multi-lot subdivisions housing smaller warehouse, office and light industrial uses. The industrial area has a significant role to play in supporting ongoing economic activity in the municipality, however the ongoing transition of uses and lot sizes should be encouraged. Larger strategic sites present the opportunity for significant employment growth.

The ongoing core industrial / employment role of this area should be protected from non-employment uses, and investment to support increased densities and better integration with the Bayswater Activity Centre should be undertaken.

The close proximity of the Bayswater Activity Centre presents an opportunity to better integrate the Activity Centre and Industrial Area, particularly through redevelopment of the 'triangle' to the east of the rail-line. The recent grade separation at Mountain Highway will support integration of sites to the east and west of the train line.

It is noted that there is a small area of residential land bounded by arterial roads and industrial land near the intersection of Dorset Road and Mountain Highway. Depending on how this area develops, it might in the long-term present as an opportunity for new business land.

SCORESBY-ROWVILLE-KNOXFIELD

Part of this location is presently known as the Scoresby-Rowville Employment Precinct (SREP) and is referred to in various Council documents, including the Knox Planning Scheme Local Policy. The Scoresby-Rowville-Knoxfield Significant Business Location is considered a more accurate description of the area, which is important from a business and employment perspective and should be recognised and given priority when appropriate.

The existing Scoresby-Rowville Employment Precinct (SREP) Planning Policy will need overhauling in order to be relevant with the reformed zones and to support directions and actions of this Plan.

The availability of land for business in Knox will rely heavily on the release of land and the provision of supporting infrastructure within the Caribbean Park, the only greenfield land for business in the municipality. Much of the remaining land in Caribbean Park will be used for multi-storey offices, with a longer-term opportunity for a specialised retail-based neighbourhood centre serving business needs.

The vision for large format office space in a high amenity environment for Caribbean Park aligns well with the economic opportunities for Knox – supporting infrastructure and services, including a neighbourhood retail and business support centre, will be required over the medium to long term. It is essential for Council to continue to work with the landowner to provide ongoing high-quality land for employment, and to ensure supporting infrastructure and services are provided to this area, including transport connections.

Directions and actions specific to the Caribbean Park are proposed to ensure that this area continues to evolve into a high-quality employment destination that is well supported by infrastructure, retail, accommodation and food.

Scoresby-Rowville-Knoxfield and its proximity to Eastlink provides businesses in this area with the most direct link to the National Employment Innovation Clusters of Monash and Dandenong.

WANTIRNA HEALTH PRECINCT

Wantirna Health Precinct is a recognised state significant health precinct with a number of sites suitable for the expansion of health care. To facilitate this, Council is working with the state government and relevant stakeholders. This precinct should also assist with neighbourhood centre floorspace growth, so that the Neighbourhood Centre can ultimately be integrated with and complement the role of the hospitals and proposed urban renewal west of the Mountain Highway.

The significant State government investment that is likely to be undertaken in this precinct should be leveraged by Council through the encouragement of complimentary uses, including allied health, retail, accommodation and office floorspace in this area.

KNOX CENTRAL

Along with Caribbean Park, Knox Central is a major strategic opportunity for employment growth, economic diversification and clustering of high value businesses that draw on the range of services and other businesses located in the area. In order to remain competitive with other regional centres, it is essential that Knox Central is supported to increase the range of business types and retail offering available, along with supporting uses such as accommodation, entertainment and community uses.

Knox Central is accessible by car, but is not located on a fixed rail public transport network, a significant disadvantage compared with competing regional shopping centres such as Eastland. A number of large redevelopment opportunities exist to the south of the Burwood Highway, and government land to the east of the employment land area represents a significant opportunity to provide new business land on the Burwood Highway frontage if the land is rezoned for development.

The close proximity of the Employment Land to the Activity Centre is likely to attract a range of employment, recreation and other uses seeking proximity to the significant anchor retailers and employment concentrations within the Activity Centre. An ongoing transition of the business land area towards a mix of uses – rather than a typical industrial area – should be encouraged, particularly where new businesses in professional services and health care can be accommodated in line with the identified propulsive sectors for the municipality. Non-employment uses, such as recreation and place of assembly, should not be discouraged in this area so as to enable a diverse activity, employment, civic and community centre over time. This mix of uses is important to ensure that the economic role of the centre remains relevant and competitive in relation to other competing centres such as Ringwood and Glen Waverley.

It is noted that the new Structure Plan introduced by Amendment C149 and associated planning scheme changes for the Knox Central area are consistent with the above.

BURWOOD HIGHWAY EAST

This area performs a somewhat more localised role compared with other Significant Business Locations and the fragmented zone profile results in an inconsistent land use mix. Burwood Highway East is a strategic opportunity for redevelopment. Unlike other Significant Business Locations, there is no existing strategic plan for this area. This location would benefit from strategic investigation that considered such matters as:

- Transportation;
- Mountain Gate identification as an Activity Centre in Plan Melbourne;
- Mountain Gate Triangle identification as a Strategic Investigation Site;
- Dorset Road extension – timing and opportunities;
- Employment;
- Business development;
- Investment;
- Land development and site utilisation.

A number of sites are underutilised in this area, particularly in proximity to the proposed Dorset Road Extension reservation. Future strategic planning and infrastructure investment can support redevelopment and greater land use intensity in this area.

6.5. OTHER ROLES FOR KNOX BUSINESS LAND

Broad business land areas and land types will have different roles in delivering the required land/space for business. Some areas are expected to transition in their role, whereas others are recommended to remain under their current controls and economic role.

Importantly, opportunities for new land and/or ways of using land for business should be sought wherever possible to counter the lack of greenfield land and the low levels of land vacancies across the municipality.

NEW BUSINESS LAND

Some opportunities for new business land may exist in areas not currently zoned for commercial or industrial purposes, including the Boral Quarry, land near the Waverley Golf Course and State government land on the corner of Burwood Highway and Scoresby Road, along with land recently rezoned to the Commercial 1 Zone to facilitate development of a Neighbourhood Centre as part of the Orchards development. There will also be greater opportunity for appropriate businesses to locate in residential zones near activity centres following changes brought in by Amendment C150. In considering all rezoning proposals, consideration should be given to whether business/employment uses would be appropriate for the site.

CORE EMPLOYMENT LAND AREAS

Two 'core employment land areas' exist in the City: Scoresby-Rowville-Knoxfield and Bayswater Business Precinct. These are major concentrations of employment and economic activity that should be protected from encroachment from other uses given their strategic and economic value to the local and regional economy.

Directions and actions are proposed to maintain the important role of businesses in these areas, as well as facilitating a degree of transition from larger format sites to a mix of site sizes, including smaller industrial and business park uses to support changes in the local economic role and increases in employment density.

LOCAL EMPLOYMENT AREAS

A number of 'local employment areas' (industrial areas) provide important services to Knox residents and businesses, including within the Dandenong Foothills area – the availability of land to support smaller industrial businesses, provide services to the local communities and provide local business opportunities. Directions and actions are proposed to protect these areas from rezoning to alternative zones, manage interfaces with nearby uses, and encourage an ongoing mix of employment uses.

ACTIVITY CENTRES AND NEIGHBOURHOOD CENTRES

Existing Activity Centres will remain highly important as both employment nodes and as service centres for the Knox community. Given that there is very little vacant land available in the Commercial 1 Zone across the municipality, existing Activity Centres (and Neighbourhood Centres which experience population growth in the local catchment) will need to accommodate a significant share of retail and office floorspace growth through redevelopment of key sites and investigation of opportunities for activity centre boundary expansion where appropriate if sufficient growth cannot be accommodated over the medium term.

Structure Plans should be regularly reviewed to ensure that new mixed use development opportunities are identified and taken up, and that planning controls both encourage higher density development and ensure retail and commercial floorspace is actively supported and provided.

In some locations (particularly Knox Central and Bayswater) there is the opportunity to better integrate employment land areas (IN1Z and C2Z) with activity centres to encourage a mix of employment types, improvements in amenity and reinvestment in commercial and industrial floorspace.

Other neighbourhood centres will have a role in supporting incremental growth in retail and commercial floorspace. Surrounding residential areas are important opportunities to accommodate some employment and business growth in proximity to local residential catchments, particularly medical, professional and childcare uses that are compatible with the residential locale it is located.

THE DANDENONG FOOTHILLS

The Dandenong Ranges foothills (Dandenong Foothills) area has different characteristics to much of the balance of the municipality: this area is projected to have low population growth, ageing population and limited opportunities for housing diversity within residential areas. As a result, mixed use developments are likely to take place within Neighbourhood Centres over the next 20 years in the absence of other residential opportunities in these areas, resulting in increasing competition for land in commercial zones (such as Ferntree Gully Village) and likely to result in redevelopment of older business premises for mixed use developments. It is important that new retail and commercial space is incorporated into these developments. In some cases, low intensity industrial and commercial uses within Neighbourhood Centres (such as car sales) are likely to be replaced by higher value business and residential uses that can support growth in local employment, small businesses and specific industries such as health care and tourism.

7. FUTURE DIRECTIONS AND ACTIONS

7.1. INTRODUCTION

The future directions and actions identified in this section are drawn from the findings and opportunities outlined in this report and are designed to ensure that the City provides the appropriate quantum, type and mix of land to accommodate economic activity and growth over the next 20 years.

Eight directions are identified, each supported by a range of planning and economic development actions. Actions are grouped into short term actions (0-3 years) and medium term (4-10 years). Actions for the period 10-20 years should be identified at the time this plan is reviewed (within the next 10 years).

7.2. DIRECTIONS

Understanding and Monitoring the Knox Economy

1. Establish and maintain an ongoing evidence base to support economic and strategic planning/decision making
2. Prepare and maintain a 'Knox Economy Futures Statement' and associated implementation plan

Protecting and Strengthening the City's 'Land for Business'

3. Identify, retain and strengthen existing 'Significant Business Locations', including their core employment land areas
4. Consolidate and diversify the role of existing activity and neighbourhood centres
5. Accommodate projected employment and retail floorspace growth in strategic locations
6. Maintain an ongoing supply of 'local' employment land (Industrial 1 Zone and Commercial 2 Zone)
7. Update local content of Knox Planning Scheme to reflect the Directions Plan

Strategic Investment and Partnerships with Key Industries

8. Encourage growth in propulsive industries and in industries which leverage local opportunities and advantages

7.3. ACTIONS

UNDERSTANDING AND MONITORING THE KNOX ECONOMY

DIRECTION 1 Establish and maintain an ongoing evidence base to support economic and strategic planning/decision making

Action	Description	Tool	Priority / timing
1.1	Update economic and demographic analysis once all appropriate 2016 Census data is available.	Further technical work	Short (2017/18)
1.2	Establish a Land for Business Monitoring and Reporting Framework. This will include data on: vacant land, subdivision activity, development permits, change of use permits and business entries and exits (including within 100m of employment zones).	Ongoing strategic work	Short (set up) Recurrent action
1.3	Prepare a tool to align business locations (ABR) with individual properties (Council GIS) to report on business growth and change by small area and by industry class.	Further technical work	Short
1.4	Monitor demand for bulky goods retail within Commercial 2 Zone (including take up of Knoxfield Masters site) and periodically review the need for additional land in this zone for this purpose.	Further technical work	Medium
1.5	Review Directions Plan and local policies within 8 years to identify actions for the period 10-20 years.	Further strategic work	Medium

DIRECTION 2 Prepare and maintain a 'Knox Economy Futures Statement' and associated implementation plan

Action	Description	Tool	Priority / timing
2.1	Articulate and maintain biennially an 'Economy Futures Statement' and associated Implementation Plan'. This will cover Knox's investment, business and jobs future directions that reflect the Community and Council Plan and which takes into account the Land for Business evidence base and strategic directions. This Statement should be broader than the 'land' focussed Land for Business project, but will support the directions of the Directions Plan.	Research and analysis. Strategic Work	Short (set up) Recurrent action

PROTECTING AND STRENGTHENING THE CITY'S 'LAND FOR BUSINESS'

DIRECTION 3 Identify, retain and strengthen existing 'Significant Business Locations', including their core employment land areas

Action	Description	Tool	Priority / timing
3.1	Identify the Significant Business Locations and Core Employment Land Areas (mapped Figure 10) in the Knox Planning Scheme and other relevant strategic documents of Council as important areas for Knox's ongoing business opportunities. These Significant Business Locations areas include: Bayswater Business Precinct/Bayswater Activity Centre, Scoresby-Rowville-Knoxfield, Burwood Highway East Corridor, Wantirna Health Precinct and Knox Central.	Local Planning Policy Framework (LPPF) and other Council documents as appropriate	Short
3.2	Prioritise as appropriate Council's business support to Significant Business Locations, as well as existing activity centres at Knox Central, Boronia, Bayswater and Rowville.	Economic development initiatives	Ongoing
3.3	Prioritise as appropriate Council's place investment initiatives to Significant Business Locations, as well as existing activity centres at Knox Central, Boronia, Bayswater and Rowville.	Council Policy	Ongoing
3.4	Prepare, as appropriate, Investment and Action Plan/s for the Significant Business Locations, including local, State and private investment and action required to facilitate long term prosperity taking into account existing strategic plans.	Further analysis/investigation/work	Medium (plan) Ongoing (investment)
3.5	Continue to advocate for public transport investment - including bus services, the Burwood Highway tram extension and rail to Rowville – to enhance business and employment opportunities within Knox.	Advocacy	Ongoing
3.6	*Bayswater Activity Centre, Burwood Highway East Corridor &* *Wantirna Health Precinct* Acknowledge that the following sites listed in the Knox Housing Strategy should principally provide a business land focus: - Wantirna Health Precinct (706, 750-750A and 760 Boronia Road, and 251 Mountain Highway, Wantirna - Bayswater Triangle (bounded by Scoresby Road, Mountain Highway and Station Street) - Mountain Gate Triangle	LPPF	Short
3.7	*Bayswater Business Precinct & Scoresby-Rowville-Knoxfield* Strongly discourage non-employment and low economic output uses within 'Core Employment Land Areas' (mapped Figure 10), that do not directly support the Area it is located in, in order to retain opportunities for value-adding businesses.	LPPF	Short
3.8	*Bayswater Business Precinct & Scoresby-Rowville-Knoxfield* Monitor ongoing office floorspace development in Core Employment Land Areas to determine whether further investigation/actions are needed in relation to the introduction of policy direction and/or office floorspace caps for Core Employment Land Areas zoned Industrial (mapped Figure 10), with the exception of land with frontage to the public transport network. For the Bayswater Business Precinct, this would take into	Monitoring and analysis	Medium

Action	Description	Tool	Priority / timing
	consideration any directions proposed for the broader precinct across the 3 Councils and the views of the partner Councils.		
3.9	*Scoresby-Rowville-Knoxfield* Review and replace the Scoresby Rowville Employment Precinct Local Policy and associated content in the Knox Planning Scheme, with new policy as appropriate, to address the reformed zone provisions and various directions of this Directions Plan.	LPPF	Short
3.10	*Scoresby-Rowville-Knoxfield* Investigate rezoning part of Assessment Area E-07, being the Scoresby Industrial component, from Commercial 2 to Industrial 1 Zone to ensure its ongoing industrial role.	Zoning	Short
3.11	*Scoresby-Rowville-Knoxfield* Advocate for public and active transport investment, with first priority being to better integrate Caribbean Park and potential future office precinct and Neighbourhood Centre with broader movement networks to increase local amenity, support and encourage increases in employment density and variety of employment types	Advocacy	Ongoing
3.12	*Scoresby-Rowville-Knoxfield* Facilitate the development of Caribbean Park as a high amenity, connected employment hub: - Support preparation of an Investment Plan to identify state, local, and private investment required to improve connectivity (including public transport), amenity and the required infrastructure to service office businesses - Subject to demonstration of demand, support the development of a specialised Neighbourhood Centre designed to serve business needs, including potential uses such as accommodation, open space and community uses as detailed in the Development Plan for the land.	Advocacy	Short-Medium
3.13	*Burwood Highway East Corridor* Undertake strategic investigation for the Burwood Highway East Corridor Significant Business Location with a focus on employment, business development, investment and transport. The investigation should include consideration of ways to increase potential for development and site utilisation as well as investigate status and opportunities relating to the Dorset Road extension	Further strategic work	Medium
3.14	*Knox Central* Maintain and enhance the role of Knox Central as a major regional centre by: - Support the ongoing and incremental expansion of the retail and community role of Knox Central in order to remain competitive at the metropolitan level and maintain market share - Encourage a range of supporting business uses within the Activity Centre - Investigate rezoning or local policy changes for the Employment Assessment Area (E-03 Knox	Amendment C149	Short

Action	Description	Tool	Priority / timing
	Central Employment) to encourage ongoing transition towards a mix of business uses, including office, technology focussed industrial and commercial.		
3.15	*Wantirna Health Precinct* Continue with the Wantirna Health Precinct work being undertaken with state government and stakeholders to facilitate ongoing development of this precinct, including the development of a Precinct Investment Plan.	Strategic work in partnership with VPA	Short

DIRECTION 4 Consolidate and diversify the role of existing activity centres and neighbourhood centres

Action	Description	Tool	Priority / timing
4.1	Retain policy support for core retail floorspace to be directed to existing Activity Centres and Neighbourhood Centres and encourage ongoing mix of retail and other commercial floorspace in these centres.	LPPF	Short
4.2	Encourage retail and/or commercial floorspace to form part of all developments within activity centres and neighbourhood activity centres and encourage high density residential development on appropriate sites above ground level to enable mixed use developments which incorporate retail, commercial and other uses.	LPPF	Short
4.3	Discourage anchor retailers and new retail centres outside existing activity centres and neighbourhood centres through local policy.	LPPF	Short
4.4	Encourage incremental increases in mixed use developments within Neighbourhood Centres in the Dandenong Foothills, including provision for retail and commercial space to meet demand for medical, retail and small business premises.	LPPF	Medium

DIRECTION 5 Accommodate projected employment and retail floorspace growth in strategic locations

Action	Description	Tool	Priority / timing
5.1	Amend local policy and maps under the Knox Housing Strategy and Knox Planning Scheme to confirm the appropriateness of the Boral Quarry (191 George Street, Wantirna) 'Strategic Investigation Site' including a business land component in suitable areas and the Waverley Golf Club (and adjoining sites on Stud Rd) 'Strategic Investigation Site' potentially having a business land component along Stud Rd.	New / amended local policy and maps	Short
5.2	Boral Quarry (191 George Street, Wantirna) - investigate the extent and type of business land considered appropriate to assist with any future rezoning request, considering opportunities for some business land in proximity to existing active open space facilities, transfer station and Eastlink in addition to employment opportunities associated with local retail and commercial service needs.	Further strategic work	Short

5.3	Identify: - Underutilised properties potentially available for redevelopment opportunities, and - Strategic business land opportunity sites which have capacity to accommodate business/employment growth and facilitate the investigation of these sites suitability with relevant land/business owner.	Collation of information (from Technical Report B in first instance) and creation of internal database	Short
5.4	Support increased utilisation of existing business land through planning policy and planning controls, including: - Subdivision of some of the larger industrial sites in areas that are highly accessible, but retention of larger sites in internal areas with significant buffers to sensitive uses; - Ensure policy and controls allow and encourage industrial development at upper levels; - Innovative responses to car parking requirements to enable greater site coverage; - A review of local policy relating to industrial area urban design; and - Development of design guidelines for new development in the Industrial Zones and Commercial 2 Zone.	Local policy review Subdivision and parking requirements review. Design guidelines	Short
5.5	Limit rezoning of existing land for business away from zones that principally support employment and business.	Local policy	
5.6	Support the development of new and/or expanded Neighbourhood Centres or 'Business' Neighbourhood Centres as appropriate in areas expected to experience significant residential and/or employment growth, including: - Wantirna Mall (Wantirna Health Precinct) - medium term; and - Caribbean Park (Scoresby-Rowville-Knoxfield) -long term.	Local policy	Ongoing
5.7	Support approach proposed under Amendment C150 which strengthens policy support for suitable businesses to locate in residential areas near Activity Centres and Neighbourhood Centres, and which specifically encourages non-residential uses in proximity to public transport routes and hospitals	Amendment C150 – Clause 22.03	Short
5.8	Continue the delivery of existing business development and support programs to support appropriate employment and business activity, including home based business activity.	Economic development program	Short and Medium

DIRECTION 6 Maintain an ongoing supply of 'local' employment land (Industrial 1 Zone and Commercial 2 Zone)

Action	Description	Tool	Priority / timing
6.1	Limit rezoning of local industrial areas away from zones that principally support employment and business.	Local policy	Short

DIRECTION 7 Update local content of the Knox Planning Scheme to reflect the Directions Plan

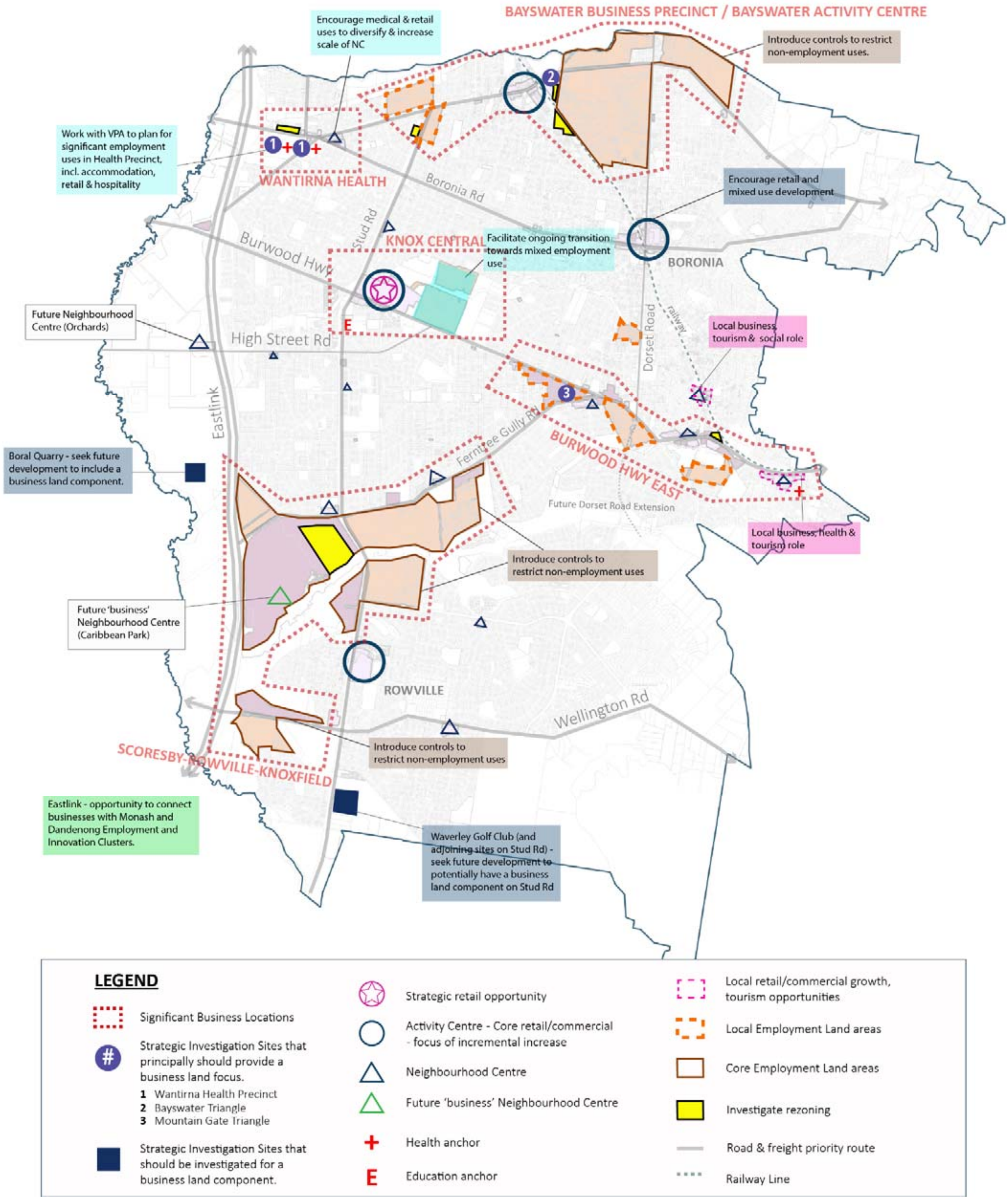
Action	Description	Tool	Priority / timing
7.1	Consider the use of the Industrial 3 Zone to selected industrial / residential interfaces to ensure that the impact of any changes of use and redevelopment on surrounding areas can be appropriately managed. This should only apply where existing uses will not generate non-conforming uses rights. Sites / Assessment Areas for investigation include: - Land being rezoned to Industrial from other zones - Bayswater Employment Assessment Area, west of Scoresby Road and south of the rail line; - The southern interface of the Bayswater Employment Assessment Area along Holloway Drive and Glenann Court; - Northern interface of the Knox Central Employment Assessment Area; - Fitzgerald Street Ferntree Gully; and - All residential interfaces of E-02 Bayswater.	Further strategic assessment, Planning zone changes (PSA)	Short
7.2	Investigate potential rezoning of former Business 5 Zone sites that have been fully developed for residential purposes or not considered appropriate sites for the Commercial 1 Zone. Sites to examine include: - 1135 Burwood Highway Road, Ferntree Gully; - 42 and 52 Stud Road, Wantirna;	Further strategic assessment, Planning zone changes (PSA)	Short

STRATEGIC INVESTMENT AND PARTNERSHIPS WITH KEY INDUSTRIES

DIRECTION 8 Encourage growth in propulsive industries and in industries which leverage local opportunities and advantages

Action	Description	Tool	Priority / timing
8.1	Establish targeted economic development initiatives to encourage clustering of propulsive industries including health care, advanced manufacturing, construction, wholesale trade and professional services.	Economic development initiative	Short
8.2	*Scoresby-Rowville-Knoxfield* Encourage advanced manufacturing businesses to locate in the Scoresby-Rowville-Knoxfield Significant Business Location given relative proximity to the Monash and Dandenong National Employment and Innovation Clusters and current major businesses in this field.	Economic development initiative Local policy	Short
8.3	Investigate rezoning Assessment Area 7b (Scoresby Industrial) from Commercial 2 to Industrial 1 Zone to better support the ongoing use of this area for advanced manufacturing, excluding land with arterial road frontage.	Planning zone change	Short
8.4	Encourage health related businesses to locate within and near the Upper Gully Neighbourhood Centre to leverage from proximity to the Angliss Hospital. Work with Angliss Hospital / Eastern Health to identify key opportunities and business types seeking co-location.	Economic development initiative	Medium
8.5	Encourage retail and hospitality uses that will meet the needs of residents and tourists in the Foothills neighbourhood centres, particularly Upper Ferntree Gully.	Upper Gully Strategic Plan	Short
8.6	Encourage growth in professional services in the following key areas which have experienced recent growth in this sector and have potential to accommodate further growth: - Knox Central Employment Assessment Area; - Caribbean Park; and - Rowville, Bayswater and Boronia Activity Centres.	Economic development initiative	Short
8.7	Encourage higher density employment types (services, health, education) to locate in business areas with access to public transport and to facilitate knowledge clusters near education (i.e. Swinburne), hospitals and activity centres.	LPPF	Short

FIGURE 10 SPATIAL DIRECTIONS



Source: Urban Enterprise, 2016.

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