

24 June 2024

3240105

David Morgan

Morgan Development Group

Via email: david@morgandevlopmentgroup.com.au

Dear David,

365 Princes Highway, Officer (The Kiln Development) Economic Assessment

James Hicks Pottery Site Pty Ltd is proposing a development at 365 Princes Highway, Officer (the Subject Site). The Subject Site is covered by the Heritage Overlay (HO104) and contains a historic brick kiln and chimney (the Kiln). The Subject Site is associated with the adjacent clay pit which is now a reserve owned by Melbourne Water.

The Kiln will need to be retained in any development outcome.

The proposed development includes:

- Retention and restoration of the Kiln
- Café and Restaurant facility, incorporating the Kiln.
- Two-level office building with undercroft car parking underneath.

The Subject Site is in the Urban Growth Zone (Schedule 3) and will require a planning scheme amendment to facilitate the development, particularly the development and use of the office component. In providing preliminary feedback on the proposed development, Cardinia Shire Council (Council) and the Department of Transport and Planning (DTP) have raised the following matters:

Council

- What benefits to the conservation of the heritage structures does the use of the site for offices provide that are unique to office use that cannot be facilitated through other permitted uses of the site under the zone?

DTP

- The key justification for switching on the prohibited uses column for HO104 (shown in the planning permit application report, p.34) seems to be that allowing the use and development of an office will assist in the project being commercially viable. While the viability of a project is acknowledged, is there any further justification for the proposed amendment?
 - Planning Practice Note 1 – Applying the Heritage Overlay states that when considering turning on the Prohibited Uses column, it should only be applied to specific places “where it is considered that the normally available range of permissible uses is insufficient to provide for the future conservation of the building.”
- Under the Officer PSP, the site is not located in an area designated as either Core Business or Peripheral Commercial. Please justify that allowing an office use outside of these areas to be in keeping with the Officer PSP.”

Accordingly, James Hicks Pottery Site Pty Ltd has engaged Ethos Urban to provide an economic report that responds to the issues raised by Council and the DTP.

This letter of advice responds accordingly.

1.0 Subject Site and Location Context

1.1 Subject Site

The Subject Site is located at 365 Princes Highway Officer and contains heritage elements of what was once the James Hicks Pottery kiln and chimney. The subject site is approximately 1,760m² in area and is zoned in the Urban Growth Zone – Schedule 3 (UGZ3) and designated as Residential.

The southern boundary of the Subject Site has frontage to the Princes Highway. Current access to the Subject Site is via Grace Street in Parklea's Timbertop Estate.

The James Hicks Pottery Site clay pit is located immediately to the west and has historical significance with the Kiln at the Subject Site. The clay pit is now converted as part of a larger reserve owned by Melbourne Water and is accessible to the public. The proposed development will require direct connection to the reserve.

Berwick Potters is located on the southern side of Princes Highway and an element of that site is also heritage-listed.



Image: Looking south from Grace Street towards the Subject Site and Princes Highway

1.2 Local Context

Cardinia Shire is one of Melbourne's fastest growing municipalities, home to an estimated 126,960 persons in 2023. The Shire's population has increased by more than +40,000 persons over the last ten years and is forecast to reach a population of 178,300 persons by 2036. Officer is a significant residential growth area in Cardinia Shire and is located between Beaconsfield and Pakenham.

The Princes Highway is the key east-west urban arterial road in Cardinia conveying traffic between existing and new residential estates between Pakenham to the east, and Berwick to the west. The Princes Highway was once the primary road route between Melbourne and Gippsland, but has since been replaced by the Princes Freeway, which is located approximately 1.7kms to the south. An average of 16,000 vehicles travel per day on the east-bound carriageway of the Princes Highway, according to Department of Transport and Planning data.

The Princes Highway, one kilometre each side of the Subject Site, is characterised by the businesses and industries which front the road. Directly east of Bayview Road (180m east of the Subject Site) is a strip of commercial-related businesses fronting the Princes Highway. Although light industrial in nature, uses include a mix of restricted retailing, trade supplies, vehicle sales and retail service businesses.

A continuation of this strip and on the north side of the Princes Highway is a recently completed commercial development which includes the Officer Central Business Park on the north-east corner of the Princes Highway and Tivendale Road. Officer Central Business Park is a commercial centre comprising professional suites, ground-floor retail shops, retail services, food and beverage and medical suites across four buildings.

These businesses are in the Urban Growth Zone – Schedule 4 (UGZ4).

Other commercial developments in the area include:

- Berwick Potteries (garden centre), almost directly opposite the Subject Site.
- Officer Family Medical Clinic and an attached Terry White Chemmart, also opposite the Subject site and 200m further west.
- Parklea's retail and commercial development on the corner of Timbertop Boulevard and Pink Hill Boulevard. This development is anchored by an IGA and includes a range of commercial office space.
- The High Horse café, situated at the western end of the Melbourne Water reserve, and approximately 350m west of the Subject Site.
- Rise Medical Centre Officer.

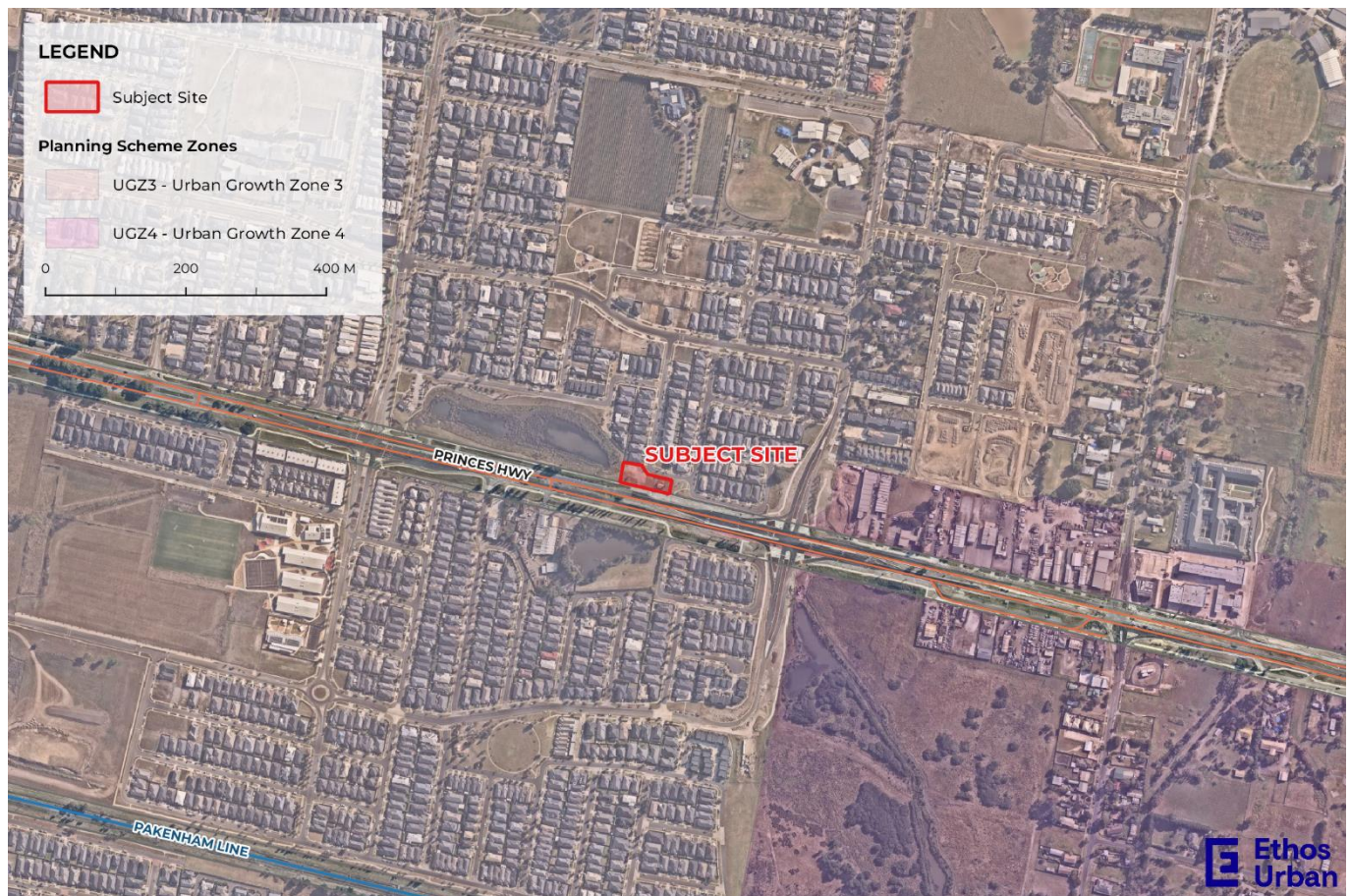


Figure 1 Site Location

Source: Ethos Urban

1.3 Heritage Significance

The Victorian Heritage Register registrations for the James Hicks Pty Ltd Pottery (H0104) provide a Statement of Significance which outlines the historic significance of the building. The statement notes:

"James Hicks Pty Ltd. Pottery (kiln, early clay sheds, office) is significant to the Cardinia Shire as one of the Shire's two early terra-cotta manufacturing complexes which still retains notable early elements and highlights the development of extractive and secondary industries in the district. This pottery is an important district industrial site with remaining brick kilns and other structures associated with brickmaking, pipe-making and pottery production from the post-First World War era. The site is also linked with the locally important family, Hicks."

1.4 Proposed Development

The proposed development includes the following works:

- Retention and restoration of the Kiln
- A café and restaurant
- Two-level office building with undercroft car parking
- Vegetation and pedestrian connection linking the Subject Site to the original clay pit (now the Melbourne Water reserve).
- West-bound access (ingress and egress) to the Subject Site from the Princes Highway.



Source: UXD Group

Office Building

The construction of a new two-level office building will deliver a bespoke purpose-built workplace for local businesses.

Internally, the new building will comprise:

- Undercroft car parking for 23 vehicles
- 365m² of total GFA on the first floor
- 216m² of total GFA on the second floor
- 117m² second floor balcony.

Café and Restaurant

The proposed café and restaurant will include:

- 39m² café floorspace
- 110m² restaurant and 21m² of attached kitchen space
- 57m² for restaurant/wine bar space inside the Kiln
- Alfresco seating outside the restaurant and Kiln.



Source: UXD Group



Source: UXD Group

Maintenance and Conservation of the Heritage Listed Kiln

An owners' corporation would be responsible for maintaining landscaping, signage, public access and common areas, but not the Kiln itself.

The Kiln would be the food and beverage/restaurant's responsibility though it is considered likely that a contributory levy could apply to the balance of the subject site for its preservation and maintenance, including the landscaped pedestrian connection between the Kiln and the Melbourne Water reserve to the west.

1.5 Site Attributes for a Commercial Development

Key attributes that support the proposed development at the Subject Site include:

- Located in a high population growth area.
- Frontage to the Princes Highway allows for significant levels of exposure and accessibility.
- Provides a buffer between the Princes Highway and the residential community directly north of the Subject Site.
- Consistent with general nature of retail and commercial development along the Princes Highway.

2.0 Population and Socio-Economic Characteristics

Study Area Definition

For the purpose of this analysis, two study areas have been selected to review the local and broader region's population and economic context.

These include:

- Local Study Area. Defined by the Beaconsfield - Officer ABS Statistical Area Level 2 (SA2).
- Cardinia Shire.

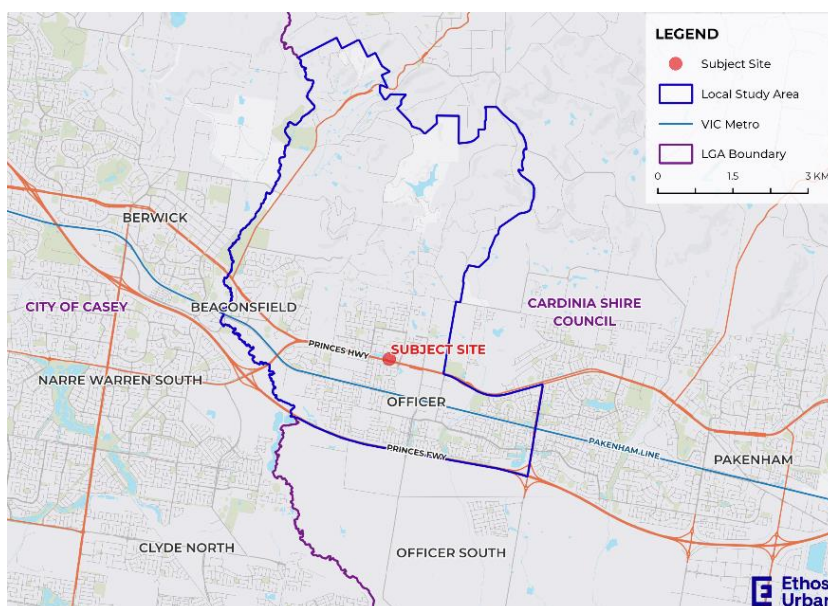


Figure 2 Study Area

Source: Ethos Urban

Population Trends and Forecasts

Cardinia Shire is one of Victoria's fastest growing municipalities, with key growth areas primarily focussed on Officer and Pakenham. Cardinia Shire had an estimated resident population of 126,960 persons in 2023, of which, 26,970 were located in the Study Area.

Between 2011 and 2023:

- The Study Area's population increased by +18,810 persons, representing an average increase of +1,400 persons or +10.5% per annum.
- Cardinia Shire's population increased by +51,130 persons, representing an average increase of +4,260 persons or +4.4% per annum.

Population growth in both the Study Area and Cardinia Shire as a whole will continue to be significant. Population projections from Victoria in Future 2023 (VIF2023) rebased on the most recent ABS estimated resident populations highlight:

- The Study Area's population will reach 45,210 persons by 2036, an increase of +18,240 persons on 2023 levels.
- Cardinia Shire's population is estimated to reach 178,300 persons by 2036, an increase of +51,340 persons on 2023 levels.

Table 1 Recent and Forecast Population

Category	2011	2016	2023	2026	2031	2036	Change 2023-2036
Population							
Study Area	8,160	13,500	26,970	32,260	39,290	45,210	+18,240
Cardinia Shire	75,830	97,570	126,960	139,270	160,370	178,300	+51,340
Annual Average Growth (no.)							
Study Area		+1,070	+1,920	+1,760	+1,410	+1,180	+1,400
Cardinia Shire		+4,350	+4,200	+4,100	+4,220	+3,590	+3,950
Annual Average Growth (%)							
Study Area		+10.6%	+10.4%	+6.2%	+4.0%	+2.8%	+4.1%
Cardinia Shire		+5.2%	+3.8%	+3.1%	+2.9%	+2.1%	+2.6%

Source: ABS, Estimated Resident Population; Ethos Urban; Victoria in Future 2023

Socio-Economic Profile

Demographic characteristics for both the Study Area and Cardinia Shire as a whole are sourced from the 2021 Census and summarised below (refer Table 2).

The following highlights the main findings for the Study Area:

- **High median household incomes.** The median household income in the Study Area (\$112,320) is higher than Cardinia Shire (\$97,710) and Greater Melbourne (\$100,020).
- **Young age profile.** The Study Area's median age is 32.1 years, driven by a high share of families. This compares to 33.7 years in Cardinia Shire and 37.1 years in Greater Melbourne.
- **Diverse population.** Residents born in non-English speaking countries comprised 22.4% of the Study Area's population, of which, 6.9% were born in India and 4.7% were born in Sri Lanka. This compares to 17.5% in Cardinia Shire and 29.5% in Greater Melbourne for residents born overseas from non-English speaking countries.
- **Family-centric.** Approximately 45.0% of all households in the Study Area are couple families with children. The Study Area's average household size at 2.9 persons is representative of the high share of family households.
- **Homeowners servicing a mortgage.** Approximately 55.0% of households in the Study Area are homeowners with a mortgage, compared to 19.3% of households owning their dwelling outright.
- **Diverse labour force.** Professionals (21.5%), technicians and trades workers (15.2%) and clerical and administrative workers (14.7%) are the three most popular occupations for resident workers in the Study Area.

Overall, the socio-economic profile of the Study Area aligns with the typical characteristics of residents in Melbourne's residential greenfield markets. That is, households are young couples with children with steady household incomes servicing a mortgage.

Table 2 Socio-Economic Characteristics, 2021

Category	Study Area	Cardinia	Greater Melbourne
<u>Income</u>			
Median individual income (annual)	\$49,110	\$43,310	\$43,800
<i>Variation from Greater Melbourne median</i>	+12.1%	-1.1%	n.a.
Median household income (annual)	\$112,320	\$97,710	\$100,020
<i>Variation from Greater Melbourne median</i>	+12.3%	-2.3%	n.a.
<u>Age Structure</u>			
0-4 years	8.6%	7.7%	5.9%
5-19 years	20.8%	21.1%	17.8%
20-34 years	24.3%	21.7%	22.7%
35-64 years	37.5%	36.9%	38.5%
65-84 years	8.3%	11.3%	13.0%
85 years and over	0.5%	1.3%	2.0%
Median Age (years)	32.1	33.7	37.1
<u>Country of Birth</u>			
Australia	70.1%	75.3%	64.1%
Other Major English Speaking Countries	7.4%	7.2%	6.4%
Other Overseas Born	22.4%	17.5%	29.5%
<i>% speak English only at home</i>	74.1%	81.2%	64.7%
<u>Household Composition</u>			
<i>Couple family with no children</i>	23.8%	25.2%	24.5%
<i>Couple family with children</i>	<u>45.0%</u>	<u>40.1%</u>	<u>34.6%</u>
Couple family - Total	68.9%	65.3%	59.2%
One parent family	11.6%	12.2%	10.6%
Family households - Total	81.1%	78.4%	70.9%
Lone person household	16.9%	19.3%	24.8%
Group household	2.0%	2.2%	4.2%
<u>Dwelling Structure (Occupied Private Dwellings)</u>			
Separate house	92.4%	91.1%	68.0%
Semi-detached, row or terrace house, townhouse etc.	6.6%	7.7%	16.2%
Flat, unit or apartment	0.1%	0.9%	15.6%
<i>Occupancy rate</i>	97.0%	94.9%	90.0%
Average household size	2.9	2.8	2.6
<u>Tenure Type (Occupied Private Dwellings)</u>			
Owned outright	19.3%	23.8%	30.4%
Owned with a mortgage	55.0%	50.9%	37.8%
Rented	25.1%	23.3%	30.3%
<u>Occupation</u>			
Managers	12.2%	12.1%	14.1%
Professionals	21.5%	16.9%	27.4%
Technicians and trades workers	15.2%	17.6%	12.4%
Community and personal service workers	12.1%	12.2%	10.7%
Clerical and administrative workers	14.7%	13.2%	13.1%
Sales workers	9.6%	8.9%	8.4%
Machinery operators and drivers	6.5%	8.4%	5.9%
Labourers	8.2%	10.7%	8.0%

Source: ABS Census of Population and Housing, 2021; Ethos Urban

Labour Force

An analysis of Cardinia Shire's labour force (i.e. resident workers) in 2016 and 2021 highlights:

- Construction is the largest employment industry at 8,090 workers. Over the five-year period to 2021, persons employed in construction increased by +2,010 workers.
- Health care and social assistance represented the largest change in the jobs held by the resident workforce between 2016 and 2021, increasing by +2,910 workers.
- Other major increases in the resident workforce included education and training (+1,390 resident workers), manufacturing (+900 resident workers), retail trade (+870 resident workers) and public administration and safety (+860 resident workers).

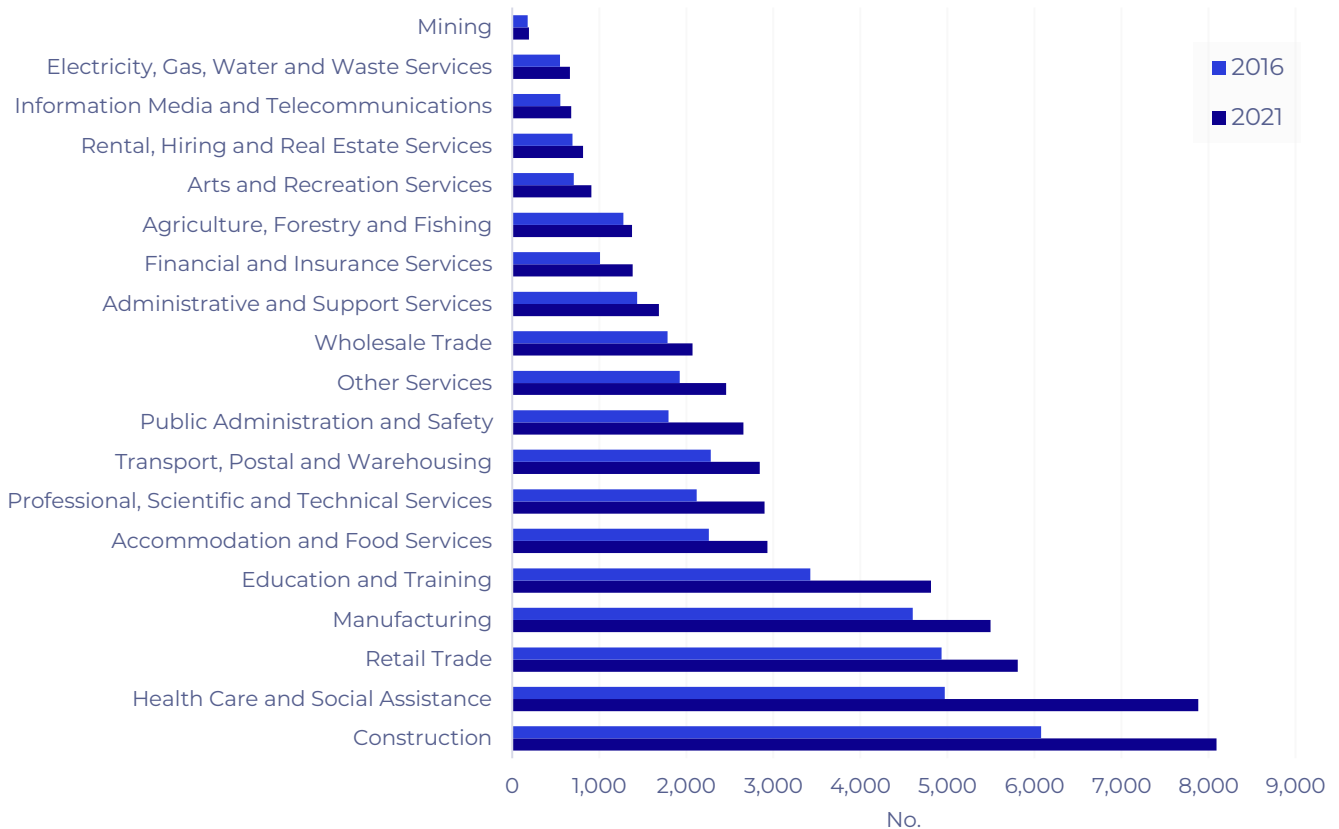


Figure 3 Cardinia Shire Labour Force, by Industry of Employment, 2016 and 2021

Source: ABS Census of Population and Housing

Workforce

Employment by industry (total), modelled by National Institute of Economic and Industry Research (NIEIR), represents the most accurate and up to date measure of employment in an LGA.

Key findings of people employed in Cardinia Shire include:

- Cardinia Shire's workforce was estimated at 39,070 persons in 2022/23, having increased by +16,920 jobs since 2011/12.
- This was driven by increases in the consumer services industries (+11,300 jobs) such as health care and social assistance (+3,040 jobs), education and training (+2,120 jobs), accommodation and food services (+1,540 jobs) and retail trade (1,530 jobs). Construction (+2,650 jobs) and manufacturing (+1,160 jobs) also recorded strong job growth within the shire.
- The three largest industries in Cardinia are currently construction (6,260 jobs), health care and social assistance (5,010 jobs) and education and training (4,380 jobs).

Table 3 **Total Work Force by Industry of Employment, Cardinia Shire**

Industry	2011/12		2022/23		2011/12 to 2022/23	
	No.	Share (%)	No.	Share (%)	No.	% Share
<u>Primary Sector</u>						
Agriculture, Forestry and Fishing	1,510	6.8%	1,840	4.7%	+330	-2.1%
Mining	110	0.5%	340	0.9%	+230	+0.4%
Sub-Total	1,620	7.3%	2,180	5.6%	+560	-1.7%
<u>Secondary Sector</u>						
Construction	3,610	16.3%	6,260	16.0%	+2,650	-0.3%
Manufacturing	1,730	7.8%	2,890	7.4%	+1,160	-0.4%
Sub-Total	5,340	24.1%	9,150	23.4%	+3,810	-0.7%
<u>Tertiary Sector</u>						
<u>Producer Services</u>						
Electricity, Gas, Water and Waste Services	290	1.3%	240	0.6%	-50	-0.7%
Financial and Insurance Services	250	1.1%	510	1.3%	+260	+0.2%
Information Media and Telecommunications	220	1.0%	270	0.7%	+50	-0.3%
Rental, Hiring and Real Estate Services	380	1.7%	470	1.2%	+90	-0.5%
Transport, Postal and Warehousing	1,120	5.1%	1,850	4.7%	+730	-0.3%
Wholesale Trade	710	3.2%	880	2.3%	+170	-1.0%
Sub-Total	2,970	13.4%	4,220	10.8%	+1,250	-2.6%
<u>Consumer Services</u>						
Accommodation and Food Services	1,640	7.4%	3,180	8.1%	+1,540	+0.7%
Administrative and Support Services	650	2.9%	1,060	2.7%	+410	-0.2%
Arts and Recreation Services	430	1.9%	830	2.1%	+400	+0.2%
Education and Training	2,260	10.2%	4,380	11.2%	+2,120	+1.0%
Health Care and Social Assistance	1,970	8.9%	5,010	12.8%	+3,040	+3.9%
Other Services	900	4.1%	1,720	4.4%	+820	+0.3%
Professional, Scientific and Technical Services	990	4.5%	1,800	4.6%	+810	+0.1%
Public Administration and Safety	630	2.8%	1,260	3.2%	+630	+0.4%
Retail Trade	2,750	12.4%	4,280	11.0%	+1,530	-1.5%
Sub-Total	12,220	55.2%	23,520	60.2%	+11,300	+5.0%
Sub-Total Tertiary Sector	15,190	68.6%	27,740	71.0%	+12,550	+2.4%
Total	22,150	100.0%	39,070	100.0%	+16,920	-

Source: Ethos Urban; National Economic (NIEIR) compiled by .id

Employment Self-Containment

Self-containment measures the share of employed Cardinia Shire residents who are employed within the municipality. Cardinia Shire's self-containment rate in 2021 was 32.5%, a slight increase from 2016 levels at 31.7%.

Employment self-containment is at its highest in the following industries:

- Agricultural, forestry and fishing (65.9%)
- Accommodation and food services (59.2%)
- Arts and recreation services (47.2%)
- Retail trade (39.8%)

Sectors generally requiring office space such as Financial and Insurance Services (21.9%), Information Media and Telecommunications (20.9%), Rental Hiring and Real Estate Services (33.3%), Administrative and Support Services (31.5%) and Professional, Scientific and Technical Services (33.4%) are relatively poor in terms of self-containment.

The subject site as well as other new developments have a valuable role to play through accommodating jobs for local residents.

Table 4 Cardinia Shire Self-Containment, 2021

Industry	Total Resident Workers	Resident Workers employed in Cardinia	% of resident workers employed in Cardinia
<u>Primary Sector</u>			
Agriculture, Forestry and Fishing	1,350	890	65.9%
Mining	160	70	43.8%
Sub-Total	1,510	960	63.6%
<u>Secondary Sector</u>			
Construction	8,060	2,450	30.4%
Manufacturing	5,470	1,380	25.2%
Sub-Total	13,530	3,830	28.3%
<u>Tertiary Sector</u>			
<u>Producer Services</u>			
Electricity, Gas, Water and Waste Services	640	110	17.2%
Financial and Insurance Services	1,370	300	21.9%
Information Media and Telecommunications	670	140	20.9%
Rental, Hiring and Real Estate Services	810	270	33.3%
Transport, Postal and Warehousing	2,830	870	30.7%
Wholesale Trade	2,080	340	16.3%
Sub-Total	8,400	2,030	24.2%
<u>Consumer Services</u>			
Accommodation and Food Services	2,920	1,730	59.2%
Administrative and Support Services	1,680	530	31.5%
Arts and Recreation Services	890	420	47.2%
Education and Training	4,800	1,870	39.0%
Health Care and Social Assistance	7,840	1,890	24.1%
Other Services	2,450	930	38.0%
Professional, Scientific and Technical Services	2,900	970	33.4%
Public Administration and Safety	2,630	530	20.2%
Retail Trade	5,780	2,300	39.8%
Sub-Total	31,890	11,170	35.0%
Sub-Total Tertiary Sector	40,290	13,200	32.8%
Total	55,330	17,990	32.5%

Source: ABS Census of Population and Housing; Ethos Urban

3.0 Economic Assessment

This chapter considers the likelihood of the various permitted uses as well as the proposed development to achieve a practical and commercial development outcome.

In this report, a practical and commercial development outcome is defined as one that will:

1. Ensure the future restoration, preservation and ongoing maintenance of the Kiln, and the creation and maintenance of a vegetation corridor that connects the Kiln to the original clay pit (now the Melbourne Water reserve).
2. Complement the amenity and attraction of the Kiln. For example, a development outcome that requires substantial at grade carparking and signage will likely detract from the Kiln's heritage features.

The following approach evaluates multiple potential uses against the suitability of the Subject Site, its market context and competitive framework.

3.1 Residential

Development Context

The residential market in growth areas is primarily focussed on the delivery of detached dwellings. A development containing detached dwellings on that part of the Subject Site outside the Kiln would accommodate three or four small dwellings of approximately 300m² or 400m² lot size. Moreover, a detached dwelling outcome would effectively 'hide' the Kiln from east-bound traffic and remove the potential for any development that restores and celebrates the Kiln. Accordingly, this development outcome is not considered any further.

The same outcome incorporating townhouses or units would provide a similar outcome where a denser subdivisional outcome would also 'hide' the Kiln and limit any development of the Kiln site.

A higher density residential apartment development (albeit limited in scale) could be physically delivered on the Subject Site but would face the challenge all apartment developments face in growth areas; lack of commercial viability.

The reason, to date and almost certainly for the foreseeable future, multi-level residential apartment developments are not commercially viable in growth areas is that the selling price required to offset high construction costs does not represent a commercially attractive scenario for buyers.

Most recently, the ability of developers to deliver residential products that meet the market has been further reduced by a sharp increase in construction costs, which have radically altered the feasibility landscape (particularly for apartment projects).

Industry discussions suggest that the new selling price per m² for an apartment in a growth area would need to be in the order of \$9,000/m² to \$10,000/m². For an 80m² entry level two-bedroom apartment, this equates to a required selling price of \$700,000 to \$800,000. The current house price in Officer is \$730,000. In summary, home buyers are able to acquire a detached dwelling and land for a similar price to that of a new apartment. When this scenario eventuates, it almost always rules out apartment development as a viable development option.

Conclusion

A conventional residential development of the Subject Site for detached housing or townhouses/units is not considered practical as the development would 'overwhelm' the Subject Site and physically limit any redevelopment of the Kiln building itself.

A higher density development, in which the physical footprint of a residential development would be scaled back and across multiple levels, is unlikely to be commercially viable in a growth area setting.

3.2 Retail

Development Context

The context and drivers of retail development have changed significantly over the past decade. The suburban indoor shopping centres that have proliferated since the 1950s—characterised by enclosed, climate-controlled designs, large amounts of car parking, and chain stores—are increasingly in competition with new forms of retail development that respond to fast-changing customer preferences and new technologies.

The rise of online shopping has led to shop vacancies on high streets and declining department store sales, while retailers and shopping centres are now increasingly emphasising the shopper experience, including improved food and beverage offerings, entertainment and services.

The Officer PSP identifies the future Officer Town Centre as a Major Activity Centre (MAC). The Town Centre is expected to provide a diverse range of uses, including a significant amount of retail floorspace, including a full line supermarket and complementary retail.

At just 1,760m² (including the Kiln), the Subject Site is capable of accommodating only a limited retail offering, noting that front of centre at-grade car parking typically accounts for 50-60% of the land area of a retail centre. Including access to the Subject Site from the Princes Highway, a retail development is considered to represent a poor interface use with the Kiln and the limited scale of any retail development is unlikely to be represent a commercially viable outcome.

An alternative retail/commercial outcome of a service station and takeaway food outlet is also considered unviable due to the scale of the Subject Site as such as development typically requires in the order of 2,000m² and, again, even if a development of this nature could be designed to 'fit the site', it is likely to represent a poor interface with the Kiln.

Conclusion

A limited retail development of the Subject Site is unlikely to represent a practical or commercially viable outcome. Moreover, the extent to which a retail/commercial development would complement the Kiln is questioned.

3.3 Medical and Allied Health

Development Context

Private health services play a significant role in the Australian healthcare system.

Health services, including GPs, dental services, and diagnostic services (pathology, x-ray etc.) are required for any population, regardless of age or any other differentiating socioeconomic characteristics.

Population growth, particularly among children and older age groups, drive demand for GPs and other health services such as specialist practitioners, allied health and medical research and education.

The industry is moving towards large integrated medical centres which include the co-location of GPs, specialist and allied health services.

Medical centres and allied health providers benefit from agglomeration benefits, particularly clusters that are anchored by a private or public hospital.

This is evident in the Berwick Health and Education Precinct which is anchored by Casey Hospital, St John of God Berwick Hospital, Federation University and Chisholm TAFE. The Berwick Health and Education Precinct covers approximately 122 hectares of land in Berwick, located either side of Clyde Road, north of Princes Freeway and south of Berwick Village. Several medical GPs, specialist practitioners and allied health services are clustered nearby the precinct.

Main Street Pakenham is further evidence of agglomeration. This should be further consolidated when the Pakenham Community Hospital is developed. The proposed Pakenham Community Hospital will be a small public hospital operated by Monash Health.

A number of standalone medical centres are also situated through the broader area in new estates and along the Princess Highway. These include Rise Medical Centre Officer, Officer Family Medical Clinic and Officer Family Doctors.

Conclusion

The Subject Site represents a reasonable location for a medical centre. A Princes Highway location would provide an appropriate level of exposure, and the non-kiln part of the Subject Site would provide a sufficient area of land to provide for a small medical centre, similar in scale to the Rise Medical Centre, 700m to the west.

A number of limitations are associated with a medical centre at the subject site, including:

- Access from Grace Street would be impractical, so access from the Princes Highway would be required. This would reduce the development footprint (medical suits and at-grade parking) to a level that would be unviable unless the Kiln itself was used as medical suites.
- At-grade parking would be required, resulting in the Kiln and adjoining buildings being dominated by access and parking arrangements.
- The overall development would be of a relatively limited scale that would be insufficient to generate the return required to subsidise the refurbishment of the Kiln and any ongoing costs associated with its preservation and maintenance.

Accordingly, a medical centre is unlikely to represent a practical or economic outcome.

3.4 Office

Development Context

Office development in outer suburban Melbourne is characterised by relatively small developments that serve a regional, rather than corporate market. In this regard, office development in areas like Officer and Pakenham is typically provided as relatively small floorplates. These are typically targeted at local or regional accountants, solicitors, consultants (such as for the construction industry) and small government agencies requiring a localised presence.

The success of an office development in such locations is enhanced by a location with exposure, access and amenity.

An office development provides several advantages in that:

- Subject to the design and location, it can provide a higher built form quality than alternative uses where significant signage and at-grade parking represent critical success factors.
- Office development can take on a vertical scale that other uses are unlikely to in an outer suburban location.
- With considerably fewer traffic movements per day, an office development is more easily able to accommodate parking within the building's footprint (e.g. basement or undercroft parking).
- An office development is more able to generate a scale of development able to subsidise ongoing costs associated with the Kiln and/or site-specific and heritage-related landscaping.

Conclusion

An office component within the Subject Site is considered to represent a reasonable use that provides several distinct advantages.

4.0 Conclusion

The proposed development represents an appropriate economic response to the Subject Site having regard for:

- The limited scale of the Subject Site.
- The location of the Subject Site.
- The need to refurbish and incorporate the Kiln into any development outcome and provide for its ongoing preservation and maintenance.
- The need to provide a vegetative corridor connecting the Kiln to the Melbourne Water Reserve to the west, and to ensure the vegetative corridor is maintained on an ongoing basis.

The proposed uses are considered appropriate having regard for the need to ensure a built form outcome that minimises at-grade parking and minimises building footprints. An office outcome is particularly important in this regard due to the ability to realise vertical scale and incorporate car parking within the building's footprint, through the use of undercroft parking.

Yours sincerely,



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