Spatial Economic and Employment Strategy

Yarra City Council

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OFFICES IN CANBERRA, HOBART, MELBOURNE, AND SYDNEY ON THE COUNTRY OF THE NGAMBRI/NGUNNAWAL/NGARIGO, MUWININA/PALAWA, WURUNDJERI, AND GADIGAL PEOPLES.

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Purpose

In 2018, City of Yarra adopted the Spatial Economic and Employment Strategy (SEES). The strategy was developed to assist the City of Yarra to understand and capitalise on Yarra's economic strengths and respond to key trends and economic drivers over the next 10 to 15 years.

Since 2018, new data has been released and significant development activity has occurred. In addition, there have also been significant changes to the broader economy and a global pandemic, which has shifted or accelerated many economic trends that directly impact the role of employment land within Yarra.

In response to the changing context and available data, this Strategy aims to update the previous analysis, investigate impacts on the local economy and trends, and affirm or update the strategies and directions of the 2018 Spatial Employment and Economic Strategy.

Context

Yarra is an integral part of Melbourne's inner city with well established medical and education precincts (St Vincents, Epworth Richmond, and Australian Catholic University), major activity centres (Brunswick Street, Smith Street, Swan Street, Victoria Street, and Bridge Road) and a variety of major and supporting employment precincts like Cremorne and Gipps Street Major Employment Precincts.

The City of Yarra plays a vital role in the economy of Metropolitan Melbourne. It sustains a diverse range of businesses that contributed $14.9 billion Gross Value Add (GVA) to Melbourne's economy in 2023, equivalent to nearly 14% of its total value added. By way of comparison, Yarra represents just 0.2% of Greater Melbourne's land area and hosts 2% of its population.

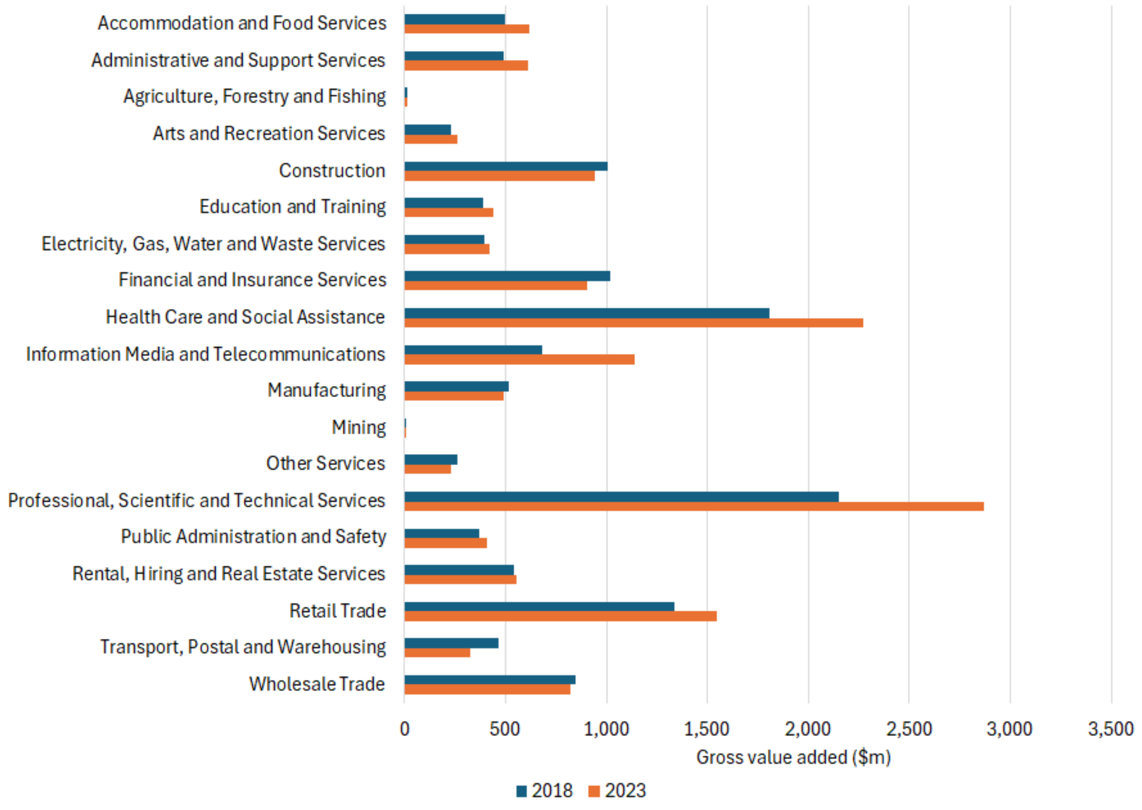
Despite their fundamental role in supporting Melbourne's economy, competition from other land uses (principally, residential) can affect Yarra's economic base. Care must be taken to ensure they are retained to maximise economic diversity and productivity in Yarra and Melbourne.

Yarra's Key Industries

Yarra's economy has now transitioned to the point where business services (professional services, IT) and higher-order population services (health, retail/entertainment) generate the greatest levels of economic value. Those industries grown the fastest in the post-COVID era (2019 to 2023).

The growth of these services translates into increasing demand for retail floorspace in activity centres and commercial office floorspace in employment precincts and activity centres.

Gross value added ($ million) by industry in Yarra, 2018 and 2023



Source: SGS Economics & Planning (2024)

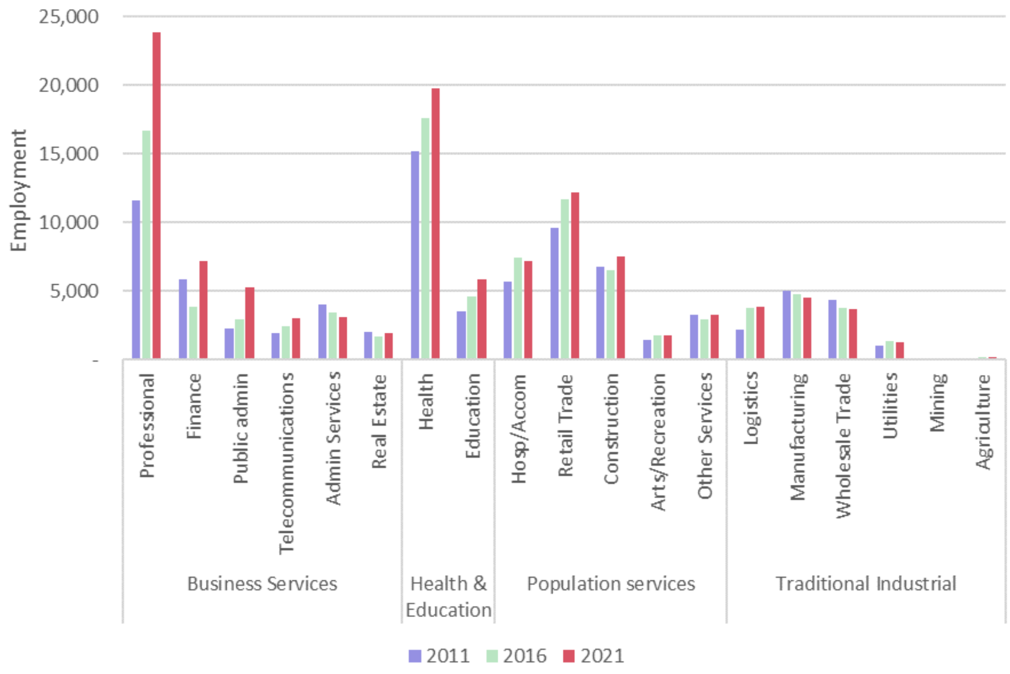
Employment in Yarra

Employment has also grown across most industries in Yarra over the past decade – reinforcing Yarra as a thriving location for businesses and workers.

The overall number of jobs has increased in Yarra between 2011 and 2021 – growing from 81,200 in 2011 to 110,700 by 2021.

Professional services jobs have grown the most rapidly, more than doubling from 2011 to 2021, overtaking health as the number one employing industry during this period. This growth in professional services has driven the demand for office space.

Jobs by industry - Yarra, 2011-2021



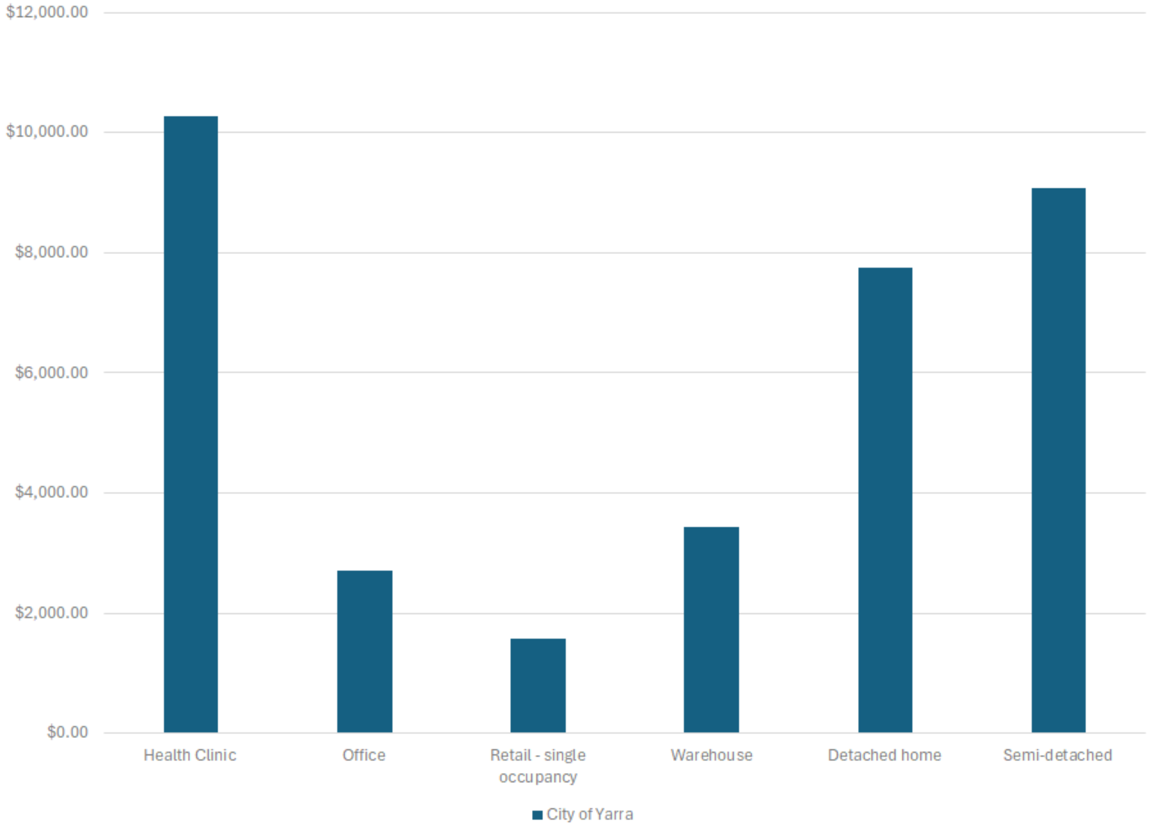
Source: ABS Census INDP (POW), 2011; 2016; 2021

Property values

Despite the demand for offices for professional service jobs, sale price per square metre in Yarra for offices is $2,800 per sqm – compared to $7,800 per sqm for residential uses and $10,200 per sqm for health care uses. Retail floorspace is also lower in sales value.

A result of these market discrepancies is residential uses 'crowd out' and displace commercial office or retail despite the value of employment opportunities and other economic benefits.

Average sale price per square metre for different property types, Yarra



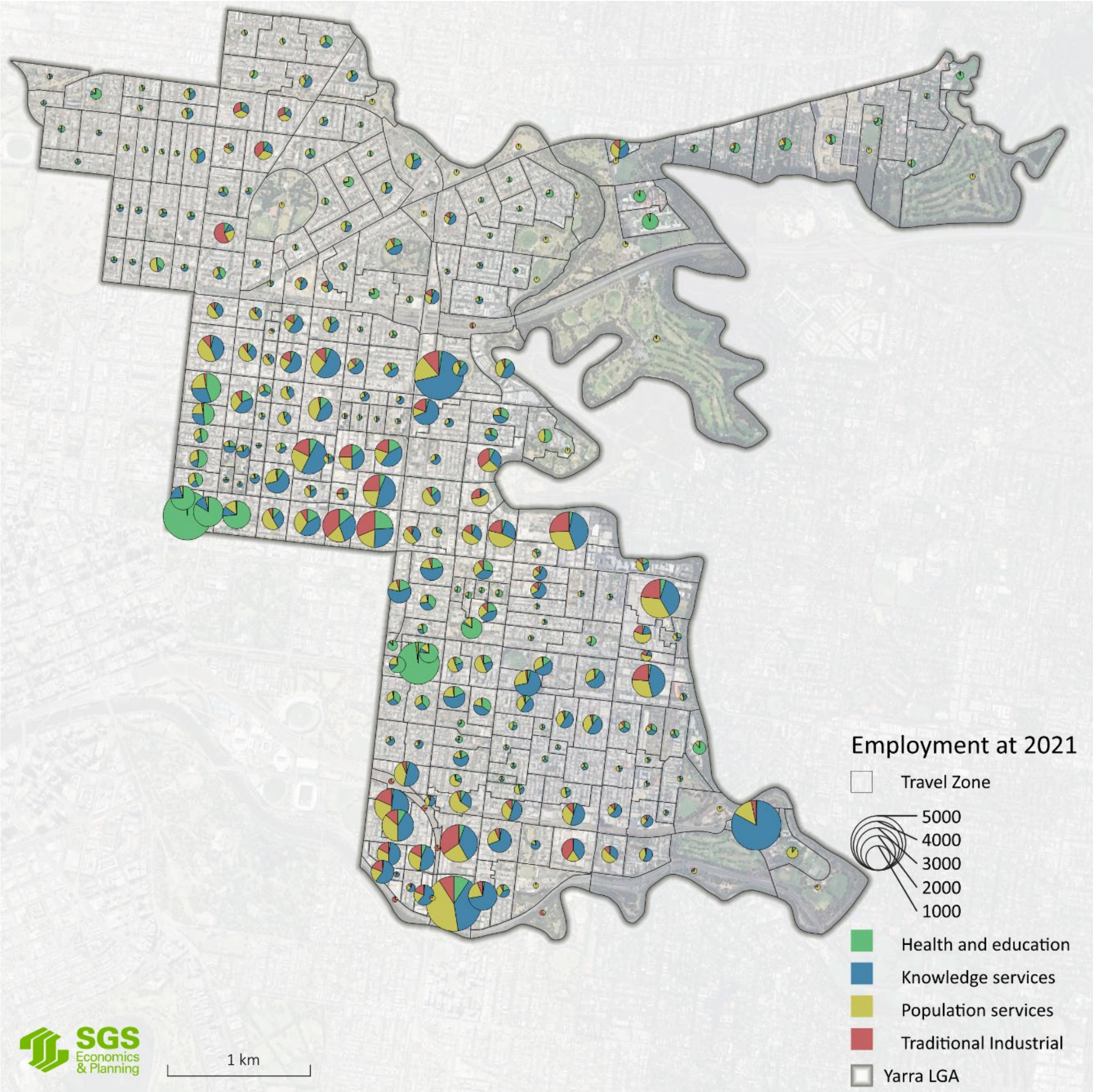
Source: Valuer General Victoria Property Sales Statistics, 2023

Spatial distribution of economic activity

There are several distinct employment clusters in Yarra, including:

- Health jobs focused around the St Vincent and Epworth Hospital precincts,
- Population services focused along the five major activity centre corridors
- Traditional industrial, which continues to operate in Abbotsford, Gipps St and Cremorne
- Business services are more evenly distributed across the LGA but still exhibit some major clusters, including in Cremorne and Gipps Street, and two dedicated office precincts benefiting from river amenities in Burnley and Collingwood.

Mix of employment by travel zone



Source: SGS Economics & Planning Small Area Model (SAM23) derived from ABS Census and other public datasets

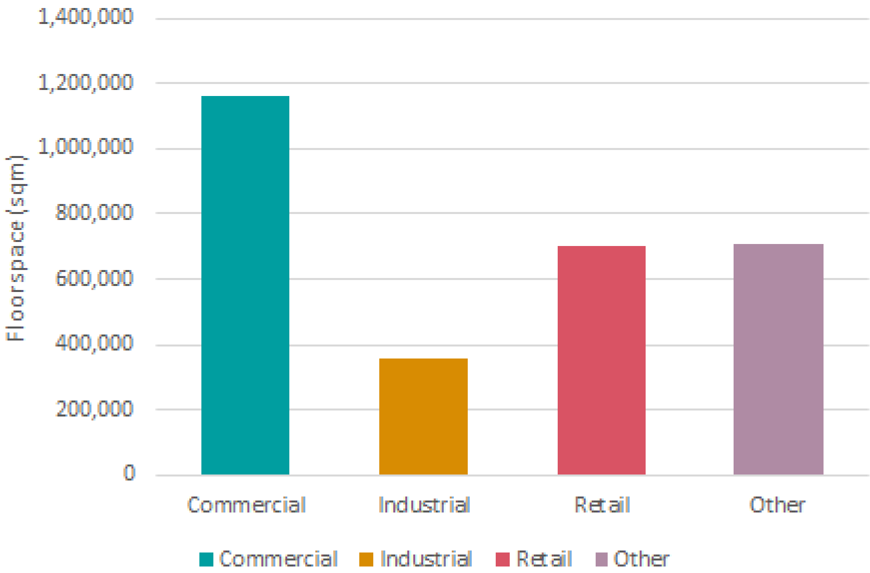
Land use audit

The highest concentration of employment floorspace is in activity centres (1.5million sqm), whilst major employment precincts also possess 1.3million sqm of employment floorspace.

Floorspace in Yarra's activity centres is comprised of a mix of commercial office, retail and other uses. Since offices occupy one-third of the centre floorspace, retaining and potentially expanding this land use within centres is necessary.

Major employment precincts primarily comprise industrial and commercial offices. Since industrial uses still account for nearly half of the employment floorspace in these precincts, their role is important and these land uses should also be retained.

Employment floorspace by broad industry category, 2024



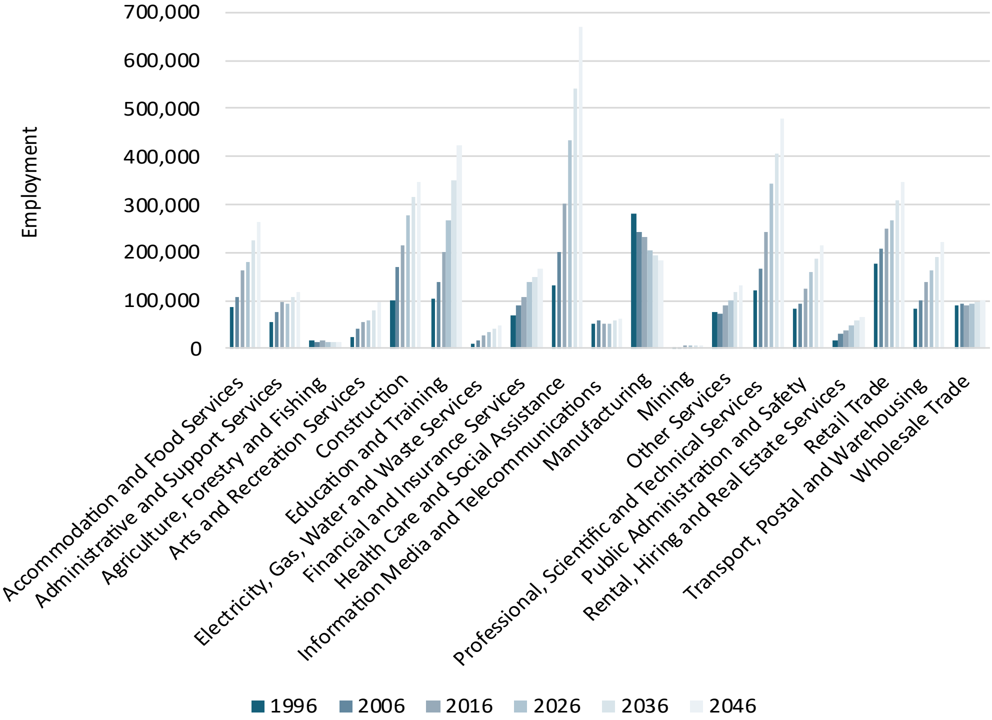
Source: SGS Economics and Planning, 2024 using Yarra City Council land use audit data, May 2024 & Geoscape data with Google data.

Employment forecasts

Turning our attention to the future, Healthcare and Education will see the strongest increase in economic and employment activity in the long run, followed by Professional Services.

In the long run (post-2036), the Hospital and University anchors and their ancillary operators will likely seek out a much larger share of employment floorspace. Council should consider opportunities to incorporate that demand (should capacity exist).

Greater Melbourne Employment by ANZIC, 1996 - 2046



Source: SGS Economics & Planning using internal Small Area Model data, 2023.

Employment to floorspace ratios

Most businesses in Yarra already maximise the effective use of limited space, as shown through the average low volume of floorspace each employee occupies. Job-to-floorspace ratios are, therefore, expected to hold relatively steady in the future.

With that being the case, Professional Services will continue occupying the highest floor space in the LGA. Health & Education will grow the fastest but remain the second strongest source of demand for employment floorspace.

Projected floorspace demand (sqm) using SGS floorspace ratios by broad industry category in Yarra, 2021-2041

Broad land use category	2021	Floorspace to job ratio (sqm)	2031	2041	Growth 2021-41	% Growth
Business Services	1,159,085	27	1,218,372	1,315,841	156,756	14%
Health and Education	706,753	27	869,850	978,581	271,828	38%
Population Serving	699,890	29	741,060	802,815	102,925	15%
Traditional Industrial	359,298	25	347,071	371,862	12,564	3%
Total	2,925,026		3,176,353	3,469,100	544,074	19%

Source: SGS Economics and Planning Small Area Model (SAM23)

Additional floorspace required

Vacancies are generally low across the City of Yarra, particularly in activity centres (which helps to keep amenity high). However, the tight hold on floorspace (and land) means that newer businesses looking to establish in Yarra have some challenges finding suitable floorspace. Given this, larger tenants typically need a major site for re-development (e.g. the Australia Post case study at Section 4.4).

The low vacancy rate also means a low floorspace demand gap in the future. Therefore, economic and employment activity growth will almost certainly need to be accommodated via new development (or redevelopment).

Given the intensifying nature of employment land use in Yarra, any redevelopment that displaces employment uses, or rezones employment land to allow non-employment uses, could have a significant economic cost to the Yarra and Victorian economy.

Forecasts suggest the City of Yarra will need capacity by 2041 for at least:

- 120,000sqm of additional employment floorspace in activity centres
- 350,000sqm in employment precincts.
- Between 468,000sqm and 544,000sqm total across the municipality (however given low vacancy rates, the demand is likely to be closer to 544,000.

Floorspace demand gap to 2041

Precinct type	Total floorspace 2024 (sqm)	Overall vacancy rate	Estimated vacant floorspace (sqm)	Floorspace demand to 2041	Gap of additional floorspace required
Activity Centres (Population Serving)	1,498,304	2.5%	37,081	156,756	-119,675
Employment Precincts (Business Services, Health & Education, Industry)	1,317,602	2.9%	38,831	387,317	-348,486
Total	**2,815,905**	**2.7%**	**75,912**	**544,073**	**-468,161**

Spatial strategy

Yarra's stock of employment land is a strategic resource that accommodates a large and diverse range of businesses and jobs and provides employment for an extensive and growing number of workers with a wide range of skills.

Given there is significant demand for floorspace to accommodate projected growth to 2041, the task for Yarra in managing its employment land is to consider how best to respond to prevailing economic trends that will see continued changes in the nature of inner-city employment and strong employment growth and demand for other uses, in particular housing.

The main drivers of these changes include: the growth of health sector employment; strong growth in knowledge intensive employment; continued decline in traditional industrial uses; and pressure for conversion of employment land to housing.

Five strategic responses are recommended for the management of Yarra's employment land:

- Retain and intensify the use of employment land
- Reinforce preferred locations for housing growth
- Plan for the transition of Yarra's large industrial sites
- Leverage growth in health and education.
- Investigate a mechanism for more affordable workspaces

1. Introduction

1.1 Project background and purpose

In 2018, Council adopted its Spatial Economic and Employment Strategy which was developed to assist the City of Yarra to understand and capitalise on Yarra's economic strengths and respond to key trends and economic drivers.

Much of the analysis that underpinned the 2018 report was completed between 2015 to 2016. In 2023, the strategy was approved into the planning scheme as a background document via Amendment C269yara.

While much of the data analysis within the original SEES is now almost a decade old, it still provides a solid foundation for the spatial framework of employment within Yarra. It also pioneered a more nuanced understanding of the inner-city creative economy and was instrumental in clarifying the important ongoing economic role of transitional precincts such as Cremorne and Gipps Street – which have since thrived to become flagship employment precincts for Melbourne and Victoria.

Since 2018, there has been an ABS Census, a range of other data releases and significant development activity. Council has also prepared and adopted a local Housing Strategy, along with several other precinct-specific policies and planning scheme amendments. In addition, there have also been significant changes to the broader economy and a global pandemic, which has shifted or accelerated many economic trends that directly impact the role of employment land within Yarra.

1.2 Purpose of this report

In response to the changing context and available data, this Strategy aims to update the previous analysis, investigate impacts on the local economy and trends, and affirm or update the strategies and directions of the 2018 Spatial Employment and Economic Strategy.

This report focuses on the policy and economic context, the role and purpose of Yarra's employment lands, existing use of floorspace and future needs. The report ends with a distillation of key findings and implications as well as an updated strategic framework.

2. Context

This chapter provides a high-level review of the current planning and policy framework relevant to Yarra's employment lands. It also describes key economic trends relevant to the future of employment and economic activity.

2.1 Policy context

A wide array of strategies and policies inform this study at both the State and local levels. This includes general government strategies and policy nested within the planning scheme.

A detailed summary of these strategies and policies is included in Appendix A.

The Victorian State Government's long-term strategic direction to support jobs, transport and housing for Melbourne is set out in *Plan Melbourne*.

The key areas of focus for Yarra in *Plan Melbourne* are the various health and education precincts (St Vincents, Epworth Richmond, as well as the Royal Victorian Eye and Ear Hospitals, located just south of Yarra's boundary), Australian Catholic University, and major activity centres along Brunswick Street, Smith Street, Swan Street, Victoria Street, and Bridge Road.

Victoria's Housing Statement, released in September 2023, aims to boost housing supply and affordability in Victoria, setting a bold target of building 80,000 new homes a year across the state over the next 10 years. The Statement also sets out a commitment from the State Government to deliver a new *Plan for Victoria,* an update to Plan Melbourne, which sets further targets to deliver 70 per cent of new homes in established areas. The State Government has set local government targets to guide where those homes will be built. The Housing Targets for Yarra is set at 44,000 dwellings that the planning scheme needs to be able to provide for. However, the Housing Statement acknowledges the need to balance housing and employment uses with a continued focus on precinct planning for urban areas in transition. That suggests the City of Yarra must plan and be clear about balancing those two priorities spatially.

The strategic and economic importance of Yarra's employment lands is a recurring theme in state and local policies. State government planning scheme policy emphasises the importance of employment lands (at clauses 17.01-1S, 17.03-1S and 17.03-1S), while local policy expands upon this (at clauses 17.01-1L and 17.02-1L).

Yarra's local planning policy frameworks directs housing growth to designated sites and activity centres (Clauses 02.01, 02.03-5, 02.04 and 16.01-1L), away from employment precincts such as Cremorne, Gipps Street and Abbotsford or Richmond East.

2.2 The importance of planning for employment land

Employment land in Victoria is designated and protected through land use zoning - industrial, commercial and mixed-use zones are commonly used.

While there is a role for the market in determining land use, zoning helps to balance the distribution of land uses that are vital to the ongoing viability of a city in a market that values the use of these lands unequally. Regulation of land use is necessary in addressing these market failures.

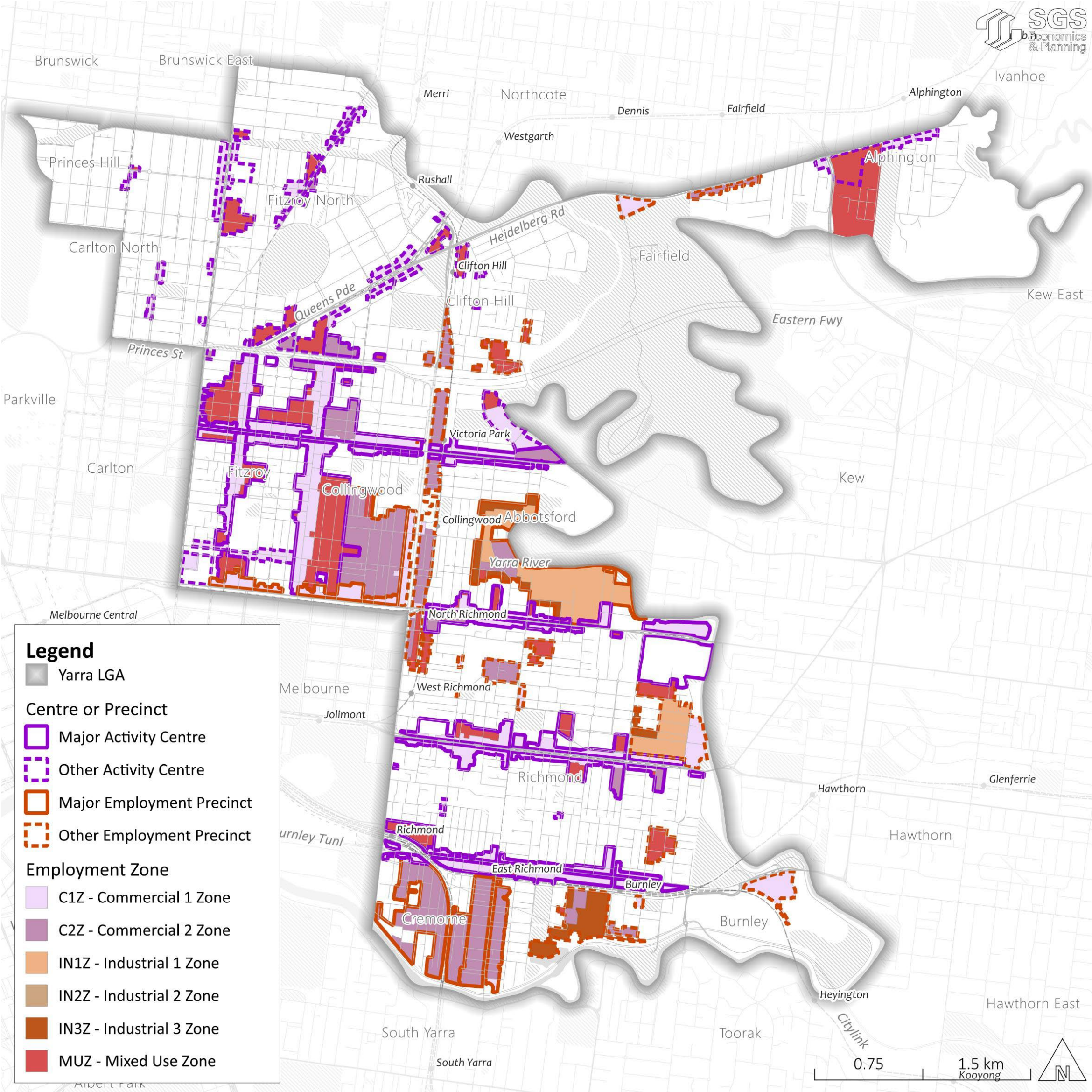
As the recent development cycle has demonstrated, few land uses can compete with high-density residential in a city dealing with high population growth and a strong preference for residential real estate amongst homeowners and investors alike. The Productivity Commission highlighted that land values can be sensitive to zoning. When land in Fisherman's Bend was rezoned to allow greater residential development, average land values in its Montague precinct rose by 60 per cent in one year.[1] Planning is integral in safeguarding the appropriate conditions for critical economic functions to operate in a city.

Planning as an interventionist mechanism and a tool for economic visioning becomes increasingly important when looking ahead. The importance and significance of employment land must be thoroughly considered in both the context of pressures being felt today and what is likely to occur. When decisions are made to rezone employment lands to permit residential use, the change in land value that this creates often means that the employment activity is permanently displaced. The irreversible nature of that decision means that employment land is finite in an inner-city context, and there would need to be overwhelmingly conclusive evidence to overhaul these precincts as pure, unencumbered business locations.

In metropolitan contexts, such as Yarra, where increased population growth is supported, the concept of the 'retention' of employment land sounds limiting or misguided in the context of a fast-growing city with increased demand for housing. However, protecting employment lands does not and should not translate into freezing current frameworks in time. Rather, by intensifying the employment land use and acknowledging the vital importance of the Yarra LGA, the locality can be placed centre-stage in the wider strategic direction of the entire city. A fast growing and changing city also requires space which can accommodate all forms of land use tied to that growth.

[1] Productivity Commission, *'Victoria's Commercial Land Use Zoning'* 2020, with reference to research undertaken by Knight Frank, 2013.

Figure 1: Employment related zones in the Yarra LGA



Source: SGS Economics & Planning, 2024.

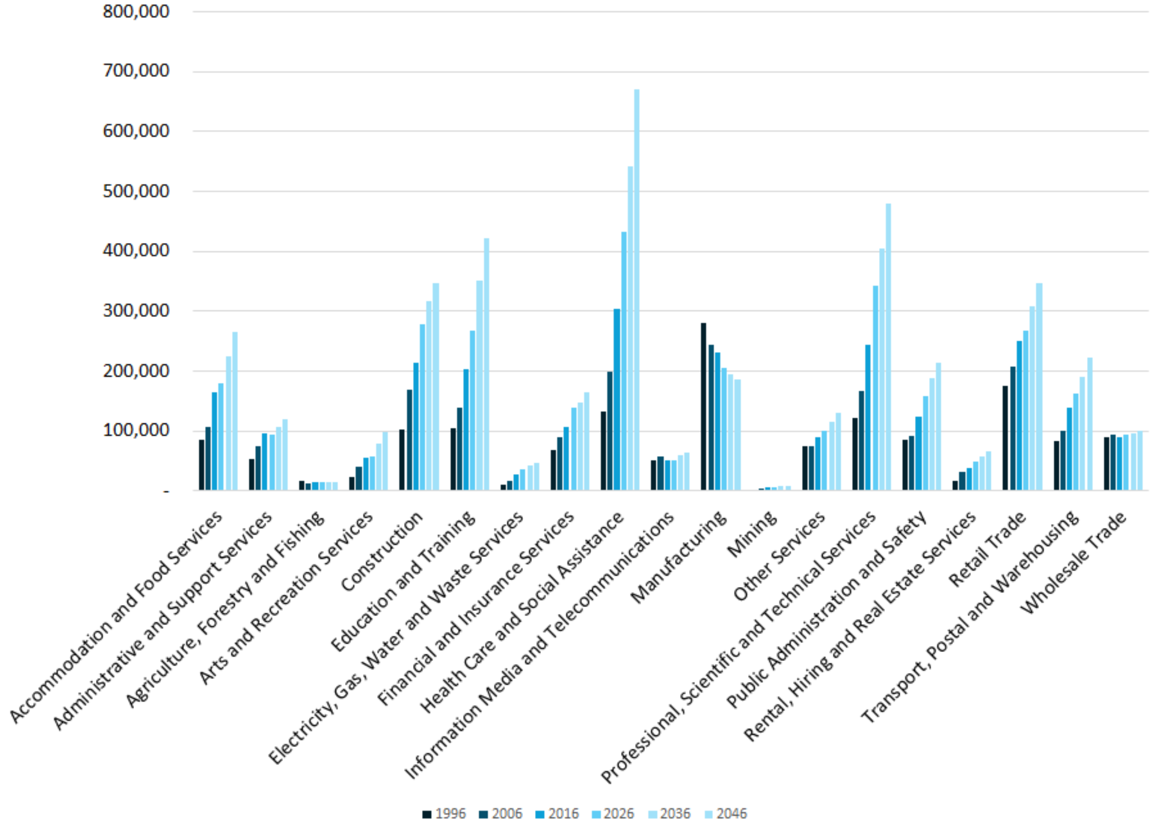
2.3 Macro-economic context

Changing structure of the economy

The past thirty years have seen a profound restructuring of the Melbourne economy. Melbourne has transformed from an industrial city into one whose economy is driven by knowledge-intensive activities. This structural change has impacted the composition and location of employment across the city.

Melbourne's economic structure has changed significantly in the last 30 years and will continue to do so. Many parts of the Melbourne economy such as professional services and health care have grown significantly in employment since the 1990s (and are expected to continue expanding). Others such as manufacturing and wholesale trade have experienced some degree of employment decline or stagnation (although still remain significant employers).

Figure 2: Greater Melbourne Employment by ANZSIC, 1996 - 2046



Source: SGS Economics & Planning using internal Small Area Model data, 2023.

Health and Education

Health care and social services are essential services that help people lead the life they want, regardless of age, language barriers or disability – they are also major economic sectors. The sector provides jobs, can drive innovation, and can be an exporter by selling services to the region and products overseas. The industry has enormous potential to drive local economic growth in tandem with population growth.

Health care is one of Australia and Melbourne's highest-performing sectors, growing at double the pace of GDP (Gross domestic product). With an ageing population, new technological innovations, and a continued investment post-pandemic, the healthcare sector will only continue to expand.

In Yarra, growth in the health care and social services industry has reflected this broader trend, growing by 2.7 per cent in employment (+4,551 jobs) between 2011 and 2021 (see Yarra's economic profile in Section 3.2). Much of this growth can be attributed to the growing presence of allied health services in the existing health precinct on Victoria Parade, where St. Vincents Hospital (both public and private) are situated – along with the growth of those anchors themselves. Some growth has also occurred around the Epworth Hospital.

Education and training as an industry remain strongly linked to Australia's growing population. While COVID-19 caused a reduction in international student enrolments, the industry has seen continued growth in employment at both the national level and within Yarra.

Yarra has experienced a significantly higher growth rate in employment within education and training (5.2 per cent) compared to Greater Melbourne (just 1.6 per cent) between 2011 and 2021 (see Yarra's economic profile in Section 3.2). Looking ahead, the potential introduction of caps to international student numbers could slow the growth of this sector, however, in the long term, even with caps, the industry should still gradually expand.

Retail and hospitality sector

The retail industry is particularly exposed to ongoing structural changes in the economy, threatening the viability and vibrancy of 'high street' shopping.

Retail trends show that there has been a continued shift away from 'bricks and mortar' retailing towards online retail. In just over 10 years, online retail turnover has increased by over 400 per cent and now makes up a total of over 10 per cent of all retail turnover in Australia. This peaked in 2021 during the pandemic at 15.3 per cent of all retail turnover.

The Australian Bureau of Statistics (ABS) recognises this is likely to be a significant undercount of total online retail sales in Australia as it does not account for goods purchased directly from overseas and third-party websites. At the same time, 'click and collect' purchases are noted as being severely underreported.

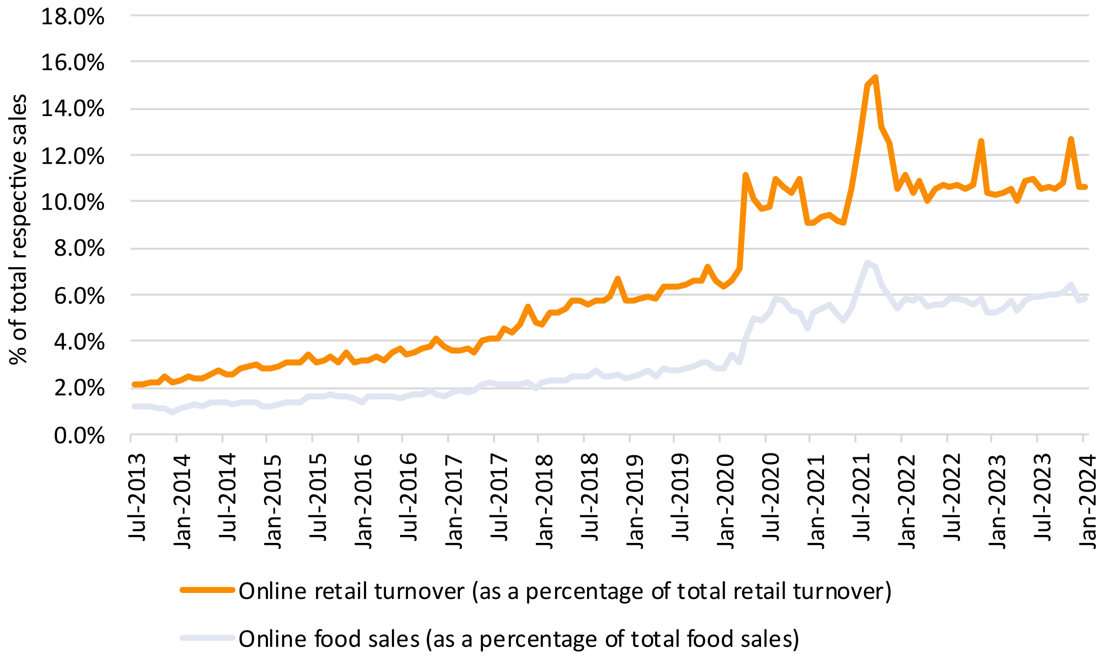
The impact of online sales on retailing has redefined how businesses operate and consumers shop. The integration of online and in-store operations has become essential for the success of many retailers.

The pandemic years also greatly influenced how people purchase traditional staples such as food (which had, to that point, been largely immune from the effects of online platforms). The percentage of online food sales increased dramatically over this period – increasing from below 6 per cent in 2019 to over 15 per cent in 2021. It has since levelled out to approximately 11 per cent in 2024.

These trends pose some challenges for Yarra's retail precincts/activity centres and the need to ensure continued vibrancy and competitiveness.

However, in Yarra, most key activity centres are in multi-purpose activity hubs, with entertainment, community services and retailing. The retail property industry is repositioning itself towards multi-purpose development and many of Yarra's centres are well placed to respond to this trend.

Figure 3: Online retail turnover as a percentage of total retail turnover and online food sales as a percentage of total food sales, Australia 2024



Source: ABS Retail Trade dataset, Online retail turnover Australia by type of activity percentage change, January 2024.

Creative sector

The creative economy continues to grow and represents an increasingly larger share of the Victorian economy. Creative industries include Publishing, Motion Picture and Sound Recording, Internet Publishing and Broadcasting, and Creative and Performing Arts Activities.

In 2016/17, the creative economy represented 6.4 per cent of the Victorian economy; by 2021/22, this had grown to a share of 7.4 per cent.[2] In 2023, over 320,000 people were employed in Victoria's creative sector, making up nearly 9 per cent of Victoria's workforce.

While the sector has seen unprecedented growth in recent years, it was also one of the most impacted industries during the pandemic. By August 2020, employment in creative industries had fallen nearly 5 per cent.[3]

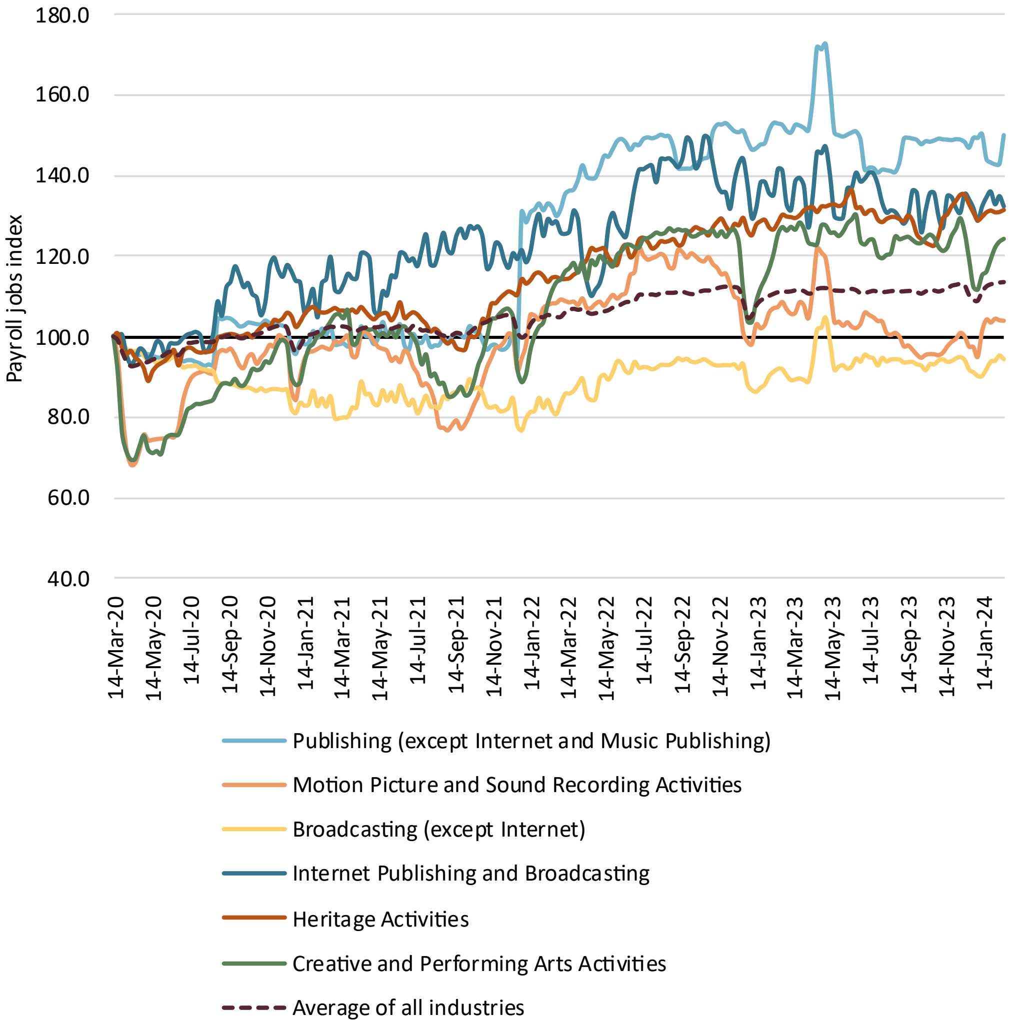
While many industries saw sharp rebounds in employment after the end of lockdowns in Victoria, creative industries have faced a much slower recovery in employment numbers (see Figure 4).

The creative sector of Yarra has a presence in both the Cremorne and Gipps Street Employment Precincts (studios, makers, producers) and activity centres (more from an output/customer-facing perspective).

Creative industries sit within multiple ANZSIC industries. Figure 4 below captures the major creative industries that can be defined by ABS datasets. There are other smaller groupings scattered across most ANZSIC industries which could have creative elements to their work.

[2] Creative Victoria, Economic contribution data: Victoria's creative economy
[3] Ibid.

Figure 4: Weekly payroll jobs index by select industries, Australia 2020 - 2024 (100 = number of jobs at the beginning of the pandemic)



Source: SGS Economics and Planning, 2024 using ABS weekly Payroll Jobs and Wages in Australia, Week ending 17 February, 2024.

Night-Time Economy (NTE)

A successful economy balances daytime activities with a vibrant night-time economy, often from 6 pm to 6 am. Cities around the world and within Australia have recognised the great potential of a 24-hour economy as a driver of growth.

Melbourne is already home to a robust NTE, with an entertainment offering that sets it apart from many other cities around Australia, as well as a renowned nightlife that includes entertainment and cultural offerings.

Yarra possesses several lively night-time/24-hour precincts that generate significant visitation, employment, and economic benefits and ensure Yarra's key activity centres are lively and hubs of activity, day and night.

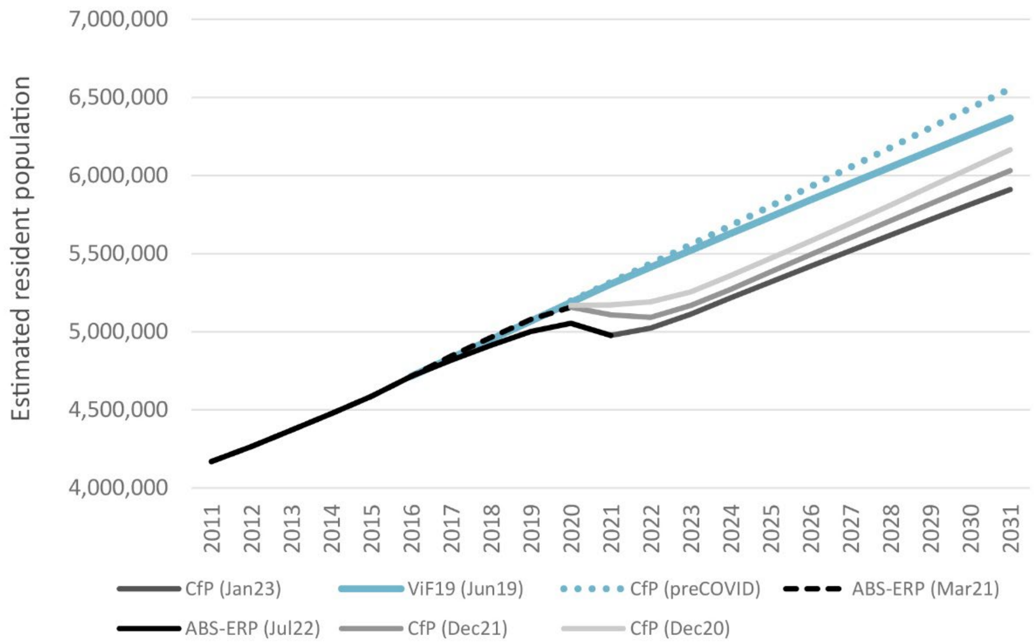
Retail and hospitality are the primary employers in the NTE. However workers from support industries such as transport, utilities, public administration are critical to the ongoing operation of the NTE.

Continued impacts of Covid-19

As discussed above, the pandemic had a profound effect on many industries.

Stalled population growth is likely the most widespread and long-lasting impact of COVID-19 Figure 5 shows the post-COVID population impacts for Greater Melbourne where population projections have been reduced. More locally, the 2022 population in Yarra was 92,301 – almost 4,500 people less than the population peak in 2020.

Figure 5: POPULATION PROJECTIONS - GREATER MELBOURNE



Source: ABS, CfP - Centre for Population (2023)

Changing nature of work

Working-from-home, the rise of technology that enables work to be done anywhere, the growth of the sharing economy, the use of consultants, freelancers, contractors and crowdsourced labour to provide flexibility to scale up or down resources, and workers seeking more flexible work and lifestyles, are all impacting on the economy.

These trends have significant implications for not only 'how' people work but also 'where' and 'when' they work. A July 2023 report from the McKinsey Global Institute found that office attendance remains 30% lower than pre-pandemic, indicating hybrid working is here to stay.[4] Based on these trends, under

[4] McKinsey Global Institute (2023), 'Empty Spaces and Hybrid Places'.

a modest scenario, McKinsey predict that demand for office space in major cities worldwide will be 13% lower in 2030.[5]

According to the Property Council of Australia, Melbourne has seen continued increases in office vacancy rates over recent years, climbing from 14.1 per cent in 2022 to 16.4 per cent in 2024.

However, while there is an overall decline in demand for office space within the CBD, demand for higher-quality office space outside of the CBD in the inner city has increased. There is also a clear divergence between demand for older, lower-quality stock and new, premium office buildings, as existing stock struggles to keep up with newer features (due to rising costs of refurbishment since the inflationary period of 2021-23).[6]

More locally in Yarra, consultation with agents in the market confirms the Cremorne-Richmond market is more unique, with low vacancy *rates*, strong development and tenant interest for new and old space. Other suburbs such as Collingwood and Abbotsford are considered less sought after; some buildings can still face vacancy issues.

Impacts of climate change

Climate change will present significant challenges to economic performance, particularly from the impact of natural hazards like sea-level rise.

A 2019 report by climate risk analysts XDI[i] examined Australia's climate risk between 2020 and 2100 by considering five hazards: bushfire, riverine flooding, coast inundation, subsidence, and wind.

This data considered more than 15 million Australian addresses in 544 Local Government Areas and ranked Local Government Areas for current and future risk vulnerability. The analysis found Yarra will see the number of high-risk properties (properties that are deemed at high risk from climate change and extreme weather events) within the municipality almost double from 350 in 2020 to 660 in 2100.

More broadly, climate change affects the economy negatively through physical damage, reduced labour productivity, financial/investment risks. Some opportunities include low-carbon sectors, renewable energy and green technologies – all of which could be future investment opportunities for Yarra's business community.

Property market

Property sales statistics for 2023 identify Yarra as one of the most expensive municipalities in Melbourne for real estate.

The median house price is about $1.5 million, almost double that of Metropolitan Melbourne, while the mean block size in Yarra is less than half that of Metropolitan Melbourne. This means that the price per square metre is almost five times greater in Yarra than all of Melbourne (see Figure 6).

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[5] Ibid.
[6] Property Council of Australia, 2024, Media Release: Office supply pushes vacancy rate upwards, but high-quality office space proves popular, accessed March 2024.

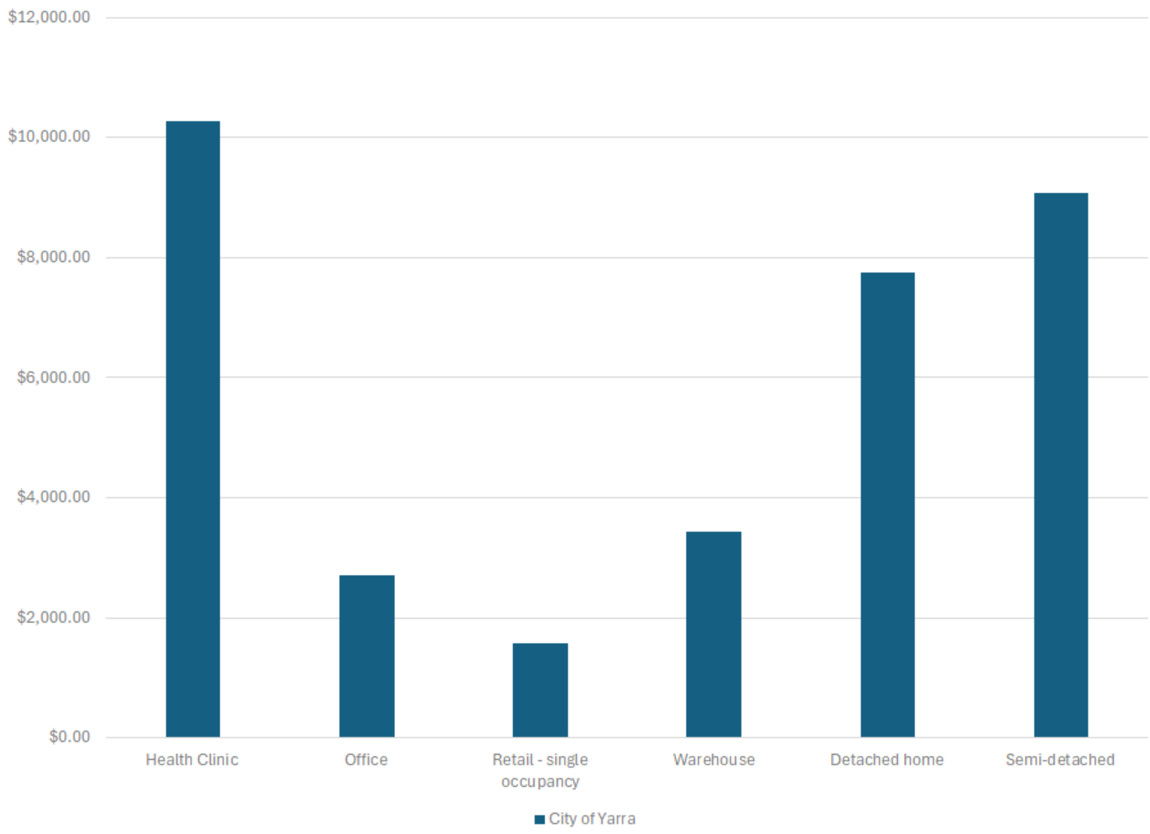
Nevertheless, residential property prices for detached houses are slightly lower in Yarra than in Port Phillip or the City of Melbourne, although semi-detached houses are more expensive in Yarra. The median apartment price in Yarra $550,000 in 2023, the same as in Port Phillip, compared to $515,000 in City of Melbourne.

Health clinic property is significantly more expensive in Yarra than elsewhere. Office spaces fall between the prices seen in the Cities of Melbourne and Port Phillip. Retail and warehouse space in Yarra are more affordable than in the other two municipalities, although still considerably more expensive than across Metropolitan Melbourne.

Under these market conditions residential uses 'outbid' all other uses. Land-owners seeking optimal returns are likely to pursue residential conversion or sell to residential developers (who will likely be the highest bidders), displacing existing employment uses. Even in areas where residential uses are not permitted due to zoning restrictions, there is often still significant pressure for residential conversion.

The presence of significant demand for residential use means that housing 'crowds out' employment if the market is allowed to function free of regulation – particularly with the redevelopment of existing employment buildings. This highlights the case for government regulation of the land market through zoning and other mechanisms to protect employment opportunities for the local community.

Figure 6: Mean sale price per square metre for different property types, Yarra



Source: Valuer General Victoria Property Sales Statistics, 2023
Nb: statistics are not available for all land/building types in all municipalities; the chart represents a selection of statistics across industrial, commercial, and residential uses with available data.

3. Yarra's economic role

This section sets out key trends across the Yarra economy and describes its role within the broader metropolitan context. A detailed economic profile is included in Appendix B.

3.1 Yarra's importance in the wider economy

With the continued transformation of Yarra's economy from a primarily industrial economy to one driven by knowledge-intensive activities (such as professional services), Yarra's importance to the wider Melbourne economy has also continued to grow.

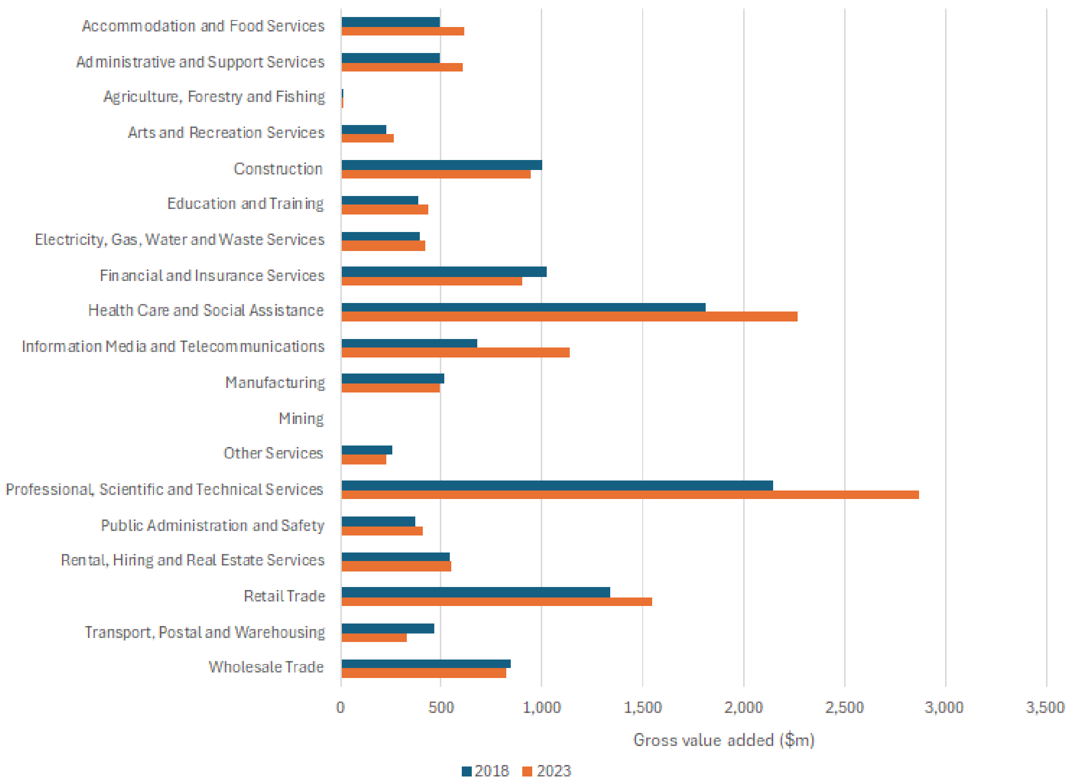
Yarra's economic growth has outpaced Greater Melbourne's over the long and short term:

- Since 1996, Yarra's economy has more than tripled in gross value added[7] (GVA) at a rate of 4.5 per cent. Over the same period, Greater Melbourne's economy grew at a rate of 4.1 per cent, almost half a per cent lower than Yarra.
- Since 2018, Melbourne's economy has grown at an average annual growth rate (AAGR) of 2.3 per cent, while Yarra's grew at 2.7 per cent.
- In 2023, Yarra's economic output in terms of GVA represented 4.3 per cent of the Greater Melbourne economy. This represents the fifth-largest share of Greater Melbourne's GVA compared to all other LGAs.

The chart below shows where Yarra's GVA growth has been strongest since 2018, with Health Care and Professional Services growing further.

[7] the value of goods and services produced in an area, industry or sector of an economy.

Figure 7: Gross value added ($ million) by industry in Yarra, 2018 and 2023



Source: SGS Economics & Planning (2024)

3.2 Economic snapshot

Yarra's key sectors

For the purposes of this study, the 19 ANZSIC 1-digit industries (defined by the ABS) have been aggregated into four broad industry categories (BIC4):

- Business (or professional) services: professional, financial, administrative, information, and other services to support business activities
- Health and education (H&E): hospitals/health care and social assistance, and tertiary education
- Population services: retail and hospitality, leisure, community services, construction, and school education
- Traditional industrial: manufacturing, logistics, wholesale, utilities services, agriculture and mining

An explanation of the breakdown of these broad industries is provided in Appendix B.

Professional/business services

The professional/business services industry has grown to be the largest employing industry in Yarra over the last 10 years, employing nearly 24,000 people in 2021 (ABS Census 2021). Job growth in this sector at 40 per cent, made up Yarra's largest share of job growth since 2011.

Outside the Melbourne CBD, the City of Yarra has the highest number of jobs in the professional, scientific and technical services industry compared to all Victorian LGAs.

In 2023, the highest number of registered businesses in Yarra were professional services, with nearly 3,800 registered businesses.

This is almost double the next highest industry, the real estate sector recording just over 2,000 registered businesses.

Yarra has become a destination of choice for the professional services industry, with strong growth in the sector. This has direct implications for the need for suitable employment land and floorspace.

Health and Education

the healthcare sector is one of Australia's highest-performing sectors, growing at double the pace of Australia's GDP, while education and training as an industry remains strongly linked to Australia's growing population as a baseline, whilst also having an export function through international students. Both of these industries are expected to grow strongly in the future within Yarra and across Australia.

In the 2021 Census, health care and social assistance was Yarra's second largest employment industry, with over 20,000 jobs. This represented a large share of job growth (12 per cent) between 2016 and 2021.

1,728 health businesses are registered within Yarra. This represents the high concentration of allied health services within the area that have chosen to be located around Yarra's hospitals. This shows that Yarra's health care and social assistance industry has evolved beyond the key employment of the hospitals located in the LGA (such as the Epworth) and diversified to accommodate a growing allied health industry.

While education accounts for a smaller share of jobs in Yarra, the industry has grown strongly in recent years and is home to anchor institutions such as Australian Catholic University.

Creative industries

The 2018 Yarra SEES report identified Yarra as an emerging area for creative professionals, specifically within architecture, design, advertising, engineering, and 'auxiliary finance and investment services', within the Cremorne and Gipps St precincts.

Occupation data from 2021 shows a higher concentration of creative professionals within Yarra than Greater Melbourne. Figure 11 displays a sector's location quotient (LQ) score[8], given by its proportional representation in the Yarra LGA divided by its proportional representation in Greater Melbourne. This

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[8] The location quotient (LQ) is a ratio that shows the relative importance of an industry in a local area compared to a larger region. It's used to identify the main industries in a region and to understand how they compare to the wider area

analysis shows that creative professional occupations remain a key attribute of the Yarra economy that helps to differentiate it from other knowledge-intensive economies of Melbourne.

Traditional industrial

The traditional industrial sector has a historic association with Yarra, shaping much of Yarra's current urban character. While the professional services and knowledge economy has evolved to become Yarra's largest industry by both employment and GVA, the industrial sector still plays a strong role in the Yarra economy.

As the economy transitions, the nature of work has also changed. Many traditional industrial businesses now include higher-tech functions and subsequently employ higher-skilled workers.

Employment numbers in industrial sectors have continued to decline in Yarra, which aligns with national trends.

However, manufacturing and wholesale trade still play an important role in the local economy. They contributed around $1.2 billion to the Yarra economy in 2023.

Population services

Population services include xxx.

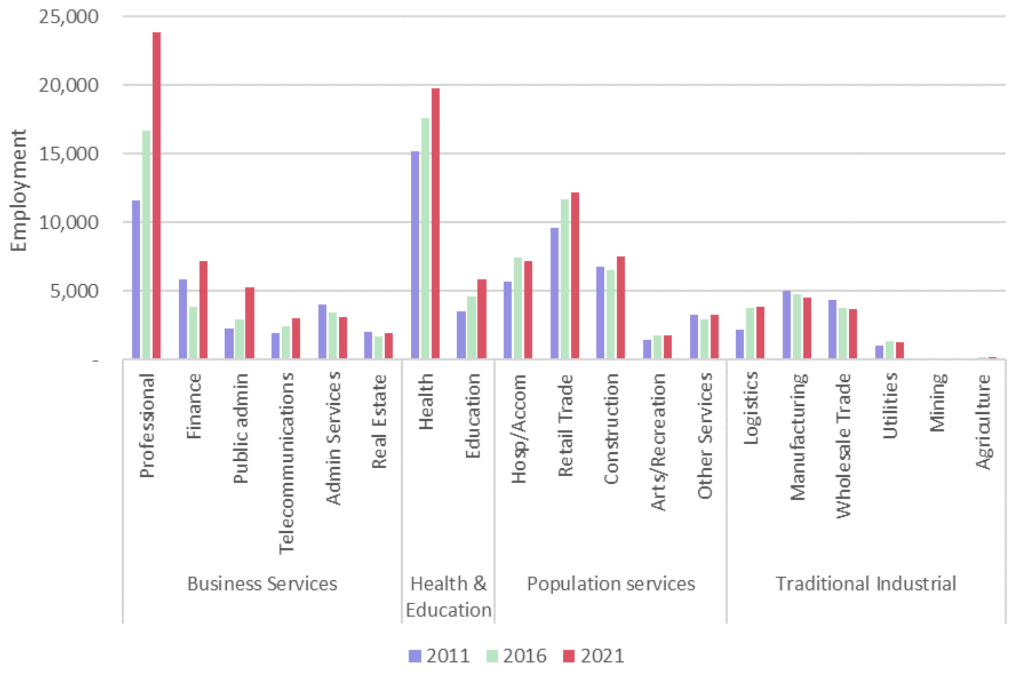
Yarra's retail and hospitality sectors have grown considerably over recent years.

Retail is the third highest employer in Yarra and contributed around $1.5 billion to the Yarra economy in 2023 (up from almost $1.3 billion in 2018).

While the hospitality and accommodation industry saw a decline in employment in the 2021 census in Yarra, this would largely be attributed to the COVID-19 lockdowns at that time. Between 2018 and 2023, the sector saw an increase of GVA of around $200 million. This is despite the pandemic occurring during that period and the challenges the industry has been facing as online sales have continued to grow.

As Yarra's population continues to grow, it can be expected that demand for population-serving industries such as retail and hospitality will continue to trend upwards.

Figure 8: Jobs by industry - Yarra, 2011-2021

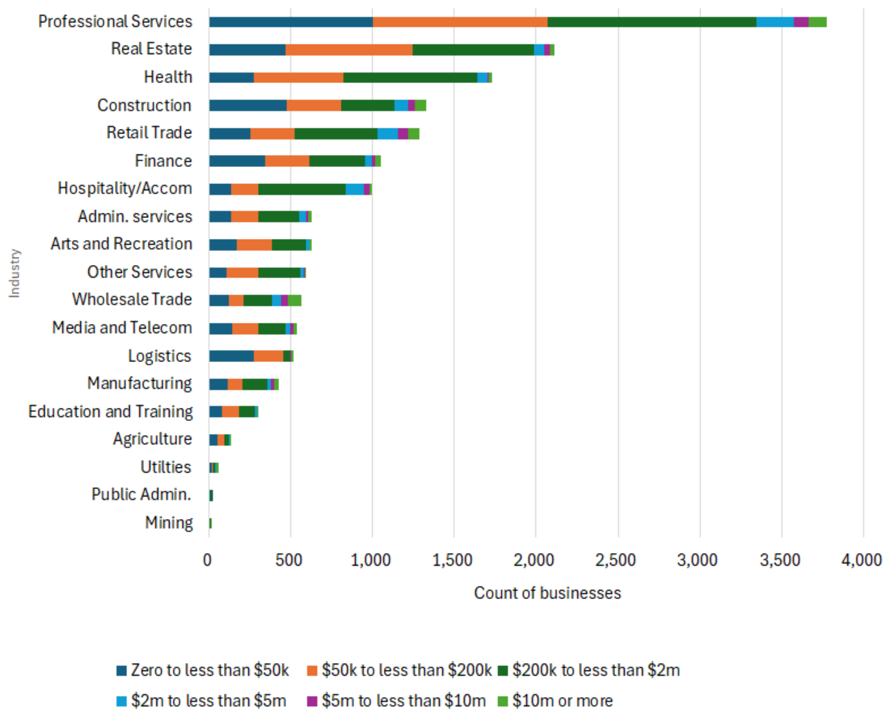


Source: ABS Census INDP (POW), 2011; 2016; 2021

Figure 9: Share of job growth since 2011 by industry - Yarra, 2016-21

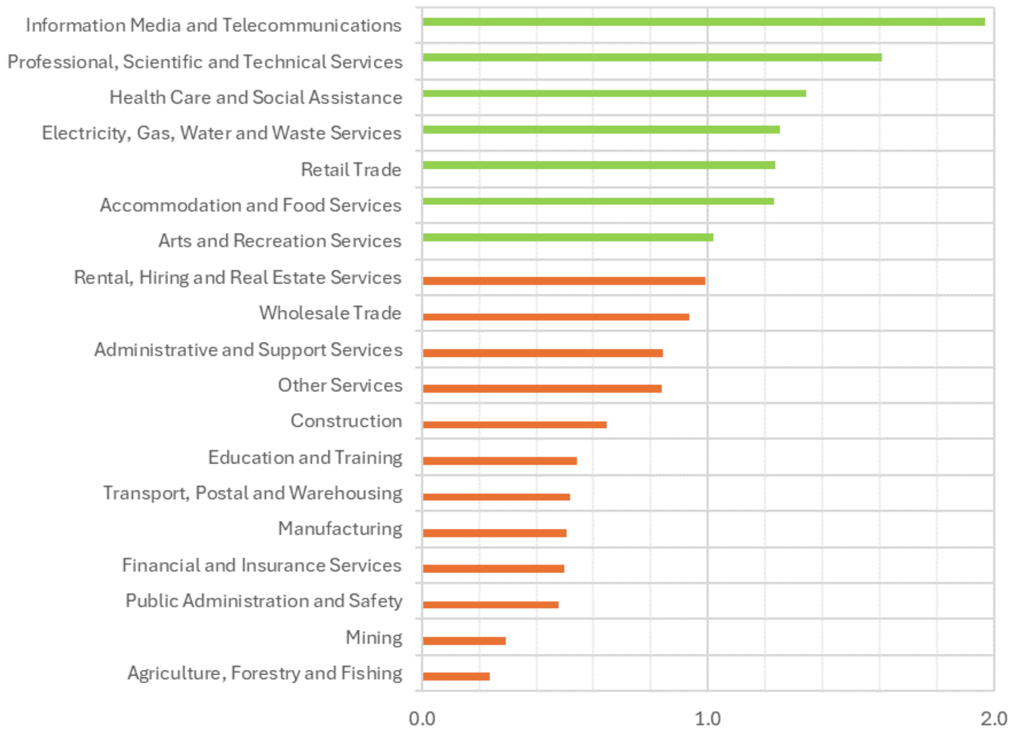
Source: ABS Census Data, Place of Work, 2016; 2021.

Figure 10: Count of businesses by number of turnover, Yarra, June 2023



Source: Australian Bureau of Statistics (ABS) Business Register (2023) and SGS Economics & Planning

Figure 11: Location Quotient (LQ) scores for Yarra's industries, 2021



Source: ABS Census Data, Occupation data, 2021.

4. Current floorspace and land use

The following sections draw on lot-level floorspace data from various sources, including both a land use and vacancy audit undertaken by Council in May 2024, which is complemented by Geoscape data and Google Point data to fill survey data gaps. Aggregated results compared across the varying sources provide insight into broad floorspace trends at a precinct-wide level.

4.1 Yarra's employment precincts

This section considers the distribution of Yarra's employment and economic activity.

It assesses the distribution of employment, the functionality of the various employment precincts and their future development potential.

Demand for employment floorspace is then aligned with capacity on a precinct-by-precinct basis, drawing on a high-level analysis of the likely potential capacity for growth.

This section examines how Yarra can accommodate employment growth within its existing employment precincts by reconciling demand and potential supply.

Detailed capacity analysis of the individual precincts was not undertaken; rather, the current employment numbers were aligned with a floorspace audit to understand the floor area ratios required by broad industry. As a result, the findings of the high-level analysis presented in the following sections may not be entirely consistent with precinct-specific investigations.

Distribution of employment across Yarra

The City of Yarra contains a range of precincts that host retail, commercial, industrial and institutional employment.

An overview of the mix of employment by travel zone is presented in Figure 12 below. The size of the 'pie charts' represents the total employment in each Travel Zone (TZ), and the segments represent the composition of employment by BIC4.

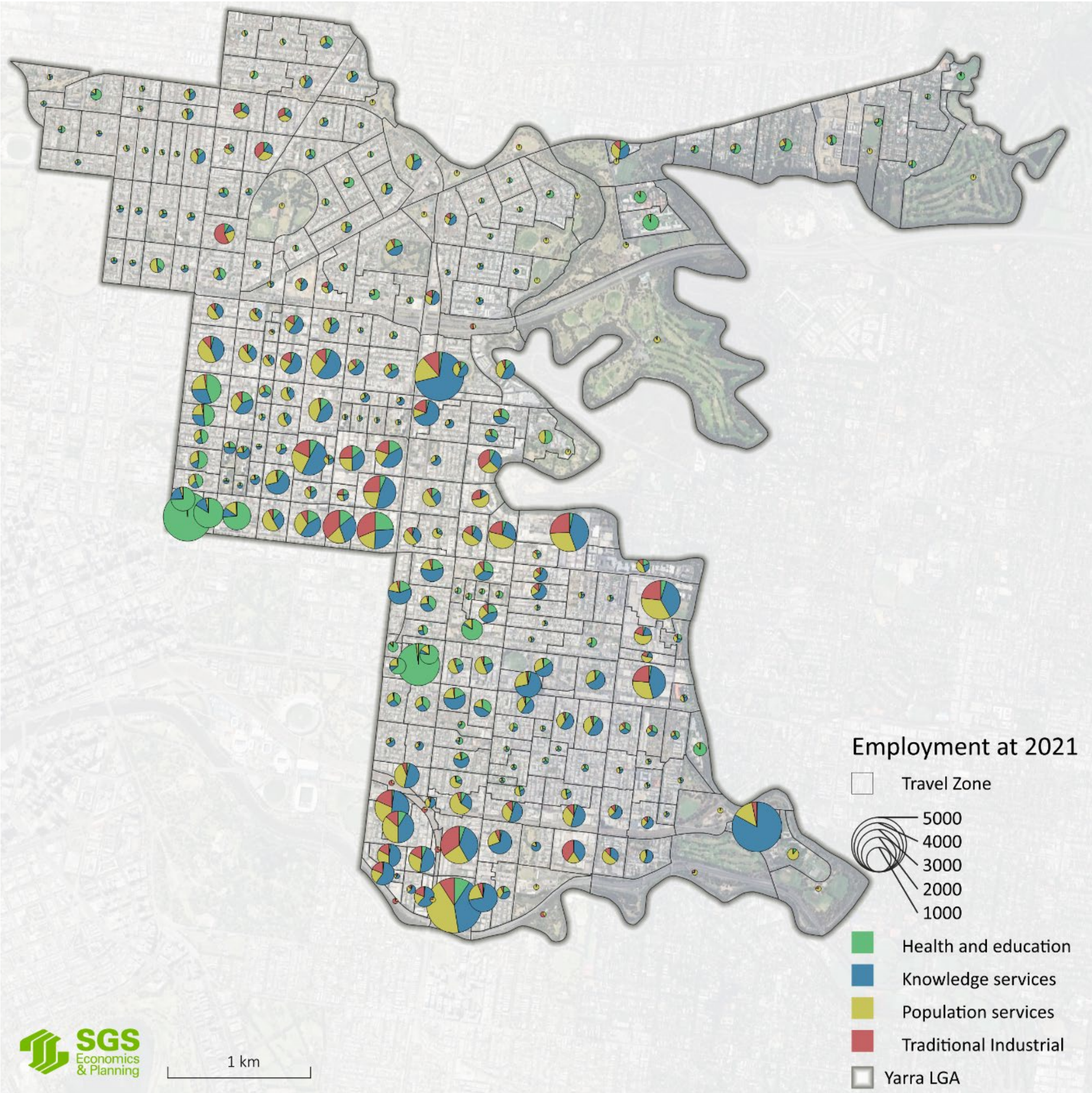
Figure 12 illustrates:

- A significant majority of Yarra's employment is in precincts to the south of Alexandra Parade.
- Commercial (or Knowledge Services) employment is focused around Collingwood and Fitzroy near the centre of the LGA and in Burnley in the southeast.
- Institutional (or Health and Education) employment is concentrated along the western borders of Yarra, between Nicholson and Brunswick Streets and along Hoddle Street. Retail (or Population serving) employment is more evenly spread across Yarra, with a cluster around Cremorne.

- Industrial employment is concentrated in areas with anchor institutions for this type of employment, such as the Carlton and United Breweries Abbotsford Plant and northeast of the Burnley Steet/Bridge Road intersection.

The travel zone data (and a separate analysis of Australian Business Register (ABR) data) also indicate there are a high number of home-based businesses in Yarra.

Figure 12: Mix of employment by travel zone[9]



Source: SGS Economics & Planning Small Area Model (SAM23) derived from ABS Census and other public datasets

[9] Travel Zones are small statistical areas that are typically used in Victoria for population and employment forecasts.

Yarra's employment precincts

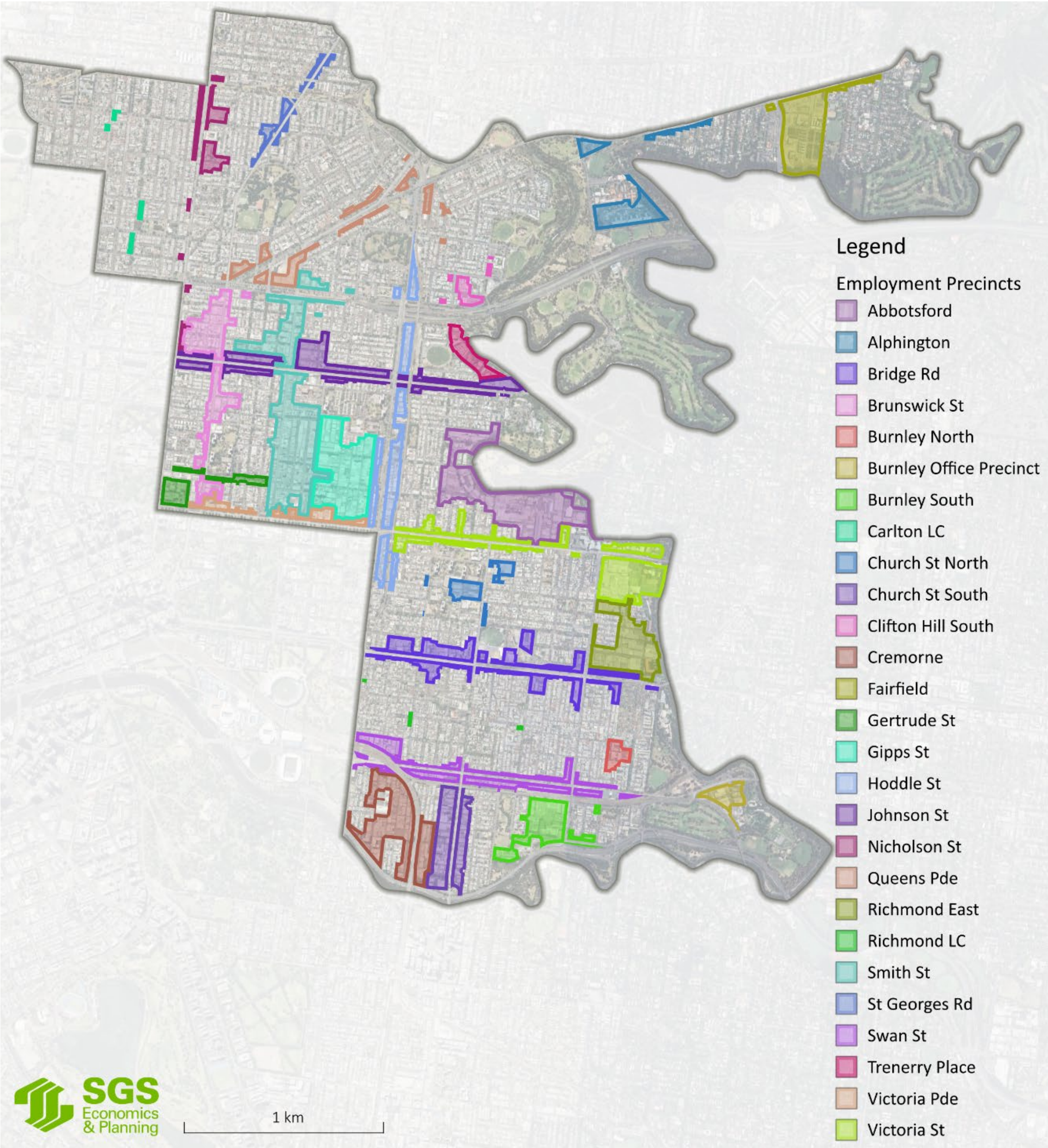
Breaking down and understanding the spatial dynamics of Yarra's employment and economic activity is critical in planning for the future of the whole of Yarra.

Yarra does not follow a conventional model with distinct local, district and regional centres. It hosts diverse employment and economic activity in overlapping precincts. In Yarra, employment areas overlap with neighbouring precincts, contributing to a complex mix of employment lands, retail uses, recreational uses and housing.

As demonstrated in Section 2.1 Figure 1, there is a range of zones in the planning scheme that support employment.

To assess employment demand and capacity, employment precincts were identified based on the existing land use zones, functions and other characteristics (Figure 13).

Figure 13: Yarra's employment precincts



Source: SGS Economics & Planning

The precincts play different roles in Yarra, with a clear distinction between 'retail precincts' – often referred to in a planning context as activity centres – and other 'employment precincts'.

The retail precincts are typically based around a main street that supports a combination of retail, commercial, residential and mixed-use development.

Employment precincts are typically more dispersed areas that support commercial and industrial employment with limited retail presence given the lack of main street exposure.

Larger retail precincts have been broken down into sub-precincts, particularly when one precinct intersects with another. Sub-precincts have also been defined based on the employment zoning – for example, a Mixed Use Zone (MUZ) or Public Use Zone (PUZ) have been separated out into sub-precincts based on the different employment types seen in these zones.

A distinction has been made between larger and smaller precincts and the function they play within the economy distinguishing between predominantly retail and employment roles. These distinctions are set Table 1 below.

Table 1: Yarra's Activity Centres and Employment Precincts

Precinct name	Precinct type	Designation
Bridge Rd	Retail	Major Activity Centre
Brunswick St	Retail	Major Activity Centre
Johnson St	Retail	Neighbourhood Activity Centre
Smith St	Retail	Major Activity Centre
Swan St	Retail	Major Activity Centre
Victoria St	Retail	Major Activity Centre
Queens Pde	Retail	Neighbourhood Activity Centre
Nicholson St	Retail	Activity Centre
St Georges Rd	Retail	Neighbourhood Activity Centre
Alphington	Retail	Neighbourhood Activity Centre
Carlton LC	Retail	Activity Centre
Richmond LC	Retail	Activity Centre
Gertrude St	Retail	Neighbourhood Activity Centre
Abbotsford	Employment	Minor Employment Precinct
Church St South	Employment	Major Employment Precinct
Cremorne	Employment	Major Employment Precinct
Gipps St	Employment	Major Employment Precinct
Victoria Pde	Retail	Major Activity Centre

Fairfield	Retail	Neighbourhood Activity Centre
Burnley Office Precinct	Employment	Minor Employment Precinct
Burnley South	Employment	Minor Employment Precinct
Church St North	Employment	Minor Employment Precinct
Richmond East	Employment	Minor Employment Precinct
Clifton Hill South	Employment	Minor Employment Precinct
Hoddle St	Employment	Minor Employment Precinct
Burnley North	Employment	Minor Employment Precinct

Source: SGS Economics and Planning, 2024 and the Yarra Strategic Framework Plan

4.2 Existing employment floorspace in Yarra

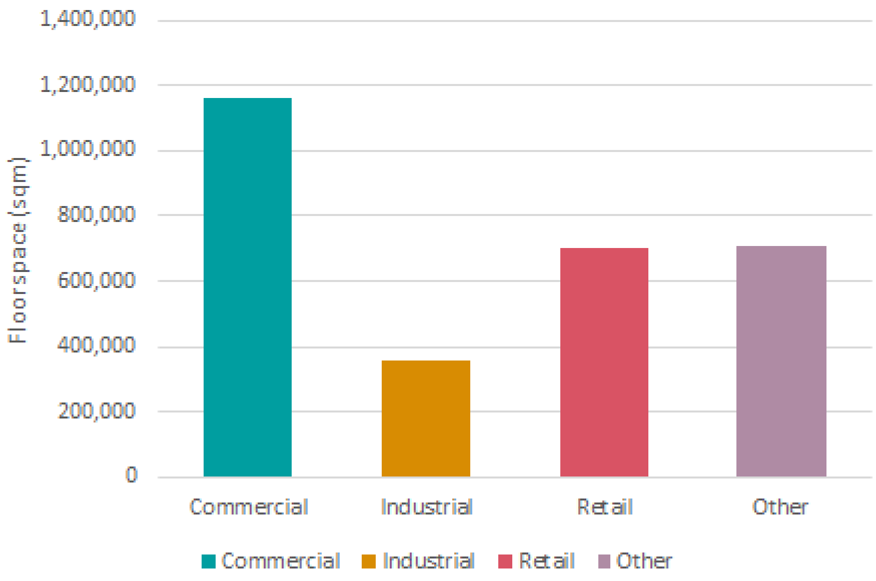
Employment figures are converted into floorspace requirements to determine the volume of floorspace needed to accommodate employment. Different industries need varying amounts of floorspace and building types. Some uses, like cafes and offices, complement each other; while others, such as noisy factories and housing, can conflict. Managing these needs and conflicts appropriately is a key role of the planning system.

This section draws on lot-level floorspace data from Geoscape and a recent employment land use audit by Council. The resulting floorspace areas are aggregated by the ABS's Broad Industry Categories, in addition to vacant and residential floorspace. Main land use categorisations include:

- Commercial uses include offices, showrooms etc
- Industrial uses, such as factories and warehouses
- Retail as restaurants, cafes, homeware, groceries, etc.
- Other uses, including education and health
- Residential occupied by private dwellings
- Vacant or unoccupied sites and buildings

The figure below shows the total employment floorspace by those Broad Industry Categories (BIC), across the LGA.

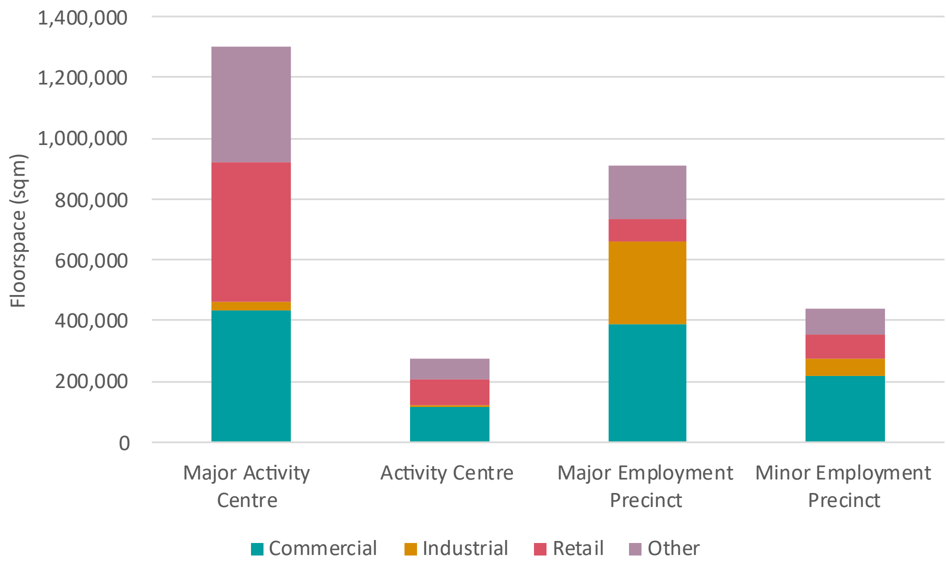
Figure 14: Employment floorspace by broad industry category, 2024



Source: SGS Economics and Planning, 2024 using Yarra City Council land use audit data, May 2024 & Geoscape data with Google data.

Commercial floorspace accounts for the largest share of floorspace at 39%, followed by Other and Retail at 24% and 23%, respectively. Industrial spaces make up 12% of the total. The volume of commercial office relative to other uses in the LGA is immediately apparent.

Figure 15: Employment floorspace by precinct level and broad industry category, 2024



Source: SGS Economics and Planning, 2024 using Yarra City Council land use audit data, May 2024 & Geoscape data with Google data.

4.3 Employment floorspace by precinct

This section details employment floorspace at a precinct level using data collected by Council through a land use audit.

It shows a diversity of uses across the precincts, with a positive correlation between commercial and retail uses.

Commercial floorspace is present in most precincts, being strongly represented in both retail centres and Major Employment Precincts

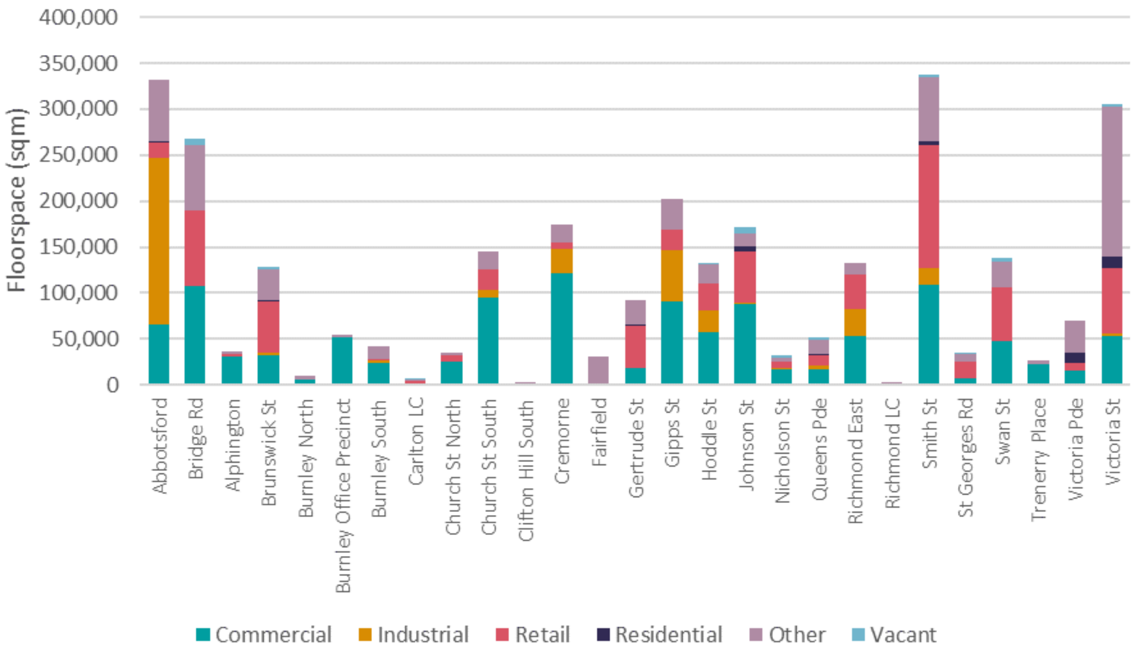
Retail floorspace is, as expected, more focused in the activity centres.

Industrial floorspace is confined to a few precincts such as Abbotsford, Cremorne and Gipps St.

Other floorspace is largely made up of institutional type employment land uses including health e.g. hospitals) education (e.g. schools and universities) and other government uses including local government offices.

The below figure further breaks down the floorspace distribution by BIC by precinct.

Figure 16: Employment floorspace distribution by Broad Industry Category, by precinct, 2024



Source: SGS Economics and Planning, 2024 using Yarra City Council land use audit data, May 2024 & Geoscape data with Google data

What is clear from the chart is that vacancies are relatively scarce across all precincts, with the majority of floorspace being utilised for economic activity[10].

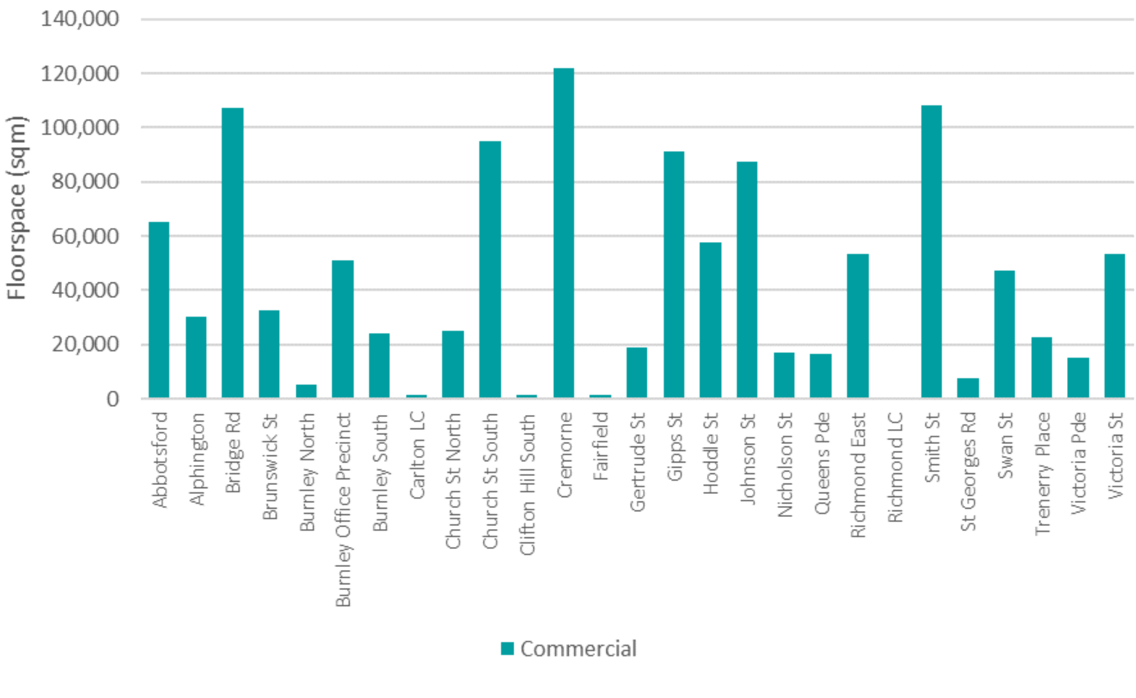
Commercial Floorspace

Commercial floorspace largely represents offices occupied by a range of professional services such as financial advisors, consultants, architects, engineers, public servants and IT services.

The distribution of commercial floorspace is presented in Figure 17. Partly a reflection of the zoning, Cremorne, Gipps St, Bridge Rd and Church St South accommodate the largest commercial employment floorspace. These locations include a diverse range of commercial floorspace types from large floor plates for major companies, such as CarSales head office in Cremorne, to small and co-sharing office space for micro-businesses and sole traders.

There is also significant commercial floorspace across all strip shopping sub precincts. This is an increasing trend as the economy becomes more knowledge-service-oriented and specialised. "Local retail" needs now extend beyond traditional retail, including financial advice (e.g., tax accounts), real estate services, and a wide range of other small professional service-type firms. It also reflects that retail centres possess many of the strong amenity attributes that are now ideal for a hybrid work economy; as such they become attractive work locations in their own right.

Figure 17: Commercial floorspace distribution by precinct, 2024



Source: SGS Economics and Planning, 2024 using Yarra City Council land use audit data, May 2024 & Geoscape data with Google data

[10] Note that vacancy data can be prone to error in a land use audit context. Not all buildings can be definitive categorized as vacant or occupied – it is only accurate for the day that the building was audited.

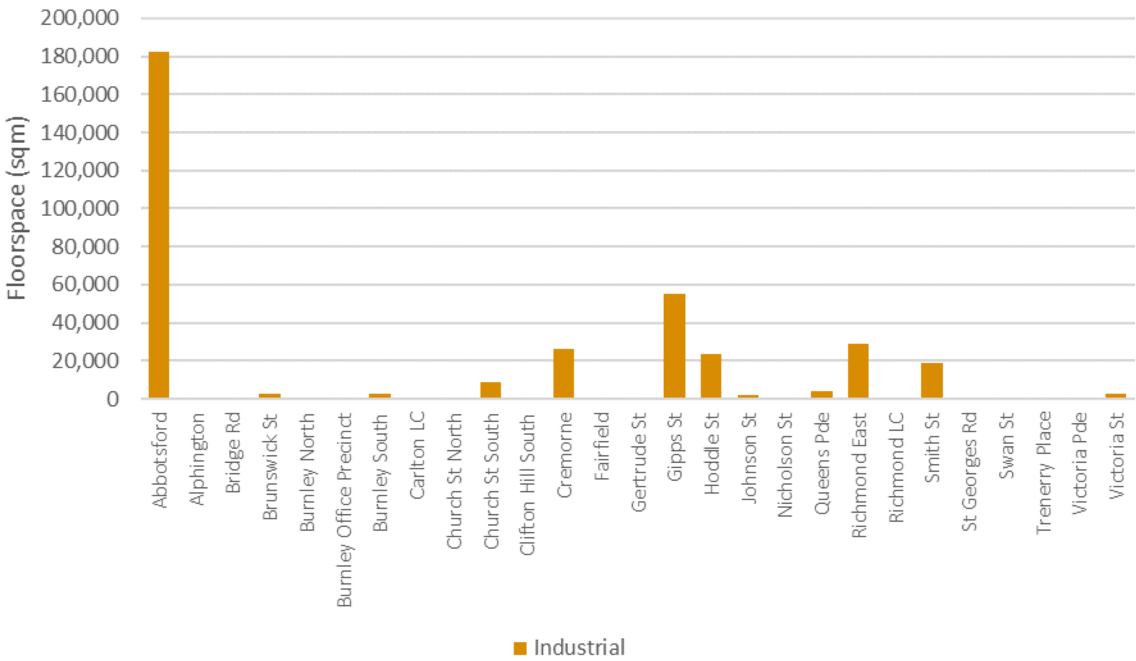
Industrial Floorspace

Industrial floorspace is focused in the larger employment precincts of Abbotsford, Gipps St, Cremorne and Richmond East.

While there are still some major industrial uses – the Carlton United Brewery stands out as the largest site – most precincts are declining in industrial floorspace as they transition to commercial, retail or residential uses.

Those industrial firms that remain in Yarra are generally small-scale, niche manufacturing companies in sectors such as food products, clothing, bespoke furniture manufacturing, and printing. These manufacturing sectors generally deliver boutique, independent products, creating custom-made products that require the input of specialised designers. This need to be close to their clients and business collaborators is thought to be the main driver for their continued existence in Yarra and its significant ecosystem of local collaborators.

Figure 18: Industrial floorspace distribution by precinct, 2024



Source: SGS Economics and Planning, 2024 using Yarra City Council land use audit data, May 2024 & Geoscape data with Google data

Retail Floorspace

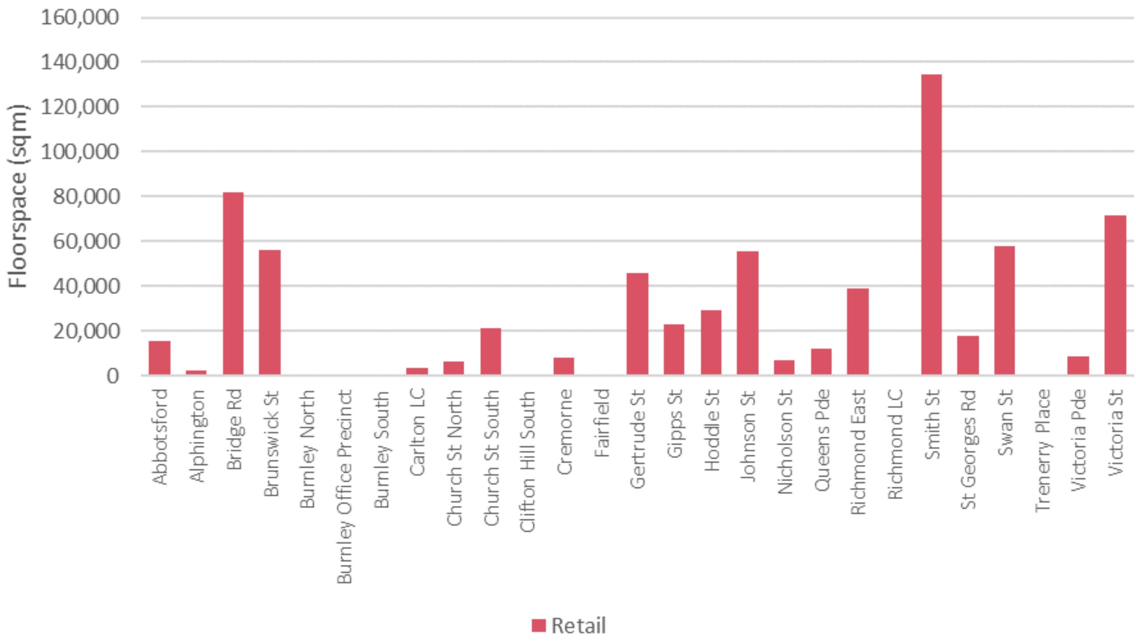
Figure 19 shows that over 60 per cent of Yarra's retail floorspace is contained within Yarra's major retail strips: Smith St, Gertrude St, Victoria St, Swan St, Bridge Rd, Brunswick St, and Johnson St; with the remainder distributed across smaller strip centres in the municipality. There is also some small retail activity away from these core retail precincts in commercial, industrial and residential areas.

The analysis highlights the varied nature of each retail precinct within Yarra. Hospitality, which is closely linked with the night economy, is focused in a few key precincts: a major cluster focused around Brunswick St (central and north), Gertrude St, Johnston St (west end) Smith St (south end). Victoria St, Bridge Rd and Swan St also operate as three largely separate hospitality strips. There are also pockets of hospitality retailing in many other retail-based precincts.

Restricted retailing (or bulky goods retailing) is focused largely along Hoddle St, Bridge Rd (east end) and Church St South. Church St South provides a unique retail offer with several high-end restricted retailers, including Tesla Motors and Pana Chocolate Factory.

Supermarkets are primarily located along the five major strip shopping centres. While retailing in Yarra generally provides a broader regional role, supermarkets typically represent the focus of local retailing. They often have increased daily activity around them from residents and local workers doing regular grocery shopping.

Figure 19: Retail floorspace distribution by precinct, 2024

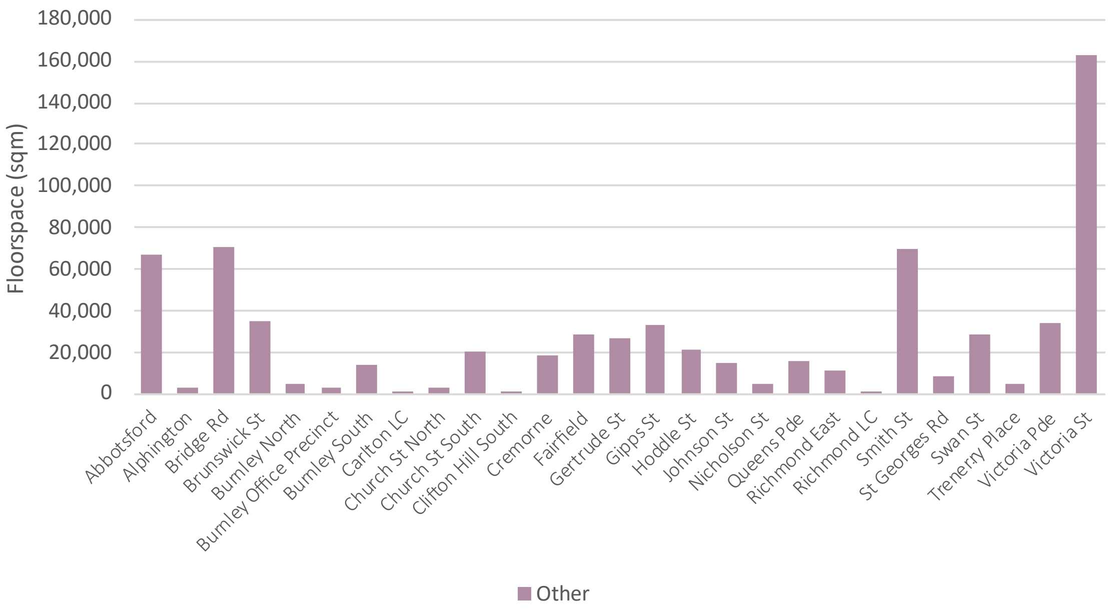


Source: SGS Economics and Planning, 2024 using Yarra City Council land use audit data, May 2024 & Geoscape data with Google data

Other floorspace

Other floorspace is largely made up of institutional type employment land uses including health e.g. hospitals) education (e.g. schools and universities) and other government uses, including local government offices, which is a key employment anchor within any municipality. There is no surprise that this is the dominant floorspace use within the Victoria St precinct where St Vincent's Hospital and Australian Catholic University. This area is also the location of many allied health services that are well located to the hospital and university.

Figure 20: Other floorspace by precinct, 2024



Source: SGS Economics and Planning, 2024 using Yarra City Council land use audit data, May 2024 & Geoscape data with Google data

Appendix D provides a detailed overview of the employment floorspace by precinct.

4.4 Case studies of recent developments

This section discusses the pattern of recent development within the Yarra LGA. Examples are provided to demonstrate the types of development occurring and how this redevelopment is changing the employment profile of the area.

Recent development

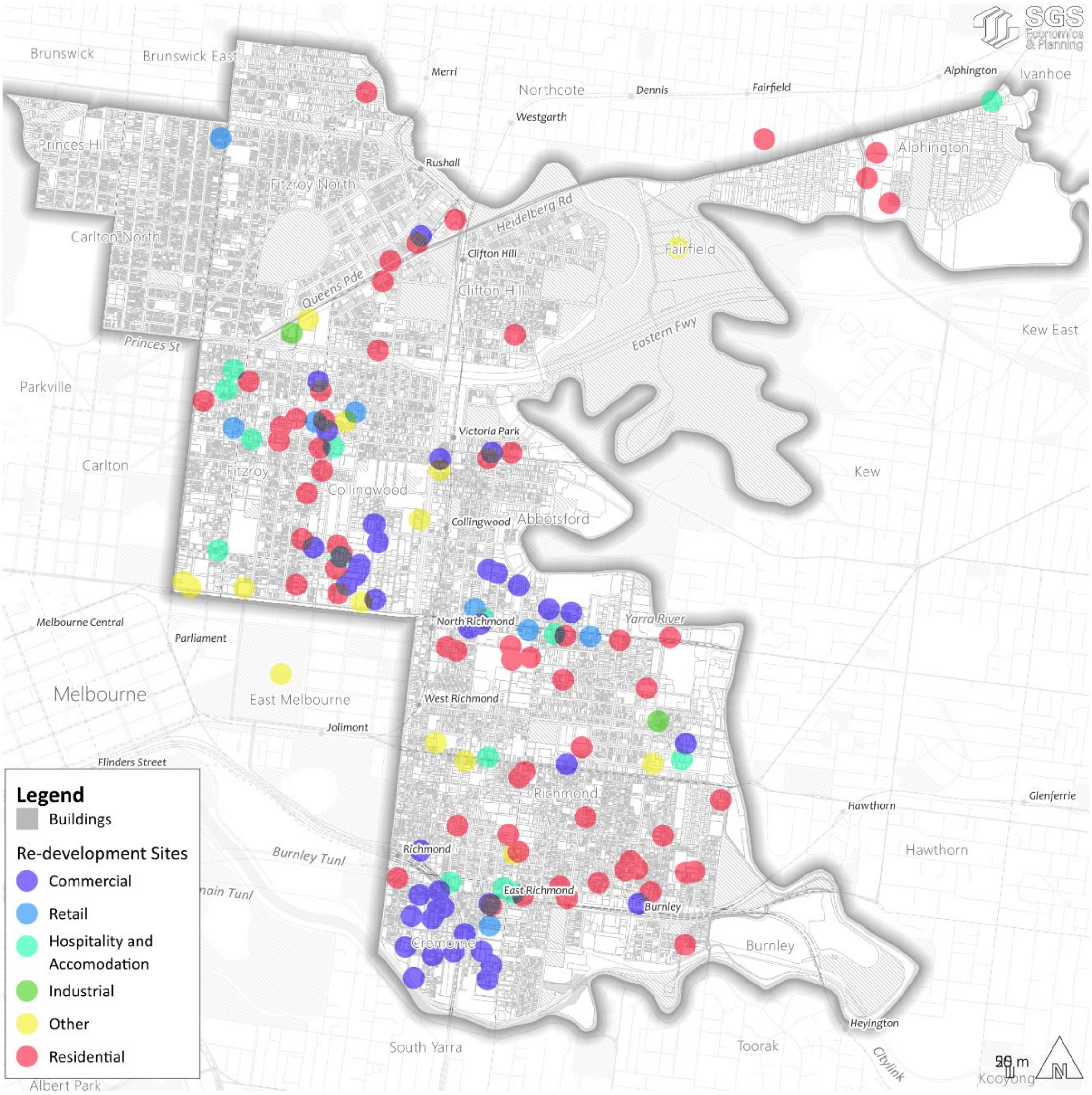
Data on recent development in the LGA was taken from Cordell Logic[11]. The map below shows developments that have been constructed (or are currently under construction) since 2018. The data has been categorised by typology.

Generally speaking, there is a spread of different developments across the entire LGA, with a larger portion seen in the central and southern areas. Residential development occurs in most areas, with other typologies located in key areas, likely following zoning patterns. Commercial development is seen

[11] Note that Cordell is focused on larger developments, and often misses some smaller developments. Which is good for the purposes of identifying cases studies in this section, but worth noting that the map below is not a comprehensive audit of all developments in City of Yarra over six years.

clustered in two hotspots, one located in the southern portion of the LGA in Cremorne and the other centrally across Collingwood and Abbotsford. This clearly indicates that there has been a strong demand for commercial office buildings in these areas.

Figure 21: Major Developments in Yarra LGA 2018-2024.

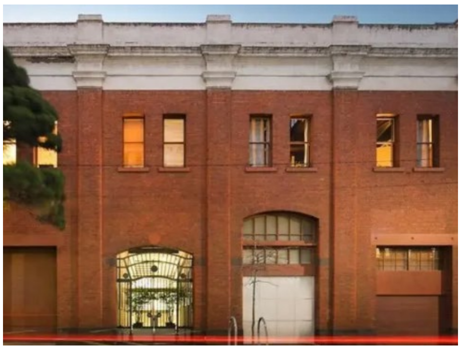
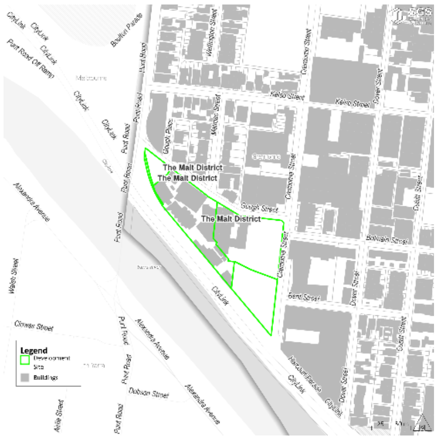


Source: Cordell Logic, 2024

Case Studies

Building on the redevelopment patterns discussed above, select case studies were chosen to explore the types of commercial development that have been occurring within the LGA. Of the six case studies, three are in Cremorne and one each in Abbotsford, Richmond and Collingwood. These are discussed in detail below.

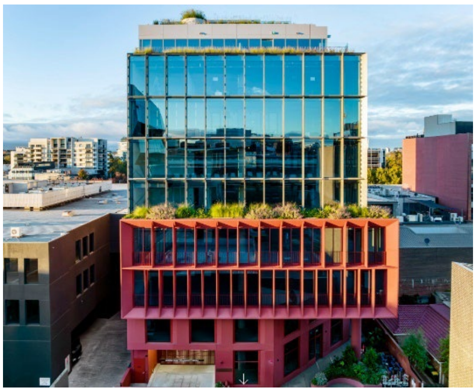
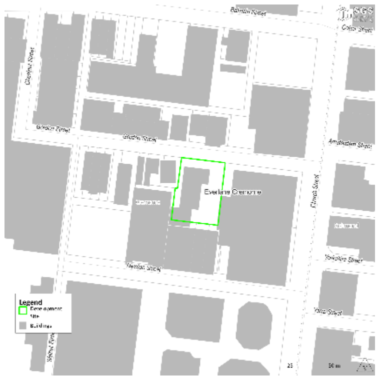
Cremorne

<table>
<tr><th colspan="3">The Malt District</th></tr>
<tr><td>Address</td><td colspan="2">154 Cremorne St, Cremorne VIC 3121</td></tr>
<tr><td>Website</td><td colspan="2">https://fkaustralia.com/project/the-malt-district/</td></tr>
<tr><td>Year</td><td colspan="2">Partly built / stage 2 under construction</td></tr>
<tr><td rowspan="2">Development Description</td><td colspan="2">Large scale conversion of existing heritage listed industrial warehouse and silos to residential and commercial complex across multiple stages. Silos and multiple facades are to be retained.</td></tr>
<tr><td></td><td>
</td></tr>
<tr><td rowspan="4">Key Information</td><td>Employment Floorspace</td><td>6,000sqm (retail and other services)</td></tr>
<tr><td>Residential Units</td><td>1,000</td></tr>
<tr><td>Key Tenants</td><td>Consists of a large portion of residential space, with other uses including a mix of retail, hospitality and commercial tenancies including the following:
▪ MYOB
▪ Nylex Plastics
▪ Aghak Energy and Gas
▪ IGA
▪ Barber</td></tr>
<tr><td>Other information</td><td>▪ 1,000 car parks</td></tr>
</table>

		▪ 1,000 bicycle parks ▪ Public plaza ▪ Cyclist and pedestrian connections along Yarra River
Insights	This development is of a larger scale than other examples explored in this analysis and is unique in that it includes a large amount of residential floorspace. The development indicates that the market is willing to accommodate the creative reuse of historic structures. This is an example of what often occurs when residential development is permitted – significantly more dwellings than employment floorspace, despite Cremorne being arguably one of the best performed employment precincts in the City of Yarra.	

19 Cubitt Cremorne		
Address	19 Cubitt St, Cremorne VIC 3121	
Website	**https://www.curtisyork.com.au/project/cubitt-street-cremorne**	
Year	2023	
Development Description	Construction of a 10 storey commercial building to comprise offices 4,000 sqm, a ground floor restaurant, lobby, end-of-trip facility. Existing warehouse façade retained as part of the build.	
		
Key Information	**Employment Floorspace**	1,342sqm (retail and other services)
	Residential Units	N/A

	Key Tenants	Includes mainly commercial tenancies including the following: ▪ Across the Ocean Shipping Pty Ltd ▪ EARL Catering ▪ Restaurant ▪ Wellness centre
	Other information	▪ 21 car parks ▪ 52 bicycle parks
Insights	This development demonstrates that a large amount of floorspace can be provided on a fairly small lot area, with retaining the existing façade not presenting a significant hurdle for this development.	

Everlane Cremorne		
Address	22 Gordon St, Cremorne VIC 3121	
Website	https://everlanecremorne.com.au/	
Year	2024	
Development Description	9 level commercial building, including hospitality and local service space at lower levels. Built on the site of a warehouse, which was demolished as part of the works.	
		
Key Information	Employment Floorspace	5,000 sqm
	Residential Units	N/A

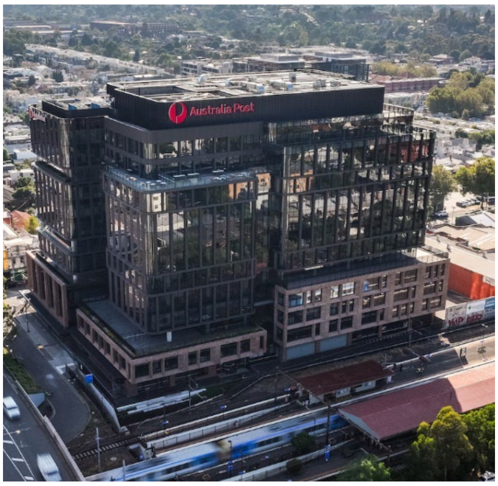
	Key Tenants	Akaysha Energy
	Other information	N/A
Insights	This development shows a typical knockdown of existing industrial structures and the construction of commercial floor areas. Many examples, including this one, show a design with the building set atop a 3-4 storey podium .	

Abbotsford

Craftworks		
Address	20 Mollison St, Abbotsford VIC 3067	
Website	https://lifearchitecture.com.au/project/craftworks/	
Year	2022	
Development Description	Demolition of existing structure and construction of a 12 storey commercial building primary consisting of office space and ancillary uses.	
		
Key Information	**Employment Floorspace**	9,448 sqm
	Residential Units	N/A
	Key Tenants	Includes a mix of retail, hospitality and commercial tenancies including the following: ▪ Commercial offices

		▪ Sports physiotherapy ▪ Ground floor restaurant and coffee shop
	Other information	▪ 148 car parks ▪ 122 bicycle parks ▪ Rooftop terrace and bar lounge
Insights	This development is similar to Everland Cremorne, showing a typical knockdown of existing industrial structures and construction of commercial floor area atop a podium.	

Richmond

480 Swan Street, Richmond - Australia Post Support Centre		
Address	480 Swan St, Richmond VIC 3121	
Website	https://www.built.com.au/projects/480-swan-st/	
Year	2023	
Development Description	The building will deliver 32,000 square metres (sqm) of purpose-built office space over 12 levels and be constructed under a carbon neutral framework. 480 Swan Street will be home to the Australia Post Support Centre – a major office anchor in the heart of Richmond.	
		
	Employment Floorspace	32,000 sqm

Key Information	**Residential Units**	N/A
	Key Tenants	Australia Post
	Other information	▪ Carbon neutral enabled on completion ▪ 6-star Green Star rating and a 5-star NABERS Energy rating.
Insights	This development is unique in that it was commissioned by a single tenant, representing the new headquarters of Australia Post in Victoria. This demonstrates that major organisations see value in relocating to Yarra. It is similar to other examples. It consists of demolishing existing structures to accommodate a commercial building atop a podium that respects the historic and existing built form character of the area.	

Collingwood

Zero Gipps Office Building		
Address	48 Gipps St, Collingwood VIC 3066	
Website	https://sjb.com.au/projects/zero-gipps-collingwood/	
Year	2021	
Development Description	6-story commercial building located on a long and narrow site, fronting the laneway. A small cafe and communal garden courtyard are located on the ground floor of the building. The old building was retained, and its original elements were repurposed as part of the build.	
		

<table>
<tr><td rowspan="4">Key Information</td><td>Employment Floorspace</td><td>2,312 sqm</td></tr>
<tr><td>Residential Units</td><td>N/A</td></tr>
<tr><td>Key Tenants</td><td>Includes a mix of retail, hospitality and commercial tenancies, including the following:
▪ Marshall Day Acoustics
▪ Newco Shoes Pty Ltd
▪ CorePlus Reformer Pilates</td></tr>
<tr><td>Other information</td><td>▪ Zero operational emissions and zero gas.
▪ 100 solar panels
▪ Green travel plan, which included end-of-trip facilities and 56 bicycle parks and meant permission to have no cars on site.</td></tr>
<tr><td>Insights</td><td colspan="2">This development demonstrates that creative reuse and development of constrained sites is possible within the LGA, along with showing a demand for innovative buildings that aim for a net zero in their day-to-day operations.</td></tr>
</table>

Case Study Implications

The following observations can be drawn from this analysis:

- The market is willing and able to deliver bespoke commercial development in historically industrial areas within the LGA.
- This is seeing larger floorplate light industrial buildings being reused for commercial office and (in some cases) ground-floor retail development; with it, new tenants are moving into these areas.
- New commercial and retail stock is generally of a high quality. It incorporates sustainable design elements at a higher rate than seen outside of Yarra LGA, such as in the example at Zero Gipps Street, which has solar panels / smart ventilation mechanisms that result in net zero operations at the building.
- There is also a consistent pattern of retaining original buildings and/or facades with developments finding innovative ways to deliver a large amount of floorspace on small or constrained sites. It is noted that the internal floorspace is significantly altered from the original floorplan in these examples.
- Major tenants such as Australia Post moving into the area indicate that new office development on large sites can also attract major commercial anchors into the LGA. The availability of large opportunity sites for this purpose should be considered when considering capacity in the long run – particularly in the Activity Centre context, where the exposure is important for high-value brands but where such large sites are usually desirable for mixed-use development as well.

These examples show that the built form and use of employment land in the Yarra LGA continue to evolve. There is a strong development interest in new or redeveloped employment floorspace, and it's all happening in a heterogeneous pattern. The six case study developments profiled here have unique elements, given their different locations, existing floorspace and tenant needs. So, whilst the Council needs to plan to ensure sufficient land supply and floorspace capacity for more employment floorspace, leaving some room for flexibility and innovation is still beneficial because it provides variety for the market and diversity in design outcomes.

5. Employment floorspace needs

5.1 Method

This section assesses the balance of demand and capacity for employment floorspace in Yarra. Drawing on previous sections, it allocates demand and capacity to the employment precincts.

Demand is estimated using employment forecasts calculated at a precinct level. These employment forecasts are then converted into floorspace demand using floor area ratios related to the industry for which employment growth is projected.

Vacancy of Yarra’s employment lands is estimated using an overall vacancy rate recorded through Council’s vacancy audit in 2024 that surveys approximately 2,500 premises across 12 precincts. The vacancy rate is converted into floorspace assumptions and has been used to calculate the likely capacity of floorspace compared to growth in floorspace demand to 2041.

5.2 Forecast employment growth

Broader employment trends

Some significant macro trends will continue to influence Melbourne's employment and economic profile. These have been broadly discussed in Chapter 2, and are captured in SGS employment forecasts for metropolitan Melbourne and the City of Yarra.

Projected employment in Yarra

The following projections present the likely level of demand for employment that is likely to materialise in the City of Yarra, subject to a business-as-usual baseline of supportive policy, economic conditions, and continued private sector investments. The major challenge for Council will be to find the means by which to accommodate what is clearly a substantial amount of employment growth.

While substantial employment growth can present challenges to the community, it can also provide real benefits for local residents. Challenges are inevitably felt first and can be the most obvious – development/design conflicts and increased demand on transport and other services, which need to be recognised and managed. However, the benefits are significant and long lasting to the wider community. Strong employment enables a rich diversity of services and opportunities above what the local community alone could support.

For example, employment growth supports the local hospitality sector directly through increased demand (i.e. workers spending money); often, at times, resident demand is lower. It also indirectly supports it through supply chain linkages and knowledge exchanges. Local residents get the benefit of higher-quality retail offerings. They also gain local employment opportunities directly as employees and indirectly as clients or collaborators.

As of 2021, there were over 115,000 people employed in Yarra (ABS Census 2021). As discussed earlier, this represents substantial growth from 2001, when about 64,000 people were employed. Over the next 20 years, approximately 29,000 additional jobs are expected to be added in Yarra, for a total of almost 144,000 jobs. Table 2 below breaks down the projected employment growth into broad industry categories.

Table 2: Projected employment growth by broad industry category in Yarra, 2021-2041

BIC4	2021	2026	2031	2036	2041	Growth	% Growth
Business Services	44,000	48,000	50,000	52,000	54,000	10,000	23%
Health and Education	26,000	29,000	32,000	34,000	36,000	10,000	38%
Population Services	32,000	34,000	36,000	38,000	39,000	7,000	22%
Traditional Industrial	14,000	14,000	14,000	14,000	15,000	1,000	7%
Total	115,000	125,000	132,000	138,000	144,000	29,000	25%

Source: SGS Economics and Planning Small Area Model (SAM23)
Rounded to the nearest 1,000

These forecasts show that Business Services will remain the strongest employing sector in Yarra, whilst the other three sectors will also remain important employers in their own right – even for industrial activity – 15,000 jobs are a significant volume of workers and economic opportunity for not just Yarra residents but other skilled workers in the broader region.

Employment forecasts at the precinct level can be found in Appendix E.

5.3 Employment floor space demand

Job to Floorspace Ratios

The table below shows the employment to floorspace ratios in the Yarra LGA. This is based on (a) volume of jobs by ABS Census and (b) volume of floorspace based floorspace data and Council's land use audit. The far right column compares audited employment floorspace against all employment in the LGA, whilst the middle column restricts the calculation to exclude jobs that fall out of employment precincts. The main difference is in population-serving activities that often can function in residential or non-employment areas (places of worship, childcare centres, sports and leisure, etc.).

The restricted in-precinct figure is generally more applicable for floorspace forecasting and land use planning because that is the observed floorspace demand that actually falls into employment precincts in the LGA.

The numbers below show the sqm of floorspace that each job in Yarra occupies (on average across each Broad Industry Category). These numbers are showing a relatively dense and efficient use of floorspace in Yarra.

Table 3: Job to Floorspace ratios in Yarra LGA

BIC4	Including in-precinct jobs only	Including all LGA Wide jobs
Business Services	29.2	26.3
Health and Education	27.4	27.2
Population Serving	29.0	20.6
Traditional Industrial	25.9	25.7

Scenario 1: Base Case – Business as Usual (holding audited ratios constant)

Based on the restricted in-precinct job to floorspace ratios from the previous page, the table below provides a base case employment floorspace demand forecast. Holding the current audited ratios constant. The floorspace demand growth reflects the rate of employment growth – namely the fact that health and education is the fastest growing sector in the local economy.

Table 4: Projected floorspace demand (sqm) using audited job to floorspace ratio by broad industry category in Yarra, 2021-2041

BIC4	Observed job to floorspace ratio	2021	2031	2041	Growth	% Growth
Business Services	29.2	1,159,085	1,317,142	1,422,513	263,428	23%
Health and Education	27.4	706,753	869,850	978,581	271,828	38%
Population Serving	29.0	699,890	741,060	802,815	102,925	15%
Traditional Industrial	25.9	359,298	359,298	384,962	25,664	7%
Total		**2,925,026**	**3,287,350**	**3,588,872**	**663,846**	**23%**

Source: SGS Economics and Planning Small Area Model (SAM23)

Alternative Scenario 2: Melbourne Averages (Reversion to Melbourne Average (MICLUP))

An alternative floorspace growth scenario can be explored based on the Melbourne Metropolitan average from the MICLUP document. The key assumption underpinning this scenario would be that Yarra's employment floorspace densities revert to the metropolitan average over time. The table below presents this growth scenario, and shows less demand for office, more demand for health and education space and far more industrial floorspace.

Table 5: Projected floorspace demand (sqm) using MICLUP FSRs by BIC4 in Yarra, 2021-2041

BIC4	2021	MICLUP FSR (sqm)	2031	2041	Growth	% Growth
Business Services	1,159,085	20	902,497	974,697	-184,388	-16%
Health and Education	706,753	40	1,906,023	2,144,276	1,437,523	203%
Population Serving	699,890	35	894,841	969,411	269,521	39%
Traditional Industrial	359,298	60	832,972	892,470	533,172	148%
Total	**2,925,026**		**4,536,333**	**4,980,854**	**2,055,828**	**70%**

Source: SGS Economics and Planning Small Area Model (SAM23)

Overall, whilst these averages are useful to consider, it is important to note some caveats for why they are relatively unrealistic in the Yarra context:

- The way the local community uses business/office space is unique. Collaboration, meeting space, and other creative uses of ex-industrial warehouses mean that business services need more space than those found in conventional office buildings.
- Health, education, population serving and industrial space need to be utilised more efficiently in the Yarra context (due to how limited and costly the space is), and so the higher metropolitan averages are less relevant (as demand is generally lower and supply is higher in other parts of Melbourne).

Alternative Scenario 3 – Preferred scenario

Given the issues raised with the metropolitan averages above, a third scenario has been developed based on SGS's experience in this field. Most of the ratios are expected to stay similar to what was audited by Council – albeit with some slight adjustments (logic described in the table below). SGS expect a slight reduction in the business service space as new builds will still be more space efficient than traditional warehouse conversions.

Table 6: SGS Suggested job to floorspace ratios

BIC4	Current Audited Ratio	MICLUP Ratio	SGS Expected Ratio	Rationale
Business Services	29.2	20	27	There may be a slight reduction as newer floorspace could be more efficient than historical floorspace in the LGA, as much of the existing stock (incl. converted warehouses) use space less efficiently. But expect floorspace ratio to still be higher than metro average (20) in Yarra as communal/shared spaces that foster collaboration are important to local business community.
Health and Education	27.4	60	27	SGS expect this should stay relatively similar to current ratios for Health and Education. This is more determined by the plans of major institutions (e.g. hospitals) and their space needs.
Population Serving	29.0	35	29	SGS expect this should stay relatively similar to current ratios for population serving activity or could even reduce further if there is a scarcity of Activity Centre floorspace.
Traditional Industrial	25.9	60	25	Unlikely to change as industrial floorspace is scarce in the inner city and businesses will need to continue using the space efficiently

The table below shows the volume of floorspace growth under this scenario. Under this scenario, there will mainly be growth in demand for business services, health and education and population serving floorspace. Industrial floorspace demand is expected to hold relatively constant, with some minor growth in demand that can be absorbed by existing floorspace – provided it is not lost.

Table 7: Projected floorspace demand (sqm) using SGS floorspace ratios by broad industry category in Yarra, 2021-2041

BIC4	2021	Floorspace to job ratio (sqm)	2031	2041	Growth	% Growth
Business Services	1,159,085	27	1,218,372	1,315,841	156,756	14%
Health and Education	706,753	27	869,850	978,581	271,828	38%
Population Serving	699,890	29	741,060	802,815	102,925	15%
Traditional Industrial	359,298	25	347,071	371,862	12,564	3%
Total	**2,925,026**		**3,176,353**	**3,469,100**	**544,074**	**19%**

Source: SGS Economics and Planning Small Area Model (SAM23)

Conclusions

Under Scenario 3, the results show that despite its relatively dense and efficient use of floorspace, the City of Yarra will likely need around 500,000sqm of net additional employment floorspace by 2041.

About half of this demand will be for health and education facilities, likely led by major institutions, including prominent hospitals and university campuses that are well-established in their existing locations. Those activities will attract growth from allied organisations in both the health and education sectors, often clustering in the same and/or surrounding precincts.

Demand for office space will increase by 150,000sqm, in line with expected employment growth. Population serving floorspace demand will also increase. This is predominantly focused around the Activity Centres, with the remaining employment likely to be captured outside of formally zoned employment precincts/centres.

The forecasts also suggest that demand for industrial floorspace will remain at similar levels. Industrial activity has a future in the LGA in a higher density format than the metropolitan average, with more jobs in smaller floorspace than is usually observed in the suburban precincts.

For precinct-specific floorspace forecasts, refer to Appendix F.

5.4 Vacant floor space

Vacancies were counted during the land use audit that Council conducted in 2024.

Part of the land use audit data was collected by Council's Economic Development team, which surveyed vacancies across Yarra's 12 largest retail and service precincts. The audit found that 10 out of the 12 precincts saw a reduction in vacancy rate from the previous year. The survey also found that the overall vacancy rate was sitting at 2.7 per cent.

An estimate of vacant floorspace has been calculated across Yarra's precinct types in Table 8 using floorspace audit data. It is important to note that vacancy rates reflect a single point in time when the data was captured. Vacancy rates are likely to fluctuate. However, the overall vacancy rate determined across an audit of approximately 2,500 premises provides valuable insight into vacancy trends and potential available floorspace within the City.

Overall, a vacancy of 2.7% is quite low and demonstrates the overall health of the city's employment precincts. Even Activity Centres, which have come under various types of pressure over the past decade have fared well compared to some centres in neighbouring LGAs.

Table 8: Overall precinct vacancy rate distributed across Yarra's precincts, 2024

Precinct type	Vacant (%)	Estimated vacant floorspace (sqm)
Major Activity Centre	2.6%	32,018
Activity Centre[12]	1.9%	5,062
Major Employment Precinct	3.1%	27,123
Minor Employment Precinct	2.6%	11,708
Total	**2.7%**	**75,912**

Source: City of Yarra land use audit 2023.

5.5 Future floorspace needs

Using Yarra's estimates of vacancy determined in Section 5.4, the estimated vacant floorspace has been determined across Yarra's precincts. When aligning this with the floorspace demand to 2041 that was determined in Section 6.3, a floorspace supply gap has been determined in Table 9 below. It is important to note that it is unrealistic to assume that vacancy rates will or can drop to zero or near zero. This analysis shows that given vacancy rates are already so low, even a drop to zero vacancies would not materially change the volume of floorspace that the City of Yarra needs to accommodate employment growth in the future.

[12] Includes both Neighborhood and Local centres

Realistically, only a small portion of the circa 76,000sqm vacancy will be absorbed by the long-term demand. Some of the vacant floorspace will likely be redeveloped (or at least refurbished) to suit the needs of new tenants in future years.

The vacant floorspace in centres will likely have a minor role in absorbing growth. Most of the expected growth in population serving floorspace demand will still need to be absorbed by entirely new floorspace. Assuming a linear growth pattern, the vacancies in centres will be absorbed 4 years (by 2028) into the 17-year forecast period (to 2041). In other words, while the current situation is fine, the market will be looking for new retail and commercial floorspace in centres by 2028.

Table 9: Floorspace demand gap to 2041

Precinct type	Total floorspace 2024 (sqm)	Overall vacancy rate	Estimated vacant floorspace (sqm)	Floorspace demand to 2041	Min. Additional floorspace required
Centres (Population Serving)	1,498,304	2.5%	37,081	156,756	-119,675
Employment Precincts (Business Services, Health & Education, Industry)[13]	1,317,602	2.9%	38,831	387,317	-348,486
Total	**2,815,905**	**2.7%**	**75,912**	**544,073**	**-468,161**

Precinct level forecasts are found in Appendix F.

The employment precinct vacancies are more of an immediate issue. In office and industrial markets, it is prudent to keep vacancies at around 5% so that new or emerging businesses can immediately find floorspace or expansion opportunities when needed rather than wait years for a new development to emerge. There are also no drawbacks to these vacancies (unlike in centres where vacancies over 5% can reduce centre amenity). Some level of available floorspace also keeps rent prices lower for business tenants. That means there is already a case for the immediate provision of more floorspace. By 2041, 348,000sqm of additional floorspace is required in employment precincts, but this additional floorspace number would rise to 473,000 sqm if a 5% vacancy rate is to be achieved to encourage new business entries and smoother market functioning. That equates to 28,000sqm of additional employment floorspace per year across a 17-year period from 2024 to 2041. 28,000sqm would be one to two major developments or four to five smaller commercial projects every year. These numbers are summarised in the table below for employment precincts.

[13] Note that there can be some population serving functions in employment precincts, but these are generally minor and not officially encouraged through the zoning system.

Table 10: Floorspace demand within employment centres

Precinct type	Floorspace demand to 2041 (sqm) (17-years)	Yearly demand (sqm) 2025-2041
Employment floorspace demand	387,000	23,000
With 5% vacancy rate	473,000	28,000

Source: SGS Economics and Planning (2025)

5.6 Floorspace demand and capacity compared

This section compares the net demand figures from the table above to floorspace in the Yarra's employment precincts. Activity Centres are excluded from this analysis as capacity for those areas are still in progress.

Forecast demand for employment floorspace outside of Activity Centres is compared with potential capacity under all scenarios in the table below. The results show that:

- Under an average FAR scenario, there is expected to be a surplus of approximately 663,000sqm of employment floorspace by 2041, with demand outstripping supply by 2065 (41-years' time)
- Under the maximum FAR scenario, there is expected to be a surplus of approximately 3,453,000sqm of employment floorspace by 2041, with demand outstripping supply by 2164 (140-years' time).

Table 11: Demand and adjusted capacity compared (sqm)

Metric	Average FAR Scenario	Maximum FAR Scenario
1. Existing employment floor space	1,425,925	1,425,925
2. Net adjusted capacity	1,136,000	3,926,000
3. Demand to 2041	473,000	473,000
4. Capacity in excess of demand [3-2]	663,000	3,453,000
5. Ratio of capacity to demand [3/2]	2.4	8.3
6. Annual demand (2025-2041)	28,000	28,000
7. Years of supply [2/6]	41	140

Source: SGS Economics and Planning (2025)

It is recommended that Council plan on the basis of the Average FAR Scenario, as the Maximum FAR Scenario is unlikely to eventuate given Council is unable to enforce developers to build to maximum FAR for any sites.

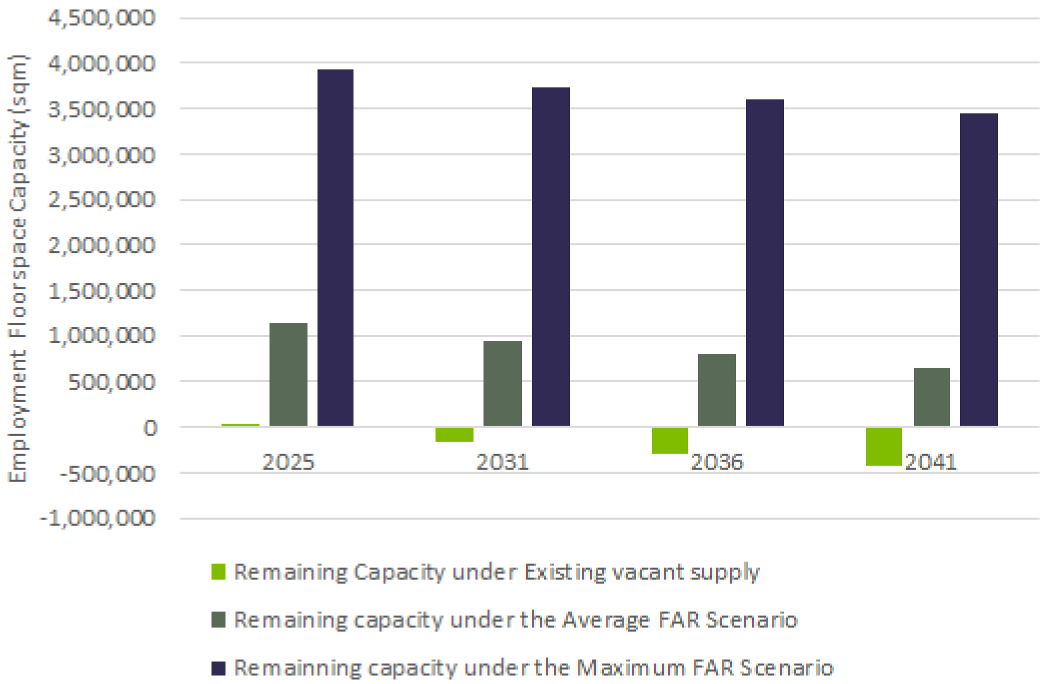
A 5-yearly breakdown of modelled capacity aligned with demand is shown in the table and chart below.

Table 12: Demand and capacity 5-yearly alignment table

Year	Remaining capacity under the Average FAR Scenario	Remaining capacity under the Maximum FAR Scenario
2025	1,136,000	3,926,000
2031	941,000	3,731,000
2036	802,000	3,592,000
2041	663,000	3,453,000

Source: SGS Economics and Planning (2025)

Figure 22: Demand and capacity 5 yearly alignment



Source: SGS Economics and Planning (2025)

In summary, having this extra capacity past 2041 is necessary and indeed advantageous for the Yarra and metropolitan Melbourne community. It is important to plan for the long term (and review at regular/5-10 year intervals) because having extra capacity allows for the accommodation of low-density employment uses including industrial businesses, creatives and start-up ventures – all of which play a beneficial role in the local and metropolitan economy.

6. Key findings and implications

This section sets out the key findings and implications impacting employment locations within Yarra including macro trends.

6.1 Economic role

Issues	Key findings	Strategy implications
Key industries (Section 3.1)	Yarra's economy has now transitioned to the point where business services (professional services, IT) and high-end population services (health, retail/entertainment) generate the greatest economic value. Those industries have demonstrated an ability to grow fastest in the post-COVID era (2019 to 2023).	Those trends in economic activity translate to growing floorspace demand for retail floorspace in activity centres and commercial offices in both employment precincts and activity centres.
Employment by industry (Section 3.2)	Employment numbers have grown across most industries in Yarra over the past decade. This suggests that Yarra is a popular and thriving place for businesses and workers alike to operate regardless of business type. Professional services jobs have grown the most rapidly, more than doubling from 2011 to 2021, overtaking health as the number one employing industry during this period.	The existing mix of precincts, centres, and infrastructure works well for a diverse range of businesses in the LGA. Development momentum is clearly strongest for offices, so there is a need to facilitate further growth of office development.
Property values (Section 2.3)	Despite the importance of offices for professional service jobs, offices remain just the 5th most valuable property type when measured in terms of sale price per square metre in Yarra. Retail floorspace is also lower in sales value.	A common result of these property market discrepancies is the 'crowding out' effect whereby a higher value property use, like residential, displaces commercial office or retail despite the latter's value to the community when it comes to employment opportunities and other economic benefits.
Spatial distribution of jobs (Section 4.1)	There are distinct employment clusters in the LGA, including: ▪ Health jobs focused around the St Vincent and Epworth Hospital precincts,	There is a logical spatial framework for employment lands in Yarra that emerges out of this development pattern. Which is? See section X etc?

Issues	Key findings	Strategy implications
	▪ Population services focused along the five major activity centre corridors ▪ Traditional industrial, which continues to survive in Abbotsford, Gipps St and Cremorne ▪ Knowledge services are more evenly distributed across the LGA but still exhibit some major clusters, including in Cremorne and Gipps St, as well as a couple of dedicated office precincts benefiting from river amenities in Burnley and Collingwood.	
Land use audit (Section 4.3)	Yarra Council led a land use audit of employment land uses across the LGA. It found the highest concentration of employment floorspace is in centres, whilst major employment precincts also possess nearly one million sqm of employment floorspace.	Yarra's Activity Centre floorspace comprises a mix of commercial office, retail and other uses. Given that offices occupy one third of centre floorspace, there is a need to protect and potentially encourage commercial office within centres. Major employment precincts primarily comprise industrial and commercial offices. Given that industrial still accounts for nearly half of the employment floorspace in these precincts, they should where possible still be protected.

6.2 Floorspace forecasts

Issue	Key findings	Strategy implications
Employment forecasts (Section 5.2)	Healthcare and Education will see the strongest economic and employment activity increase in the long run. Business and population services will also grow strongly.	In the long run (post-2036), both the Hospital and University anchors and their ancillary operators will likely seek out a much larger share of employment floorspace. Council should expect an opportunity to incorporate that demand (should capacity exist). The strong growth of business and population services also means a need to plan for office spaces.

Issues	Key findings	Strategy implications
Employment to floorspace ratios (Section 5.3)	Most Yarra businesses already maximise the effective use of limited space, as shown through the average low volume of floorspace each employee occupies. Therefore, job-to-floorspace ratios are expected to hold relatively steady in the future.	With that being the case, Professional Services will continue to occupy the highest volume of floorspace in the LGA, whilst Health & Education will grow the fastest but remain the second strongest source of demand for employment floorspace.
Vacancy & potential gap (Section 5.4)	Vacancies are generally low across the LGA, particularly in Activity Centres (which helps to keep amenity high). The tight hold on floorspace (and land), however, means that newer businesses looking to establish in the LGA have some challenges finding suitable floorspace.	Low vacancy also means a low floorspace demand gap in the future. Therefore, economic and employment activity growth will almost certainly need to be accommodated via new development (or redevelopment) through theoretical zoned capacity. Given the intensifying nature of employment land use in the LGA, any rezoning of this land in employment precincts would have heightened levels of economic costs to the Yarra and Victorian economy relative to the gains in population/dwelling yields.

7. Spatial strategy

This chapter sets out the spatial strategy for accommodating growth and change in employment in Yarra.

7.1 Vision and principles

The 2018 Yarra SEES set out a vision for the municipality's employment lands and their role in supporting the economy. An updated vision below builds on the previous vision in the wake of the economic shifts experienced in recent years.

The vision for Yarra's employment lands:

> Yarra's employment lands play a vital role in the economy of Metropolitan Melbourne. They support a diversified and modern economy across a variety of retail, mixed employment, industrial, and health and education precincts. Yarra provides employment and services that are local, metropolitan, and global in their reach, which is vital to Melbourne's brand as a creative urban economy.
>
> Despite successive waves of economic change, <u>including the significant disruptions caused by the COVID-19 pandemic</u>, Yarra's economy has continually adapted and evolved. <u>While work patterns and consumer behaviour have seen significant shifts during the COVID period, Yarra's employment lands will continue supporting both emerging and established businesses alike</u>. By virtue of its central location, accessibility, and amenity, Yarra's employment lands will increasingly attract high-value-adding economic activities. They are drawn to its established inner-city employment precincts for their agglomeration benefits, unique character, and diversity of built form.

The principles to achieve this vision for Yarra's employment lands are to:

- Protect Yarra's employment lands
- Grow Yarra's major employment precincts
- Plan for the continued transition of the economy
- Create conditions that attract and retain businesses. Based on market sounding, this includes:

The next section discusses how strategic responses respond to these principles.

7.2 Strategic responses

In response to the vision and principles, five strategic responses are proposed:

Strategic response 1: Retain and intensify the use of employment land

Strategic response 2: Reinforce preferred locations for housing growth

Strategic response 3: Plan for the transition of Yarra's large industrial sites

Strategic response 4: Leverage growth in health and education

Strategic response 5: Investigate a mechanism for more affordable workspaces

The table below shows which responses address which principles. Some responses address multiple principles.

Table 13 Alignment of Strategic responses with the four principles

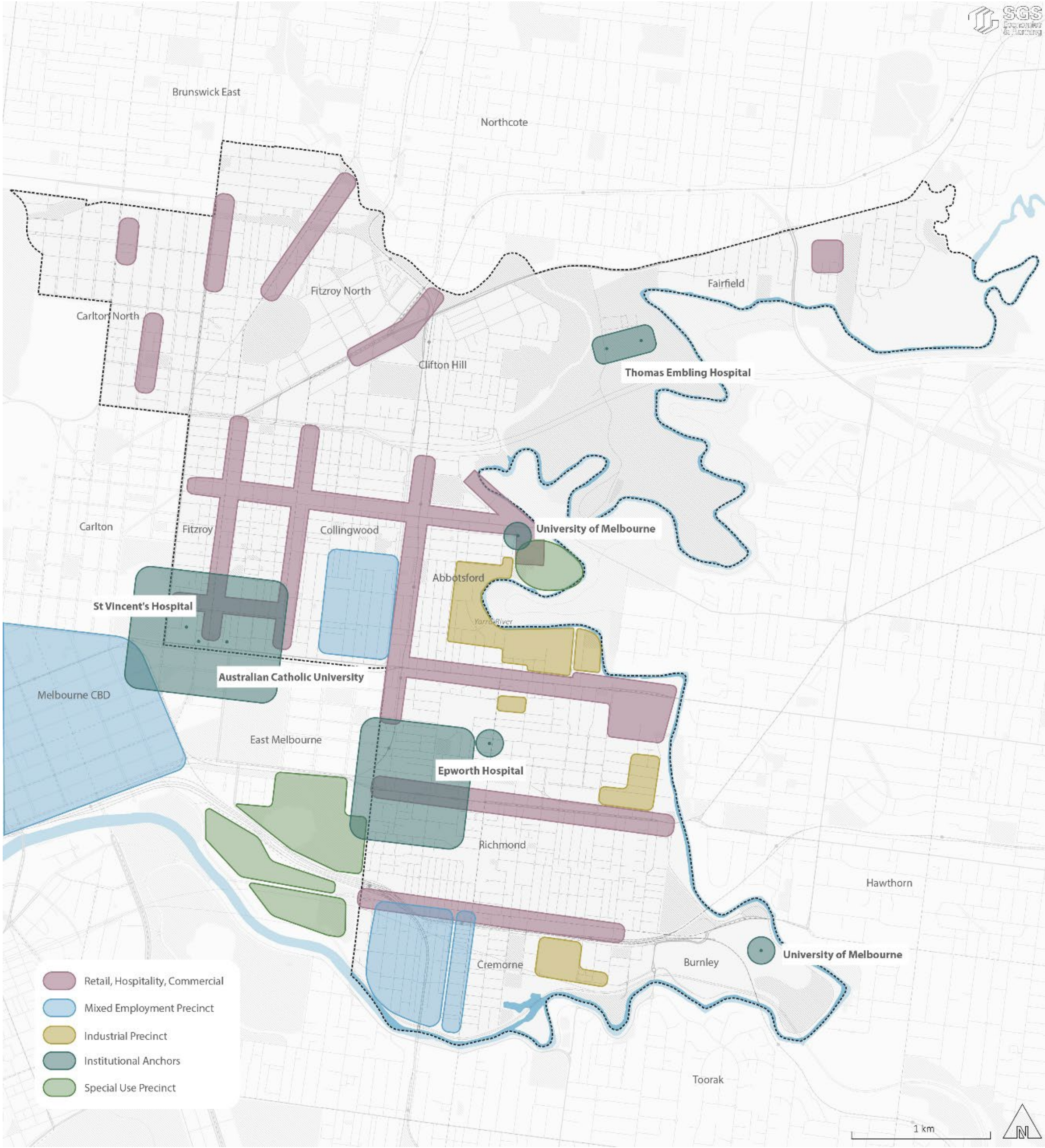
Strategic response	Principle			
	Protect Yarra's employment lands	Grow Yarra's major employment precincts	Plan for the continued transition of the economy	Create conditions that attracts and retains businesses
1. Retain and intensify the use of employment land	■	■	■	■
2. Identify preferred locations and forms for housing growth	■			■
3. Plan for the transition of Yarra's large industrial sites	■		■	■
4. Leverage growth in health and education	■		■	
5. Investigate a mechanism for more affordable workspaces		■	■	■

7.3 Spatial framework

An updated spatial framework is shown for the City of the Yarra below. It provides a spatial dimension to the strategic responses in Section 7.2, particularly relation to strategic responses 1 and 4. It features:

- Retail, hospitality precincts along the LGA’s key centres & main roads
- Major Employment Precincts of Gipps St and Cremorne
- The LGA’s remaining industrial precincts
- Health and Education precincts anchored by key Universities and Hospital campuses

Figure 23 Updated Spatial Economic Framework – City of Yarra



7.4 Strategic response 1: Retain and intensify the use of employment land

Yarra's employment lands play a unique and important role in the wider Melbourne economy. Yarra's economy and employment have continued to grow since 2018 despite the COVID-19 and lockdown disruptions.

The analysis in this report has found that:

- Major employment precincts, especially Cremorne and Gipps St have established their unique role in the Melbourne economy and are of metropolitan or regional significance.
- Traditional industrial activities continue to thrive in industrial zoned pockets of the LGA including in Abbotsford and Richmond
- High value, dedicated office precincts continue to benefit from river amenities in Burnley and Collingwood

Employment floorspace forecasts suggest that:

- Growth will continue across these sectors, as employment precincts of significance tend to have multiple sources of demand, reducing the risk that a single failed anchor or industry might cause floorspace vacancies.
- Most Yarra businesses already maximise the effective use of limited space
- Vacancies are generally low across the LGA, which means that newer businesses looking to establish in the LGA have some challenges finding suitable floorspace.

In the inner city, land is a finite resource. The challenge is how to support growth when no new land is available.

The retention of employment land and precincts and the intensification of floorspace will need to be the focus through the:

1. Redevelopment of ageing building stock, including ex-industrial buildings
2. Addition of new floorspace through expansion of existing buildings
3. Refurbishment of floorspace that is no longer fit for purpose.

However, opportunities for adding additional floorspace are limited in some parts of the municipality given land availability.

The refurbishment or expansion of existing buildings will be smaller, piecemeal solutions that occur on an ad hoc basis, but are in and of themselves unlikely to generate the 500,000sqm of additional floorspace that is required to 2041.

That means added pressure (and therefore scrutiny) on redevelopment opportunities. Redevelopments tend to occur when the landowner considers the existing building and use to be an economic underutilisation of the site. The financial feasibility equation always has the potential to consider some degree of residential and/or mixed use to be lucrative. Once developed for residential or mixed use, no reversal is possible. So this is where a market-led approach is likely to inhibit Yarra's ability to reach its long-term employment opportunities. Planning has a role to address or prevent this market failure.

The strategic response should therefore be to:

- Not rezone employment land to permit housing
- Ensure that all remaining employment precincts only permit the redevelopment (or addition) of employment-generating floorspace.
- No net loss of employment floorspace on all developments in employment areas.
- Identify parts of precincts or sub-precincts where capacity can be made available to meet market needs (e.g. opportunity sites, underutilised sites, buildings which could accommodate more height through extensions)

7.5 Strategic response 2: Reinforce preferred locations for housing growth

The City of Yarra still needs to meet its residential development obligations, including the advice to plan for at least 15 years of demand for housing.

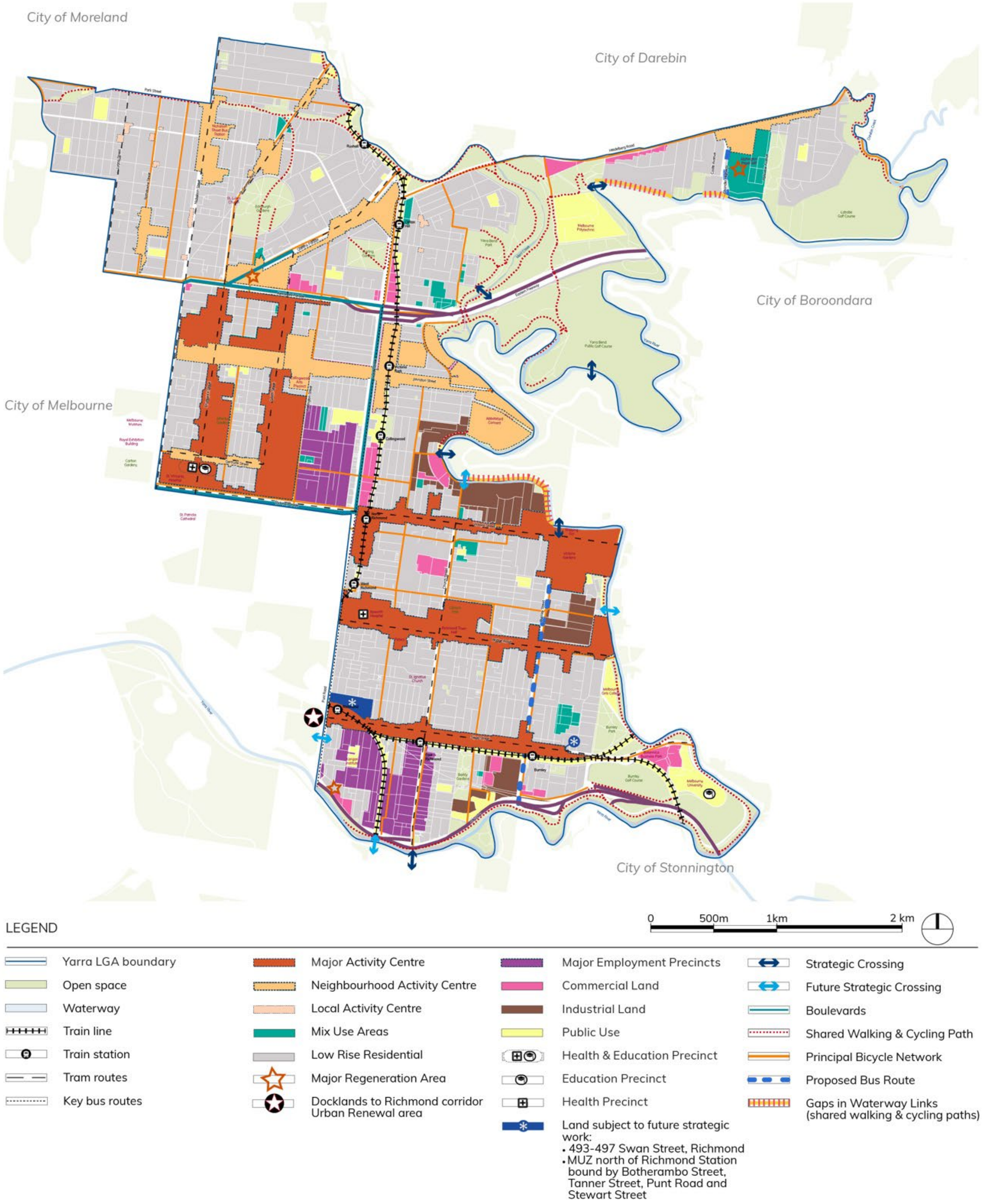
The fundamental challenge for the accommodation of housing growth in the City of Yarra is suggested in the City's settlement strategy at cl 02.03-1 of the Yarra planning scheme. This notes:

> [Activity centres] will continue to accommodate most of the city's growth because of their proximity to transport infrastructure, shops and services, making them the most suitable locations for development.
>
> These activity centres generally contain highly valued streetscapes and commercial buildings included in the Heritage Overlay and must balance the requirements for growth with the retention of heritage significance.

The Yarra planning scheme identifies preferred locations for housing growth, based on the 2018 Housing Strategy. The scheme at clause 02.03-5 - Housing directs housing to "appropriate locations including major regeneration areas" and activity centres, as shown in the scheme's Strategic Framework Plan at clause 02.04 -(see Figure 23).

Further detail is provided at clause 16.01-1L – Location of Residential Development identifying minimal, incremental, moderate and high change areas.

Figure 24: Strategic Framework Plan (Yarra Planning Scheme cl 02.04)



In practice, then, the challenge for accommodating housing growth is achieving sufficient supply while achieving desired protection for the characteristics of such precincts. The planning scheme outlines various aspirations for built form while achieving such change, notably through:

- Clause 02.03-4 – Built Environment and Heritage outlines aspirations for new development forms to protect character and heritage.

- Clause 11.03-1L – Activity Centres – which, amongst other strategies, reinforces various urban design objectives for the centres.
- Clause 16.01-1L – Location of Residential Development – maps areas for minimal, incremental, moderate and high change (as mentioned above).
- Multiple Design and Development Overlays that provide built form guidance, including across Activity Centres.

So, the solution here is not to ignore the problem (which could create overwhelming unmet demand) and ensure that areas for housing intensification are still identified. While core residential neighbourhoods are beyond this assignment's scope, Activity Centres are nonetheless viable locations for housing development.

The development of more mixed-use buildings and shop-top housing in Major Centres in particular should continue to be encouraged. Neighbourhoods/minor centres should also be considered to accommodate apartment stock – albeit on a smaller scale and lower height.

The City of Yarra also already identified preferred locations for accommodating long-term housing growth, the market – and, more importantly, residential/mixed use property developers – will be directed towards those areas for site selection, preventing land banking and other residential development-related activities that often hinder and compromise the potential of employment areas.

By developing stronger, clearer planning signals to the market, the employment precincts can be the focal point for developers, landowners and businesses exclusively interested in employment-generating activities to flourish.

7.6 Strategic response 3: Plan for the transition of Yarra's large industrial sites

The role of Yarra's industrial areas have continued to change, however a select few key industrial anchors remain in Yarra. These anchors occupy some of the largest industrial lots within Yarra, with one prominent example being the Carlton United Brewery in Abbotsford.

While these anchor employers contribute significantly to the local economy through both employment and economic output, increasing property prices could make the presence of these anchors on their existing sites less of a certainty into the future.

Council should have a plan for the ongoing use of the sites if these traditional industrial anchors (like CUB) choose to relocate outside of Yarra.

These sites could be important in accommodating the high growth expected in employment lands. Still, they must be managed in terms of competing residential demand and market.

Future floorspace redevelopment should aim to create more, not less, employment floorspace – while accepting that some or all of that floorspace may no longer be industrial, commercial office should then be the preference.

7.7 Strategic response 4: Leverage growth in health and education

Both health and education industries will only increase in importance to Yarra's economy, which has been established as a key destination for institutional anchors and allied services alike. This sector will be the fastest growing (particularly health), so finding ways to accommodate more development and floorspace will be important for maximizing local economic development and employment outcomes.

Council will need to engage with anchor institutions (universities, hospitals, TAFEs) to understand their long-term expansion needs and how they can be accommodated within the urban structure of their respective precincts. Historically, the growth of institutional anchors tends to be modular, with major expansion projects often delivering large floorspace increases through major funding initiatives. That means large sites within proximity to existing operations would be preferred. If engagement with these institutions finds that long-term growth opportunities are available Council should seek to ensure such sites are available – and avoid residential development of those larger sites.

There is also the issue of allied services which are more likely to occupy conventional office floorspace delivered by the market. Ensuring sufficient development capacity in precincts close to the anchors will be the key to ensuring that opportunities for the growth of those allied sectors are not hindered. This will need to occur as part of precinct planning – particularly for any employment sub-precincts that are within a 100m radius of established anchors, so ensure that a pipeline floorspace becomes available for operators that will keep finding their way into Yarra over the next 15 years as these sectors expand at forecasted rates.

7.8 Strategic response 5: Investigate a mechanism for more affordable workspaces

The Yarra economy is home to a thriving culture of innovation, start-ups and emerging small businesses. The availability of strong local networks, opportunities for collaboration, competition, TAFEs and other training facilities, as well as its proximity to major anchor institutions, has generated an environment that is friendly and attractive for budding entrepreneurs.

A victim of this success is the scarcity of lower rents and suitable commercial floorspace. Entrepreneurs, creatives, startups and small businesses cannot afford to compete with more established businesses for floorspace, let alone generate new development that competes with other land uses.

Council should, therefore, investigate mechanisms that will help provide more affordable workspaces for these operators. The space should be well-located, conducive to collaboration and networking and adaptable enough to suit a diverse range of industries. Existing/underutilised warehouses have traditionally been the most suitable locations for this purpose. Still, they are expected to be less available in the long run as more established businesses begin to occupy, refurbish or redevelop those buildings. As a result, Council may need to work with developers and other partners such as the State Government to produce new floorspace for this purpose, whether it be as part of a commercial complex in an employment precinct or as part of a mixed-use development in an Activity Centre.

In a holistic sense, affordable workspaces also include existing older/lower value buildings that are attractive to low rent businesses. Strategies to retaining these and taking them to market could include:

- Council providing rate discounts for buildings with low rents - to provide an incentive to owners to keep them in their current state

- Council could take the head lease on a large space (at a low sqm rate) and sub-let smaller space to small business at the same low rate
- Council could broker relationships between building owners and low rent businesses.

Appendix A: Policy Review

State Policy

Plan Melbourne

Though Plan Melbourne is set to be replaced by a spatially wider encompassing *Plan Victoria*, Plan Melbourne still currently sets the long-term strategic direction to support jobs, housing and transport in a wholistic manner for the entire metropolitan region. There is a strong focus on both the central city and the role of major employment centres beyond their simple retailing function. Yarra is identified as an integral part of the 'Expanded Central City' with key areas of focus including the Flinders St to Richmond Station Corridor, various medical and education precincts (St Vincents, Epworth Richmond, and Royal Victorian Eye and Ear Hospitals, and Australian Catholic University), and major activity centres along Brunswick Street, Smith Street, Swan Street, Victoria Street, and Bridge Road noted in the strategy. The Flinders St to Richmond Station Corridor is identified as a major urban renewal precinct.

The central city will continue to support the growth of knowledge-intensive and high-skill jobs while supporting a range of activities including retail, entertainment, residential, tourism, cultural and sporting activities.

The 2020 update to the Plan which introduced 20-minute neighbourhoods policy will help to shape the built form that sees a greater density and mix of both residential and employment land uses in strategic areas within more neighbourhood activity centres that will contain retail, entertainment, and health services and facilities.

State Planning Policy

Regional strategies in the Planning Scheme support the development of Metropolitan Activity Centres that can accommodate growth for a broad range of land uses (clause 11.03-R). The objective of clause 11.03-1L (with the sentiment echoed in clause 16.01-1L) is to "manage a sustainable network of activity centres that facilitate appropriate economic and housing growth and provide attractive places for social and community interaction", that "encourage uses and development in activity centres that support the employment areas, health and education precincts".

Clause 17.02 seeks to plan for an adequate supply of commercial land in appropriate locations, with 17.03 doing the same for industrial land and Cremorne and Gipps Street identified in 17.01-1L and 02.03-6 stating the commitment "to supporting this growth in its employment areas in preference to residential development". At the same time, residential uses must be planned for with clause 17-01-1R supporting plans for the Central City to be Australia's largest commercial and residential centre by 2050, and for employment areas to be protected while also supporting housing growth (c 02.02-5).

The locations of all activity centres in Yarra are shown in section 7.3.

Melbourne Industrial and Commercial Land Use Plan (MICLUP)

MICLUP builds on the policies and actions from Plan Melbourne to plan for, and protect, employment land based on current and future need for industrial and commercial uses. It outlines actions for local governments to review employment zones, develop stronger planning policies and guidance, more sophisticated assessment of supply and demand for industrial land, and the development of local industrial land use strategies.

Demand for both retail and office space is expected to continue in line with population growth and the steady transition to a service based economy. Jobs growth in the Inner South East is projected to be 2.1 per cent with 73,000 jobs to 2031. At the same time, the traditional business model within this sector is experiencing the early stages of disruption from elements such as online retailing, flexible office space and working from home, with the long-term effects not yet clear.

In 2023 Planning Scheme Amendment VC215 gave stronger effect to MICLUP as a state policy document and added:

- new state planning policy that aims to preserve locally significant industrial land for industrial or employment generating uses
- new regional planning policy for metropolitan Melbourne to support the transition from manufacturing land uses to other employment uses in strategically identified areas
- introduces subregional level planning policy that identifies strategies to protect employment land supply and jobs across metro Melbourne

Unlocking Enterprise in a Changing Economy (2018)

Taking aim at how to balance a growing population (i.e., housing) with the needs of a growing economy (i.e., jobs), this paper highlights the importance of *Enterprise Precincts* in a transitioning economy, with the creation of the Commercial 3 Zone to support it. These precincts aim to support an innovative, connected and nimble economy within contexts such as co-working spaces, start-ups, makers, and micro-manufacturers. Yarra plays a leading role in this space, with the paper highlighting Cremorne as an example of a successful Enterprise Precinct along with various enterprises (such as a number of smaller breweries) throughout the Abbotsford-Collingwood area.

The Commercial 3 Zone seeks to protect a number of Melbourne's older industrial areas and promotes the renewal of some older industrial areas by permitting a wide range of employment uses 'as of right' to support a highly connected, affordable, high-amenity precinct that includes both retail and, with a permit, limited residential use (with conditions around maximum floor areas and frontage widths).[14]

To date, no Victorian local Council has implemented the Commercial 3 Zone within their planning scheme.

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[14] Department of Transport and Planning (2022), PPN85: Applying the commercial 3 zone, https://www.planning.vic.gov.au/guides-and-resources/guides/planning-practice-notes/applying-the-commercial-3-zone

Built Environment Climate Change Adaption Action Plan 2022-2026

This plan outlines the actions that we must take to ensure that the built environment is responding to climate change in order to protect everyone's wellbeing. Key risks include bushfire, heat exposure, drought, coastal inundation, and flooding. The action plan has a focus on responses to, rather than prevention of, climate change such as appropriate land uses and the safety and protective elements of buildings, but does consider elements such as improving thermal performance, energy efficiency, and embodied energy. Land use is considered in terms of ensuring appropriate uses are located where they are out of the way of the risks outlined above.

Victoria's Housing Statement (20XX)

The Housing Statement is fundamentally about providing more housing supply, with the rationale that if there are more dwellings then housing costs will decrease. It seeks to support the conditions that are required to stimulate investment, including faster planning decisions to get more development online sooner and locating more new dwellings in established urban areas, which includes the Arden precinct, and surplus government land.

It acknowledges the need to balance both housing and employment uses, with a continued focus on precinct planning for urban areas in transition such as Footscray to create places where "people have vibrant, liveable and sustainable communities, affordable housing and quality jobs which help to grow Victoria's economy". [15] The Statement aims to support the supply of more and cheaper housing closer to jobs, suggesting the need to produce more higher density housing in established areas.

Though it does not single out any activity centres in Yarra, it sets an expectation that activity centres should support more housing and calls for the conversion of under-utilised commercial office buildings to be converted into apartments and mixed-use precincts.

Supporting Enterprise and Creative Industries (2021)

This report looks at the ways in which communities can provide for the availability and affordability of workspace in inner Melbourne for commercial enterprises and creative industries, and that both availability and affordability are common and persistent issues among both workspaces and places to live nearby. It recommendations that Governments should ensure that enterprise precincts remain accessible and affordable, and that vacant or underutilised government owned buildings are identified that can be utilised for suitable and affordable workspace hubs, particularly in older industrial areas.

Gipps Street in Collingwood is included as a case study. The precinct has nearly 300 creative spaces and a range of professional service firms in close proximity to affordable housing in the high amenity area. Commercial 2 zoning has effectively protected the area from growing pressure from residential development, but growing demand for office space and hotels, as well as increasing housing costs, has put pressure on affordable creative spaces.

Stakeholders identified that challenges in this precinct include redevelopment that is reducing the availability of affordable and diverse spaces and changing the character of the precinct, while simultaneously becoming less affordable to lower income households; and that there is a lack of public

[15] Department of Premier and Cabinet (2023), Victoria's Housing Statement – The decade ahead 2024-2034, p. 20.

amenity and outdoor space that allows for outdoor activity and public safety. Solutions proposed include retaining dedicated employment zones, supporting regulations and urban design guidelines that promote adaptive reuse of buildings and the creation of new spaces are suitable for creative industries, startups, and SMEs.

While the protection of employment precincts is a fundamental outcome of this work, it recognizes that affordable housing needs to be provided in the surrounding neighbourhoods.

Strategies and Plans in City of Yarra

Yarra Council Plan 2021-25

The Yarra City Council plan 2021-2025 sets out to inform decision-making and work to achieve the objectives outlined in Council's Community Vision. The Plan includes six strategic objectives that address climate and environment, social equity and health, local economy, place and nature, transport and movement, and democracy and governance.

With more than 16,600 businesses that are driven by knowledge industries, creative industries, healthcare and social assistance, and retail, Yarra is home to one of the largest economies in metropolitan Melbourne. Almost half of all employment is concentrated in Richmond, Cremorne and Burnley, with Cremorne noted as being the Silicon Valley of Melbourne due to the concentration of tech and creative industries.

Initiatives to support the economic development of Yarra are to:

- Encourage small business and larger industries.
- Improve streetscapes, accessibility, safety, and amenity, including outdoor dining, increased greenery and active transport infrastructure.
- Support new businesses to locate in Yarra through fast tracking applicable permit processes.
- Understand community attitudes towards safety to improve amenity through partnerships and evidence.
- Enable opportunities, including in the planning development process, for public art, spaces for artists to work and vibrant events in indoor and outdoor settings to enhance the arts sector and everyday creative experiences.

This will be measured in the vacancy rates in employment precincts, number of spaces available for creative use, number of new public art installations, perceptions of safety at all hours, and the number of businesses engaged with support programs.

Yarra Economic Development Strategy 2020-2025

To support continued economic development while supporting Yarra's existing business community, this Strategy considers economic and demographic trends and macroeconomic influences, highlighting issues to address and opportunities to achieve positive outcomes for Yarra's economy and community.

Council has an important role in supporting economic development through creating an environment that is conducive to economic activity and investment. The Strategy considers the primary tools to achieve this as:

- driving and communicating the vision for the community
- proactively marketing the city as a place for investment, work and play
- delivering enabling infrastructure and amenity
- facilitating an efficient planning system that encourages investment and employment
- supporting businesses at all levels
- understanding the local economy through the analysis of up to date data to anticipate trends and future needs of businesses

The Strategy recognises that Yarra's employment precincts and activity centres are critical economic areas, noting the ongoing priority to protect strategic employment land. This land is a competitive advantage for Yarra and is important for accommodating future growth of businesses and employment. At the same time, the Strategy proposes that Yarra's activity centres can support further residential growth.

Residential growth has put pressure on existing employment land, been driven by site-specific redevelopments and infill developments, but also supported by major urban renewal projects such as the former Gasworks, Armcor papermill, and Richmond Maltings sites. Economic trends are continuing to result in more expensive housing and more people renting, with flats, units and apartments becoming the most common dwelling type across Yarra.

> "The Housing Strategy acknowledges that Yarra is well-placed to accommodate the projected growth in residents over the next 15 years across suitably zoned land, with no requirement to rezone employment land."[16]

Responding to the competition for land, Strategy 2 of the action plan is to *retain and grow* Yarra's employment precincts and unlock economic development opportunities through strategic planning processes. This includes collecting data and monitoring activity in the precincts, developing structure plans to better define the role of the precincts and planning controls to guide decision making, and working with state government to assess and respond to work space affordability to ensure these don't disappear.

Yarra Housing Strategy (2018)

To guide housing growth within Yarra, the Housing Strategy sets out to identify areas for housing growth and development that is consistent with the strategic context and characteristic of Yarra's neighbourhoods. Housing development is guided by the seven actions from the *Liveable Yarra Engagement Summary Report* from 2015 that includes issues of heritage, economic development, communal open space, diversity and adaptability, affordable housing, access and movement, and sustainability. In 2018 residents were surveyed to find out which ones they felt were still important,

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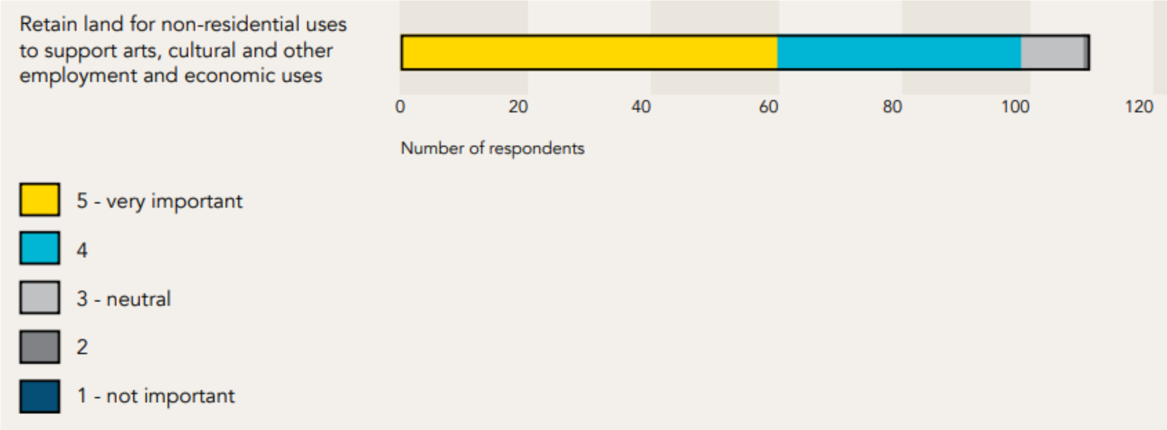
[16] City of Yarra (2020), Yarra Economic Development Strategy 2020-2025, p,17

with economic development among the most important (along with protecting heritage, environmental quality, and communal spaces).

Figure 25: Community sentiment about retaining land for non-residential uses



Source: Yarra Housing Strategy (2018)

Again, the tension between residential and employment land uses is clear, with Council proposed to retain the existing zoning in employment areas apart from areas that are already identified in strategic plans in recognition that employment activity takes precedence over housing in these areas. At the same time, the Strategy recognises the attractiveness and utility of locating dwellings proximate to services, facilities, and jobs, and that "separate strategic work - structure plans and local area plans - will identify any rezoning potential"[17], and points to the Commercial 1 Zone introduced in 2013 that allows more residential development in activity centres. It goes on to recommend that additional residential growth in activity centres should be encouraged where appropriate.

Yarra Climate Emergency Plan 2020-2024

This Plan outlines the objectives, priorities and targets to achieve ways of living and working that are less energy intensive for communities, businesses and governments. This includes a transition from gas, greater use of electric vehicles, more cycling and green spaces, behaviour change efforts, and new building standards residential and commercial developments that are zero carbon. With commercial buildings emitting the majority of emissions in Yarra (61% of all emissions, lead by commercial office space), and office floor space growing, addressing energy use in the commercial sector will be key.

Yarra Transport Strategy 2022-2032

The Yarra Transport Strategy outlines strategic directions and policies to achieve an innovative, efficient, sustainable and accessible transport system for Yarra. Recognising streets are important public spaces for transport and activity, the report sets out engagement results that saw 86% of residents want to see "a lot more active and sustainable transport options", and 85% want to see "a lot more trees and greenery". Community engagement informs strategic directions such as allocating road

[17] Yarra City Council (2018), Yarra Housing Strategy, p. 12

space to preferred transport modes and other activities, reduced traffic speeds, address barriers to movement, and embrace partnerships.

Yarra Planning Scheme

Key clauses of the Yarra Planning Scheme of relevance to the SEES are summarised briefly below.

Local Policy

02.01 Context

Provides a general summary of key issues recognised under the Municipal Planning Strategy.

02.02 Vision

States the Community's vision to 2036, along with the spatial response to that vision.

02.03 Strategic Directions

Sets out the overarching framework for all key planning issues in Yarra's planning remit. Of particular relevance to the SEES are:

- *02.03-1 Settlement (Activity Centres), emphasising the established network and hierarchy of centres, promoting the right mix of land uses and reinforcing key values that need to be retained as part of future development of those centres.*
- *02.03-6 (Economic Development), committing Yarra to supporting employment growth, promoting the LGA as an attractive location for economic activity, preserving the primacy of health and education precincts, major employment precincts and other industrial and commercial land outlined in 02.04's Framework Plan.*

02.04 Strategic Framework Plan

Maps out Yarra's major employment precincts and employment areas.

16.01-1L Location of residential development

Identifies the change areas and locations of residential development through a series of strategic housing framework plans. This provides clarity for where change is expected, as well as where residential developments are not expected to occur.

17.01-1L Employment

Aims to create an environment that supports workers, fosters economic diversity, and maximises the potential of commercial and industrial areas by providing high-quality amenities, affordable workspaces, recognising the importance of the night-time economy and supporting ancillary services for workers. It also identifies the major employment precincts and the objectives for them.

17.02-1L Retail

Calls out the elements that distinguish retailing in Yarra including niche shops that attract shopper from a broad catchment area, the unique quality and appearance of Yarra's shopfronts, as well as active street frontages that allow for pedestrian interface and integration within the surrounding built form.

Out of centre retail/entertainment/sports facility development is generally discouraged unless a net community benefit can be demonstrated or is just servicing a small local community.

Zoning

Zones are the primary tool for guiding the fair and orderly use and development of land. A zone sets expectations about what land use and development activity is or may be acceptable in the location to which it applies. Each zone broadly deals with a particular predominant land use theme, such as residential, commercial, industrial or public land uses.

Zones are applied spatially, and all land must be included in a zone, except Commonwealth land. The zone selected for any land is determined by the historic land use and the planning strategies set out in the planning scheme.

Each zone contains purposes that describe the planning outcome sought by the zone. These purposes are achieved through the application of the controls on use and development in the zone.

The use of land is controlled by a 'Table of uses' in the zone. This table places particular land uses in one of three categories:

- Section 1 – Permit not required.
- Section 2 – Permit required.
- Section 3 – Prohibited.

The table may include a condition next to a land use that must be met. If the condition is not met, a more restrictive land use category will apply to the use.

The zone also controls development by requiring a planning permit for specified types of development. Some zones seek to promote a specific outcome by exempting a preferred form of development from the need for a permit. Some zones may include mandatory requirements, such as a maximum building height.

Figure 25 sets out the range of zones that currently apply in Yarra. It examines key parameters that would impact commercial development. Four zones relating to employment uses are included in the Yarra Planning Scheme. These are:

- Industrial 1 Zone (IN1Z), which provides for manufacturing industry, the storage and distribution of goods and associated uses in a manner which does not affect the safety and amenity of local communities.
- Industrial 3 Zone (IN3Z), which allows limited retail opportunities including convenience shops, small scale supermarkets and associated shops in appropriate locations, and provides a buffer between the Industrial 1 Zone or Industrial 2 Zone and local communities.
- Commercial 1 Zone (C1Z, which supersedes B1Z, B2Z, and B5Z), creating vibrant mixed use commercial centres for retail, office, business, entertainment and community uses, and, provides for residential uses at densities complementary to the role and scale of the commercial centre.
- Commercial 2 Zone (C2Z, which supersedes B3Z, B4Z), encouraging commercial areas for offices, appropriate manufacturing and industries, bulky goods retailing, other retail uses, and associated business and commercial services.

- The new Commercial 3 zone (see section 7.1) has not been incorporated into the Yarra Planning Scheme at present.
- Mixed Use Zone (MUZ), provides for a range of residential, commercial, industrial and other uses which complement the mixed-use function of the locality, and for housing at higher densities.

Figure 26: Relevant Zones

Clause	Purpose	Location	Schedules and Key Provisions	Implications for the Framework
Mixed Use Zones (note – a purpose of all zones is to implement the Municipal Planning Strategy and the Planning Policy Framework.)				
32.04 Mixed Use Zone				
To implement the Municipal Planning Strategy and the Planning Policy Framework. To provide for a range of residential, commercial, industrial and other uses which complement the mixed-use function of the locality. To provide for housing at higher densities. To encourage development that responds to the existing or preferred neighbourhood character of the area. To facilitate the use, development and redevelopment of land in accordance with the objectives specified in a schedule to this zone.		Throughout Yarra	Amenity of the neighbourhood The use of land for an industry, service station or warehouse must not adversely affect the amenity of the neighbourhood, including through: ▪ The transport of materials or goods to or from the land. ▪ The appearance of any stored materials or goods. ▪ Traffic generated by the use. ▪ Emissions from the land. Small second dwellings do not require a permit if there is no more than one dwelling existing on the lot. A permit is required to construct or extend one dwelling, or a small second dwelling on a lot of less than 300 square metres, and for two or more dwellings including apartment buildings, and aged care facilities. No maximum building heights are specified.	Allows for the potential of residential uses to crowd out other uses. Allows for a range of residential uses without a permit required: ▪ Dwelling (other than Bed and breakfast) ▪ Rooming house ▪ Small second dwelling And with a permit: ▪ Accommodation (other than Community care accommodation, Dwelling, Residential aged care facility, Rooming house and Small second dwelling)

Clause	Purpose	Location	Schedules and Key Provisions	Implications for the Framework
Industrial Zones				
33.01 Industrial 1 Zone				
	To implement the Municipal Planning Strategy and the Planning Policy Framework. To provide for manufacturing industry, the storage and distribution of goods and associated uses in a manner which does not affect the safety and amenity of local communities.	Primarily in two clusters bounding the Yarra river, just north and south of Victoria Street and Bridge Road.	Allows for There are no locations or leasable floor area for Offices where a maximum is specified. A permit is required to subdivide land.	Accommodation is prohibited other than Caretaker's House. There is limited land zoned for IN1Z, therefore it has minimal implications on other uses as it is buffered from incompatible uses with land zoned for IN3Z. As there is a limited amount of IN1Z any reduction would be significant.
33.03 Industrial 3 Zone				
	To implement the Municipal Planning Strategy and the Planning Policy Framework. To provide for industries and associated uses in specific areas where special consideration of the nature and impacts of industrial uses is required or to avoid inter-industry conflict. To provide a buffer between the Industrial 1 Zone or Industrial 2 Zone and local communities, which allows for industries and associated uses compatible with the nearby community.	Primarily clustered in small parcels around IN1Z land to provide a buffer from incompatible uses. There is larger parcel south of the rail line at Burnley Street.	There are no locations or leasable floor area for Offices where a maximum is specified. A use must not adversely affect the amenity of the neighbourhood , including through the: ▪ Transport of materials, goods or commodities to or from the land. ▪ Appearance of any stored goods or materials. ▪ Emission of noise, artificial light, vibration, odour, fumes, smoke, vapour, steam, soot, ash, dust, waste water, waste products, grit or oil.	Accommodation is prohibited other than Caretaker's House. There is limited land zoned for IN3Z, therefore it has minimal implications on other uses. As there is a limited amount of IN3Z any reduction would be significant.

Clause Purpose	Location	Schedules and Key Provisions	Implications for the Framework
To allow limited retail opportunities including convenience shops, small scale supermarkets and associated shops in appropriate locations. To ensure that uses do not affect the safety and amenity of adjacent, more sensitive land uses.			
Commercial Zones			
34.01 Commercial 1 Zone			
To implement the Municipal Planning Strategy and the Planning Policy Framework. To create vibrant mixed use commercial centres for retail, office, business, entertainment and community uses. To provide for residential uses at densities complementary to the role and scale of the commercial centre.	C1Z is found throughout Yarra primarily along main roads and streets including Brunswick Street, Smith Street, Johnston Street, Gertrude Street, Hoddle Street, Victoria Parade/ Street, Bridge Road and Swan Street.	There are no requirements specified for maximum leasable floor areas for Offices or Shops. A permit is required to subdivide the land. A use must not detrimentally affect the amenity of the neighbourhood, including through the: ▪ Transport of materials, goods or commodities to or from the land. ▪ Appearance of any building, works or materials. ▪ Emission of noise, artificial light, vibration, smell, fumes, smoke, vapour, steam, soot, ash, dust, waste water, waste products, grit or oil. Applications for specified types of residential construction must be accompanied by a neighbourhood and site description and a	A permit is not required for a range of Accommodation uses, including: ▪ Dwellings ▪ Group accommodations ▪ Residential aged care facility ▪ Residential building ▪ Residential village ▪ Retirement village As residential uses are permitted in C1Z zones it will be important to consider that any residential development here will generally mean that the land will no longer support commercial purposes for the long term.

Clause	Purpose	Location	Schedules and Key Provisions	Implications for the Framework
			design response as described in Clause 54.01 or 55.01, as appropriate	
34.02 Commercial 2 Zone				
To implement the Municipal Planning Strategy and the Planning Policy Framework. To encourage commercial areas for offices, appropriate manufacturing and industries, bulky goods retailing, other retail uses, and associated business and commercial services. To ensure that uses do not affect the safety and amenity of adjacent, more sensitive uses.		C2Z zoned land is found throughout Yarra, generally on main roads but set behind C1Z zoned land. Larger sites are found in Cremorne and Collingwood.	A use must not detrimentally affect the amenity of the neighbourhood, including through the: ▪ Transport of materials, goods or commodities to or from the land. ▪ Appearance of any building, works or materials. ▪ Emission of noise, artificial light, vibration, smell, fumes, smoke, vapour, steam, soot, ash, dust, waste water, waste products, grit or oil.	Accommodation is prohibited other than Caretaker's House and Residential hotel.
37.02 Comprehensive Development Zone				
To provide for a range of uses and the development of land in accordance with a comprehensive development plan incorporated in this scheme.		CDZ1: a single area generally bounded by Victoria Street, Burnley Street, the Yarra River and Doonside Street (in part), Richmond	To assist redevelopment as a mix of office, retail, entertainment, residential, commercial and ancillary uses. To ensure retailing in the zone is compatible with and serves the existing and future commercial, industrial and residential uses in the surrounding area.	Minimal, already developed into a mix or residential and commercial.
		CDZ2: bounded by Cremorne, Bent,	To provide for the land to be planned and developed as a whole in a form that is responsive to area character and amenity, site characteristics and opportunities, and the	Site is already developed primarily as residential with mixed use.

Clause	Purpose	Location	Schedules and Key Provisions	Implications for the Framework
		Dover and Balmain Streets, Richmond	strategic objectives of the responsible authority	
		CDZ3: applies to land known as Richmond Maltings, 2 Gough Street, generally bounded by Harcourt Parade to the south, Gough Street to the north, and Cremorne Street to the east.	To allow a comprehensively staged, mixed use development on the site which will create activity during the day and evening and generate local employment opportunities.	Minimal, as this applies to a single site that is currently undeveloped with existing heritage controls (HO350). Can accommodate commercial, industrial, and residential development.
37.06 Priority Development Zone				
To recognise or provide for the use and development of land for projects and areas of regional or State significance. To provide for a range of uses and the development of land in accordance with a plan incorporated in this scheme.		PDZ1 applies to a single area bounded by Walmer Street, Victoria Street, Flockhart Street, land immediately north of Shamrock Street and the Yarra River.	Objectives of the Victoria Street East Precinct are to provide for the development of a mixed-use precinct as part of the Victoria Street Major Activity Centre, and give effect to the objectives and design principles of the Yarra Gardens Precinct Plan (December 2009).	Little effect precinct wide as it is limited to a single area that has already been developed into apartments. Allows for both commercial and residential uses without a permit, with additional residential and commercial uses with a permit.

Overlays

Overlays control a broad range of development matters such as the protection of vegetation or heritage values, the design of built form or mitigating flood risk. The application of an overlay may reflect a policy objective in the scheme or a condition of the land.

While a parcel of land will always be included in a zone, it will only be affected by an overlay where a specific development outcome is sought for that land. Land can be subject to more than one overlay if multiple issues apply to the land.

Each overlay contains purposes that specify the planning outcome sought by the overlay. These purposes are achieved through the application of the controls in the overlay. For example, to develop land in an overlay that identifies flood prone areas, a planning permit application may require special information about the expected height and incidence of flood, to demonstrate that life and property will not be unreasonably at risk because of developing in that location.

Figure 26 sets out overlays relevant to this study.

Figure 27: Relevant Overlays

Clause	Purpose	Location	Scope / Matters Affected	Implications for the Framework
Environmental and Landscape Overlays (note – a purpose of all overlays is to implement the Municipal Planning Strategy and the Planning Policy Framework.)				
42.03 Significant Landscape Overlay (SLO)	The SLO identifies, conserves and enhances the character of significant landscapes.	Parkland bordering the Yarra River	A permit is required to: ▪ Construct a building or carry out works (unless the height does not exceed 6 metres above ground level). ▪ Remove, destroy or lop vegetation and construct a fence within 30 metres of the banks of the Yarra River or abutting public open space, with exceptions.	SLO zoned land overlaps with some MUZ, C1Z, C2Z, IN1Z and IN3Z zoned land, meaning that development within this overlay will face limitations. For this land, permits are required to construct a building or carry out works and as such there will be application requirements that support how the building or works are consistent with the Yarra River Protection regional policy in the Planning Policy Framework (PPF) and meets the

Clause	Purpose	Location	Scope / Matters Affected	Implications for the Framework
				landscape character objectives of this schedule.
Heritage and Built Form Overlays				
43.01 Heritage Overlay (HO)	To conserve and enhance heritage places of natural or cultural significance and those elements which contribute to the significance of heritage places. To ensure that development does not adversely affect the significance of heritage places. To conserve specified heritage places by allowing a use that would otherwise be prohibited if this will demonstrably assist with the conservation of the significance of the heritage place.	Significant areas of Yarra	A permit is required to subdivide land, demolish or remove a building, and to construct a building or carry out a variety of works. Use of a heritage place may be permitted with a permit if: ▪ The Schedule specifies the heritage place as one where prohibited uses may be permitted ▪ The use will not adversely affect the significance of the heritage place, and ▪ The benefits obtained from the use can be demonstrably applied towards the conservation of the heritage place. A heritage place specified in the schedule to this overlay as an Aboriginal heritage place is also subject to the requirements of the Aboriginal Heritage Act 2006.	Uses must be compatible with the requirements set out in this clause and schedule.

Clause	Purpose	Location	Scope / Matters Affected	Implications for the Framework
43.02 Design and Development Overlay (DDO)	To identify areas which are affected by specific requirements relating to the design and built form of new development.	There are 31 DDO's within Yarra, most of which apply specific design and development controls to commercial or industrial areas.	The DDO's largely guide built form and land use outcomes in employment areas by retaining ground level use as employment, and often not impeding above this. The controls set out varying controls around height, set backs and bulk of buildings.	Facilitates development of specific precinct and often retains or requires employment use as the ground level.
43.03 Incorporated Plan Overlay (IPO)	To identify areas which require: The form and conditions of future use and development to be shown on an incorporated plan before a permit can	32-68 Mollison Street, Abbotsford, Incorporated Plan (February 2022)	Permit requirements must address issues of access, overshadowing, car parking and traffic, external design, and active frontages.	Minimal – single site.

Clause	Purpose	Location	Scope / Matters Affected	Implications for the Framework
	be granted to use or develop the land. A planning scheme amendment before the incorporated plan can be changed. To exempt an application from notice and review if it is generally in accordance with an incorporated plan.	18-62 Trenerry Crescent, Abbotsford, (May 2018)	Conditions and requirements have regard to minimum leasable floor area for office/retail/commercial or other employment generating uses, design that responds to the surrounding area, heritage impact statement, visual impact, car parking, and a landscape scheme.	Minimal – single site.
43.04 Development Plan Overlay (DPO)	To identify areas which require the form and conditions of future use and development to be shown on a development plan before a permit can be granted to use or develop the land. To exempt an application from notice and review if a development plan has been prepared to the satisfaction of the responsible authority.	Throughout Yarra		Facilitates development of specific precinct.

Clause	Purpose	Location	Scope / Matters Affected	Implications for the Framework
Schedule 2: Australian Catholic University Development Plan	None specified	115 Victoria Parade and 20-23 Brunswick Street, Fitzroy	Delivers mixed use development	Facilitates development of specific precinct.
Schedule 3: Swan Street Development, Burnley. Provides criteria for future development.	None specified	572-576 Swan Street and Crown Allotments 16T1 and 16T3, Parish of Jika Jika, Burnley.		Facilitates development of specific precinct.
Schedule 4: Jaques Development Site Richmond	None specified	The Jaques development site is bounded by Palmer Street, Highett Street, Griffiths Street and Coppin Street, Richmond.	The Jaques site is to be redeveloped to provide a predominantly medium to higher density residential development supported by commercial at the southern end and a limited range of other uses that activate the public realm while maintaining residential amenity.	Facilitates development of specific precinct.
Schedule 5: Channel Nine Site, Bendigo Street, East Richmond	None specified	Channel Nine Site, Bendigo Street, East Richmond	Development is subject to a s173 agreement to transfer to Council at no cost no less than 400 sqm of land for community uses. The Channel Nine site will be redeveloped to provide a predominantly medium to higher density residential development, providing homes for a diversity of households including affordable housing, supported by community facilities.	Facilitates development of specific precinct.

Clause	Purpose	Location	Scope / Matters Affected	Implications for the Framework
Schedule 10: Richmond Precinct	To achieve a long-term outcome of urban renewal and revitalisation for the Richmond Precinct and Fitzroy Precinct housing estates through a diversity of housing types. To facilitate the provision of housing in an area that benefits from excellent access to existing public transport, health and community services, retail services, employment and educational opportunities.	Incorporating the Atherton Gardens Estate and 100 Napier Street, Fitzroy.		Facilitates development of specific precinct.
Schedule 11: Amcor Site, Heidelberg Road, Alphington	None specified	The Amcor site which is bounded by Heidelberg Road, Parkview Road (including No 28 Parkview Road) Chandler Highway and the Yarra River.	The Amcor site will be predominantly medium to higher density residential development, providing homes for a diversity of households including affordable housing, supported by convenience retailing services and community facilities, with employment opportunities in offices and showrooms along the Heidelberg Road frontage.	Facilitates development of specific precinct.

Clause	Purpose	Location	Scope / Matters Affected	Implications for the Framework
Schedule 14: 112-124 & 126-142 Trenerry Crescent, Abbotsford	None specified	112-124 & 126-142 Trenerry Crescent, Abbotsford	The development will support employment generating land uses whilst permitting residential uses and encouraging mixed use activities reflective of the character of the area, and sensitively adapt and reuse the former Austral Silk and Cotton Mills warehouse and factory complex and substation at 114-124 Trenerry Crescent to maintain its heritage value and robust industrial character.	Facilitates development of specific precinct.
Schedule 15: 81-95 Burnley Street and 26-34 Doonside Street, Richmond	None specified	81-95 Burnley Street and 26-34 Doonside Street, Richmond	To develop a sustainable, mixed-use residential community, supported by convenience retailing services, community facilities, and employment opportunities augmenting the role of the Victoria Street Activity Centre.	Facilitates development of specific precinct.
Schedule 16: 111 Queens Parade and 433 Smith Street, Fitzroy North (former Fitzroy Gasworks)	None specified	111 Queens Parade and 433 Smith Street, Fitzroy North	Develop a mixed use precinct comprising a variety of housing types, community facilities and public open space, including a school, supporting retail, office and other uses at street level.	Facilitates development of specific precinct.
Land Management Overlays				
44.04 Land subject to inundation Overlay (LSIO)	To ensure that development does not detract from the healthy functioning of the natural environment, and	Areas throughout Yarra that abut the Yarra River and Merri Creek	Permits are required for a range of buildings and works.	Minimal overall, though this does affect some C1Z, C2Z, and IN1Z land around Abbotsford and Richmond.

Clause	Purpose	Location	Scope / Matters Affected	Implications for the Framework
	provides a safe and healthy environment.			
Other Overlays				
45.01 Public Acquisition Overlay (PAO)	To identify land which is proposed to be acquired by a Minister, public authority or municipal council. To reserve land for a public purpose and to ensure that changes to the use or development of the land do not prejudice the purpose for which the land is to be acquired.	A small number of very small parcels across Yarra. Mostly along roads or trails.	Land that has been acquired by various authorities for road and parkland works/upgrades.	Minimal, affects very small areas across Yarra.
45.03 Environmental Audit Overlay (EAO)	To ensure that potentially contaminated land is suitable for a use which could be significantly adversely affected by any contamination.	Various locations throughout Yarra	Requires a variety of assessments and audits to be completed before a sensitive use, playground or secondary school commences.	Minimal.

Clause	Purpose	Location	Scope / Matters Affected	Implications for the Framework
45.06 Development Plan Contributions Overlay (DCPO)	To identify areas which require the preparation of a development contributions plan for the purpose of levying contributions for the provision of works, services and facilities before development can commence.	Applies to all of Yarra	Development contributions are required of all development with noted exceptions, such as non-government schools, housing by or for the Department of Health and Human Services, and development that does not generate a net increase in demand units.	Minimal – both residential and commercial development must contribute contributions.
45.07 City Link Project Overlay (CLPO)	To ensure the efficient construction, operation and maintenance of the Melbourne City Link Project, the Exhibition Street Extension Project and CityLink Tulla Widening Project.	Applies to the area immediately surrounding the CityLink and Burnley Tunnel corridor	Only applies to use and development that is part of the Melbourne City Link Project or the Exhibition Street Extension Project, and the CityLink Tulla Widening Project Area if the use or development is part of, or associated with, the CityLink Tulla Widening Project. Ensures that the display of a business identification sign on land no longer required for the Melbourne City Link Project or the Exhibition Street Extension Project is limited to a level that does not compete with the display of signs shown on the plan titled "Melbourne City Link Project - Advertising Sign Locations November 2003".	Minimal
45.09 Parking Overlay (PO)	To facilitate an appropriate provision of car	Collingwood Arts Precinct	To encourage the re-use of buildings within the Collingwood Arts Precinct for arts and	Minimal – only applies to a single small area of Yarra.

Clause	Purpose	Location	Scope / Matters Affected	Implications for the Framework
	parking spaces in an area. To identify areas and uses where local car parking rates apply. To identify areas where financial contributions are to be made for the provision of shared car parking.		creative industries as identified in Schedule 6 to the Special Use Zone. To acknowledge the existing built form and context of the site and the constrained ability to provide on-site car parking. To recognise the site's proximity to the Principal Public Transport Network and to reduce car parking demand by encouraging use of sustainable and active transport modes to and from the site. To improve amenity for pedestrians around and through the site by minimising vehicle access to and through the site.	
45.12 Specific Controls Overlay (SCO)	To apply specific controls designed to achieve a particular land use and development outcome in extraordinary circumstances.	351-353 Church Street, Richmond 520 Victoria Street, 2A Burnley Street and 2-30 Burnley Street, Richmond, Burnley Street 10 Bromham Place, Richmond Fitzroy Former Gasworks Site	Land affected by this overlay may be used or developed in accordance with a specific control contained in the incorporated document corresponding to the notation on the planning scheme map (as specified in the schedule to this overlay). The specific control may: ▪ Allow the land to be used or developed in a manner that would otherwise be prohibited or restricted. ▪ Prohibit or restrict the use or development of the land beyond the controls that may otherwise apply. ▪ Exclude any other control in this scheme.	Minimal, majority of sites relate to roadworks or to support specific site developments.

Clause	Purpose	Location	Scope / Matters Affected	Implications for the Framework
		Caulfield Dandenong Rail Upgrade Project Flying Fox Campsite, Yarra Bend Park, Tramway Infrastructure Upgrades Specific Site and Exclusion – Lot 2 on PS433628L (452 Johnston Street, Abbotsford) North East Link Project Walk Up Village, 81-89 Rupert Street, Collingwood – 462-482 Swan Street, Richmond 36-52 Wellington Street, Collingwood –		

Clause	Purpose	Location	Scope / Matters Affected	Implications for the Framework
		Victorian Institute of Forensic Mental Health Thomas Embling Hospital Alphington Link 484 - 490 Swan Street, Richmond		

Structure and local area plans

11.03-1L outlines the objectives and strategies for Activity Centres, including:

Major Activity Centre:

- Brunswick Street, Fitzroy
- Smith Street, Collingwood/Fitzroy
- Bridge Road, Richmond
- Swan Street, Richmond
- Victoria Street, Abbotsford/Richmond

Neighbourhood Activity Centres:

- Gertrude Stret, Fitzroy
- Johnston Street (west of Smith Street
- Heidelberg Road, Alphington
- Johnston Street, Abbotsford / Collingwood (East of Smith Street)
- Nicholson Street, Fitzroy North
- Rathdowne Street, Carlton North
- St Georges Road, Fitzroy North
- Queens Parade, Clifton Hill and Fitzroy North

Local Activity Centres:

- Berry Street/Ramsden Street, Clifton Hill.
- Lygon Street, Carlton North / Princes Hill.
- Nicholson Street (south), Carlton North.
- Rathdowne Street (north), Carlton North (near Richardson St).
- Spensely Street, Clifton Hill.

Appendix B: Yarra's Economic Profile

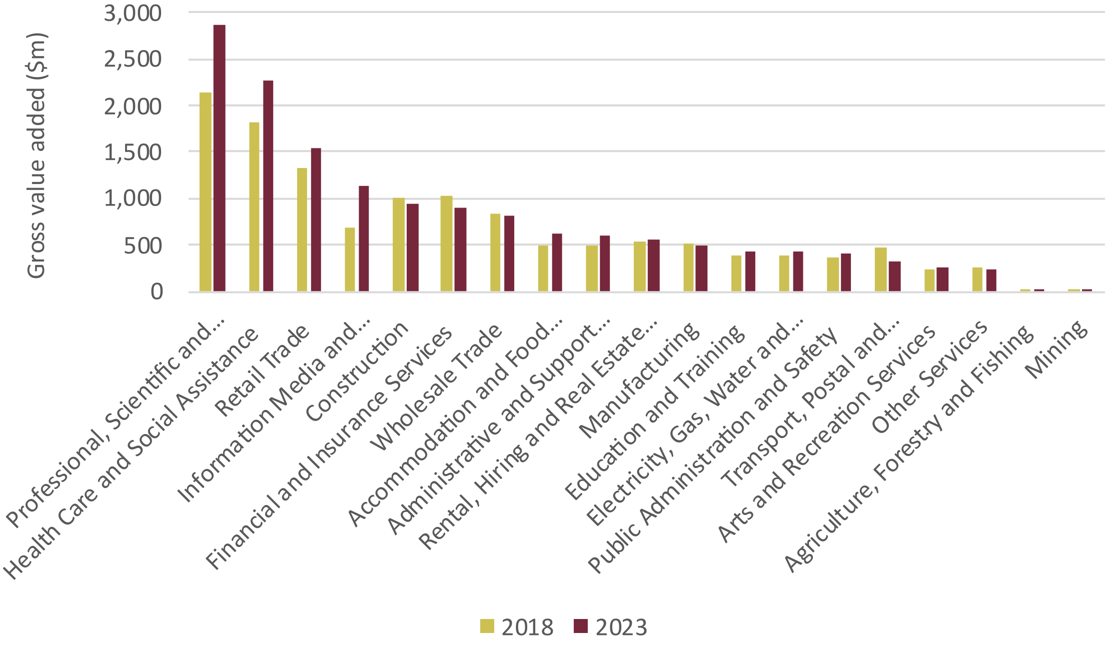
Local economic structure

The restructuring of Melbourne's economy described in Section 2.3 is reflected in the local economy of Yarra. Yarra has transformed from an area primarily supported by the traditional industrial economy to one in which knowledge-intensive activities drive the economy. This structural change has impacted the composition of employment and where it is located. In this context, the economy of Yarra has grown and evolved substantially.

In 1996, Yarra added approximately $4.5 billion to the economy, a figure which has more than tripled to $14.9 billion for the financial year ending June 2023. Over this time, the economy has grown by an average annual growth rate (AAGR) of 4.5 per cent. Over the same time, the economy of Greater Melbourne grew from nearly $129 billion to nearly $379 billion (AAGR 4.1 per cent). Since 2018, Melbourne's economy has grown at an AAGR of 2.3 per cent, while Yarra's grew at 2.7 per cent.

Within Yarra, the sector with the largest contribution to GVA is Professional, Scientific and Technological Services, followed by Health Care and Social Assistance. Health care is the fastest growing sector in Australia, linked to the nation's growing and ageing population. These two industries have grown the second and third fastest, respectively, since 2018 in terms of their value added. The fastest-growing industry has been Information Media and Telecommunications, which has nearly doubled in size since 2018, growing at an AAGR of 10.9 per cent. Figure 27 below demonstrates which industries have grown and contracted, and how they contribute to the GVA of Yarra today, and five years ago.

Figure 28: Gross value added ($ million) by industry in Yarra, 2018 and 2023



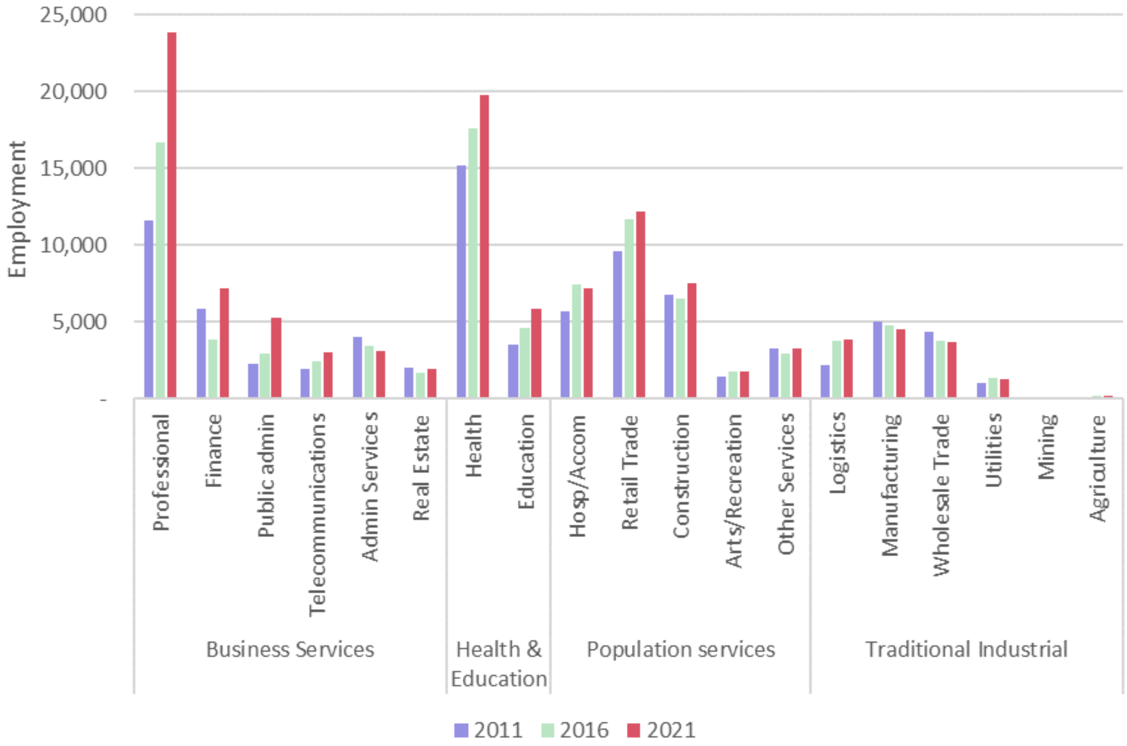
Source: SGS Economics & Planning (2024)

Employment profile

In 2021, Yarra supported about 115,000 jobs, mostly dominated by Professional Services (24,000) and Health Care and Social Assistance (20,000). Retail trade also contributed strongly to local employment, with about 12,000 jobs. Employment in Professional Services more than doubled between 2011 and 2021, making it now Yarra's largest employment industry. Health care continues to grow but is no longer the region's predominant industry.

Employment has been increasing rapidly over the past two decades. There were fewer than 65,000 jobs in Yarra in 2001 and about 97,000 in 2016. In the five years since 2016, Yarra has added nearly 4,000 jobs a year to its local economy. Figure 28 below shows how the labour force in Yarra has grown over the past three Censuses.

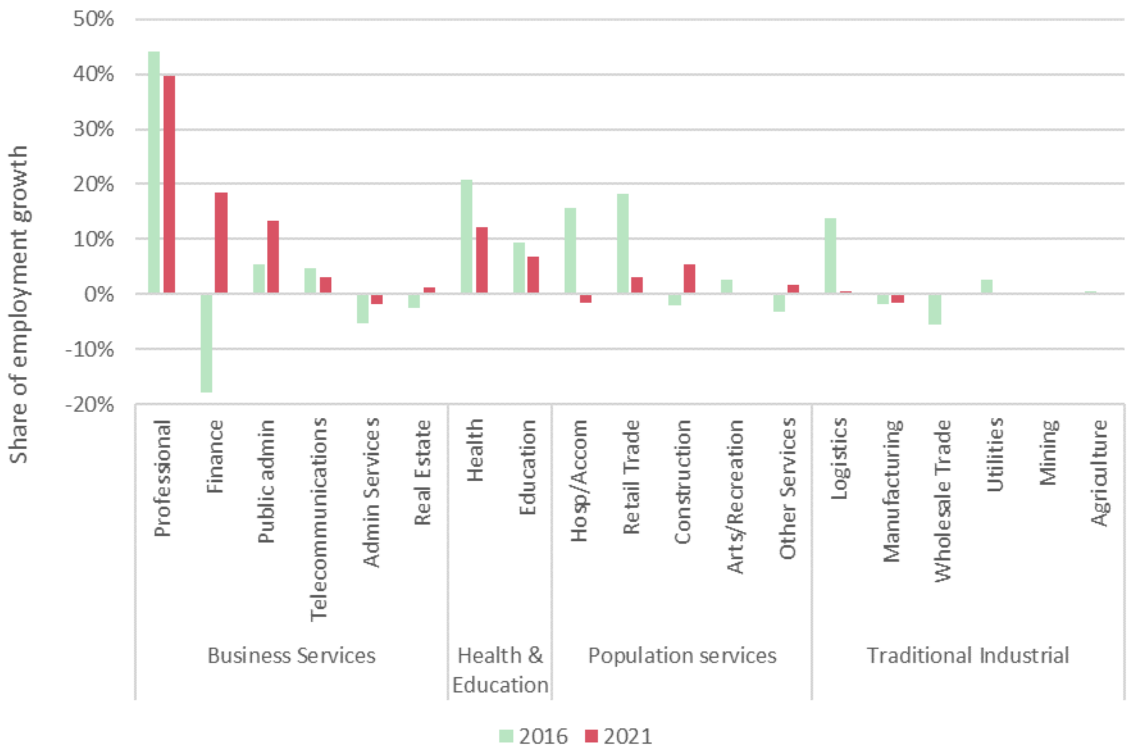
Figure 29: Jobs by industry - Yarra, 2011-2021



Source: ABS Census INDP (POW), 2011; 2016; 2021

Yarra's two largest employment industries have been Professional Services and Health Care since 2006, while the Manufacturing sector has continued to decline. Overall, growth in employment in Business Services has accounted for 74% of all employment growth since 2011, while Health & Education made up 19% of employment growth. The remaining 7% has come from Population Services and Traditional industries. This is shown in **Error! Reference source not found.** below.

Figure 30: Share of job growth since 2011 by industry, 2016-21



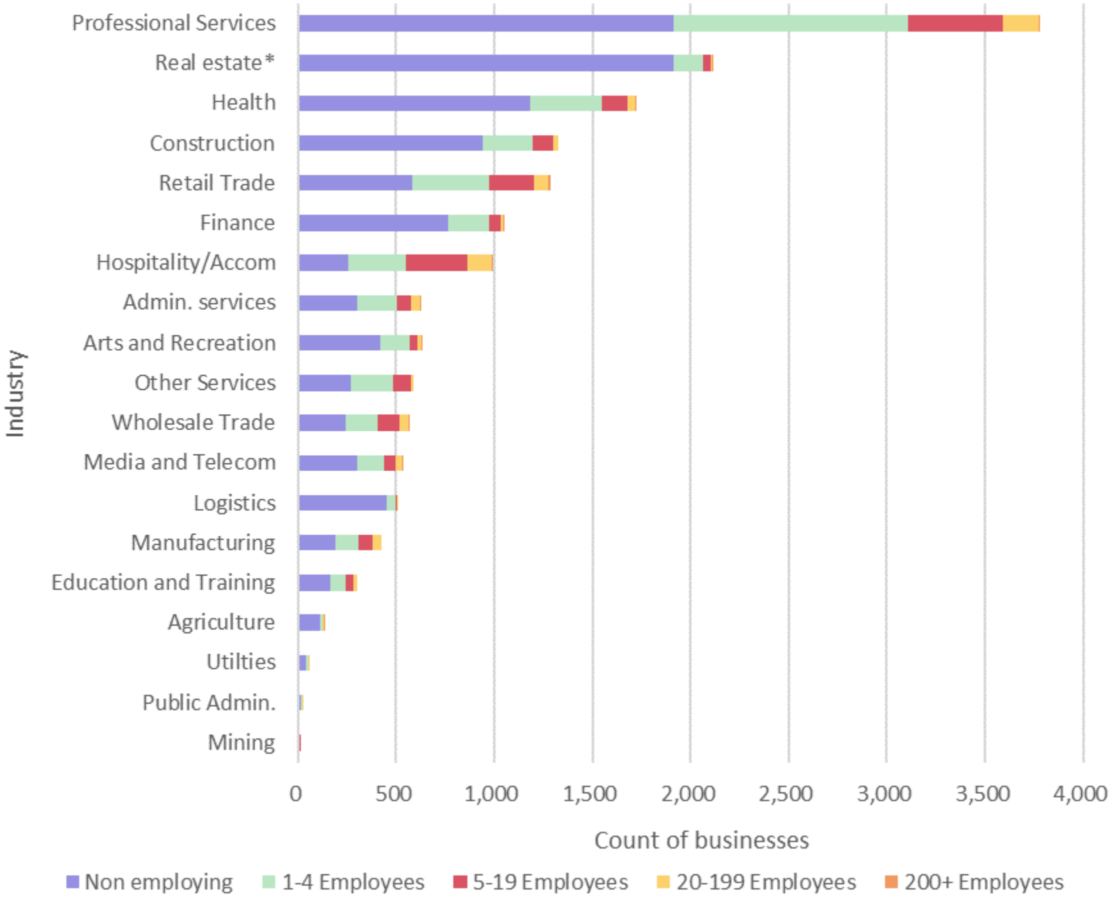
Source: ABS Census Data

Business community

Yarra has a total of 16,717 locally registered businesses (ABS, 2023). Breaking down the count of businesses by the number of employees shows that although there are fewer Retail Trade and Accommodation and Food Services (Hospitality/Accom) businesses established in Yarra, they each employ significantly more workers than other industries, which may have a higher count of businesses. The Professional Services industry has the highest count of businesses, and about half of them employ at least one person, making it the largest employing sector in Yarra. Health Care and Social Assistance is another major employer in the region, and despite having fewer businesses registered than the real estate sector, is a larger employer in Yarra, as the former is almost exclusively made up of sole traders.

Overall, more than half of businesses (60%) are sole traders and non-employing Professional Services businesses represent the highest count of businesses across any category. Most of these would be self-employed contractors who are able to work from home or rent employment floorspace in a shared office space. The second-highest (only just behind Professional Services sole traders) is the non-employing real estate services business, which is typical of metropolitan communities as this accounts for individuals earning income from property (landlords) or even from intangible assets such as patents and trademarks. Accordingly, these are unlike other businesses that employ or provide a service or product.

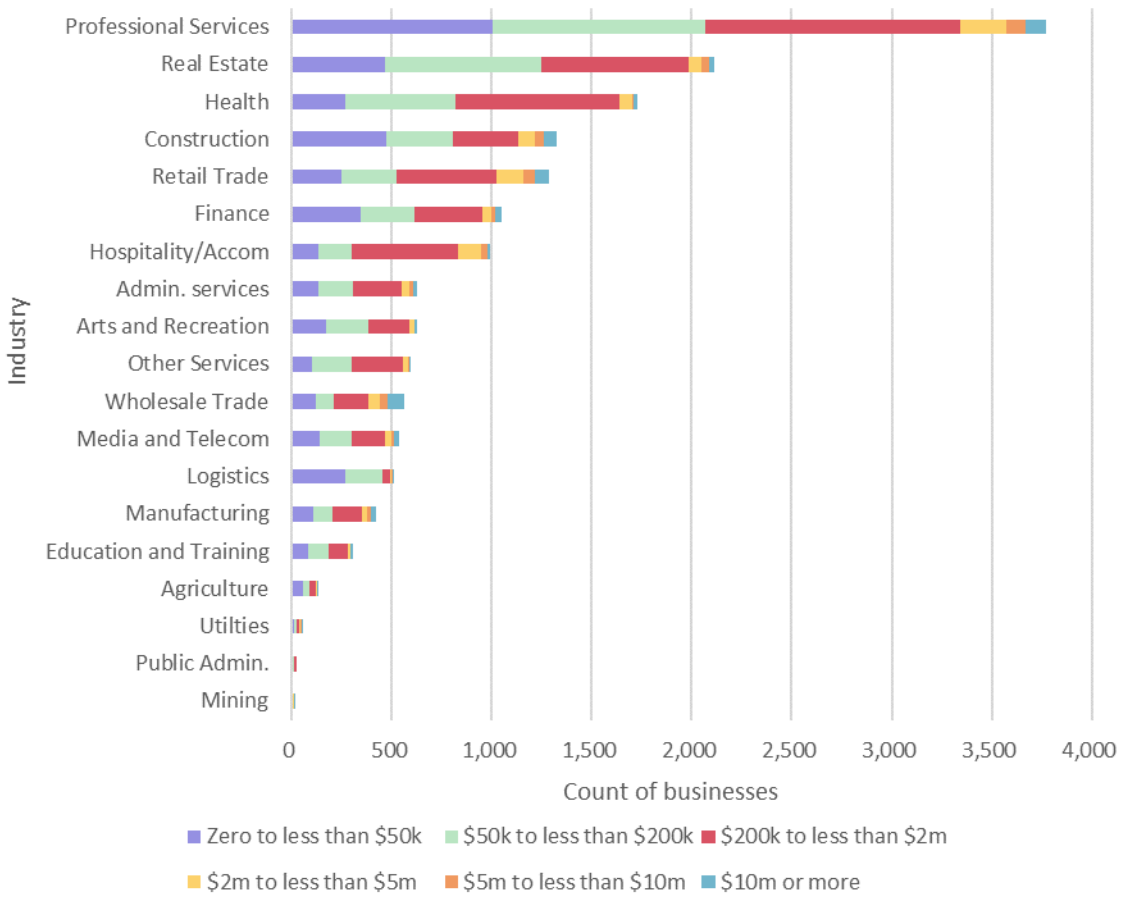
Figure 31: Count of businesses by number of employees, Yarra, June 2023



Source: Australian Bureau of Statistics (ABS) Business Register (2023) and SGS Economics & Planning
*The ABS defines this division as units mainly engaged in renting, hiring, or otherwise allowing the use of assets; the majority are therefore not employing businesses.

Non-employing businesses also tend to have the lowest turnover (zero to less than $50k). However, while 60% of businesses are sole traders in Yarra, a quarter fall into the lowest turnover band. In fact, more businesses fall into the middle bracket ($200k to less than $2m) than any other (35%). The Manufacturing and Wholesale Trade industries tend to have larger turnovers, although they have a relatively low profile in Yarra, and most businesses with large turnovers are in the industries with the highest counts of businesses. There are 541 businesses with a turnover of at least $10m in Yarra, which are key economic anchors as well as major employers. However, the majority of businesses (64%) are small to medium enterprises (SMEs), with a turnover of between $50k and $2 million (Figure 31).

Figure 32: Count of businesses by number of turnover, Yarra, June 2023



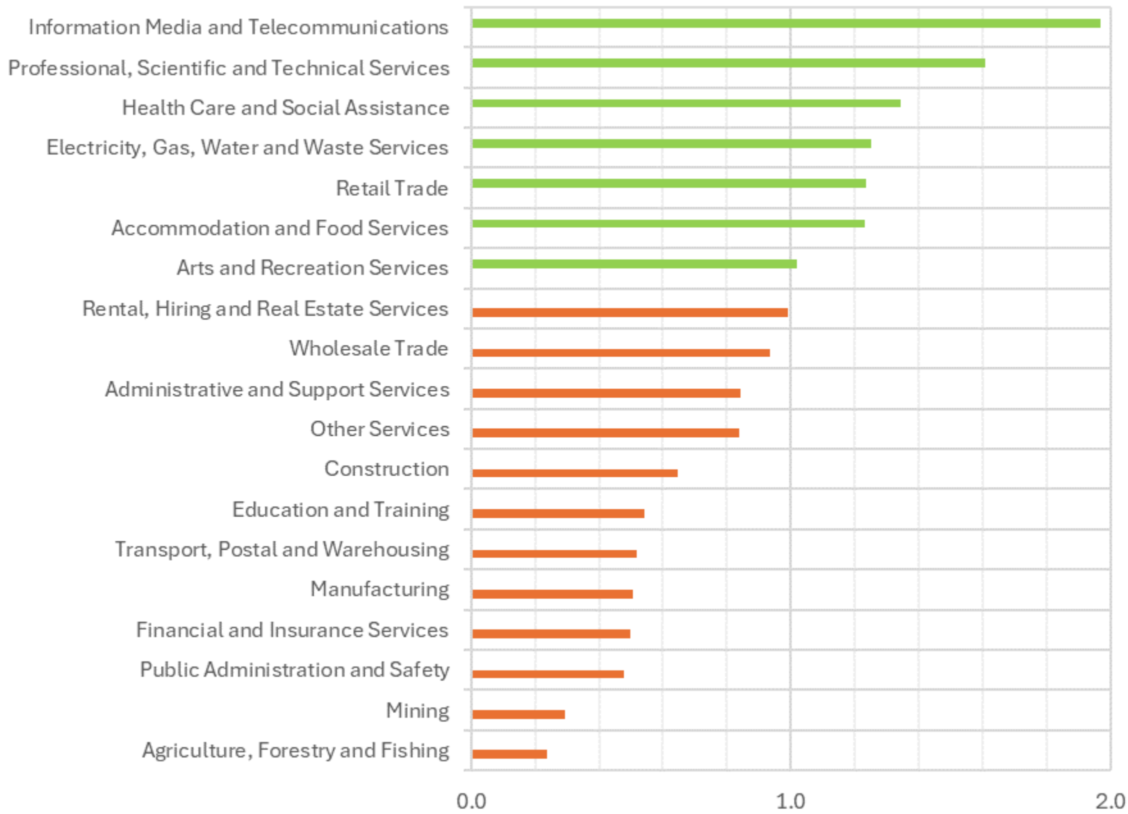
Source: Australian Bureau of Statistics (ABS) Business Register (2023) and SGS Economics & Planning

Yarra's competitive advantages

A location quotient (LQ) analysis provides insight into the competitive strengths inherent in the region's economic structure. The LQ score for a sector is given by its proportional representation in the region divided by its proportional representation in another, larger region it falls into. In this case, Yarra's proportional representation has been compared to that of Metropolitan Melbourne. An LQ score greater than 1.0 signifies that the sector in question is over-represented in the region compared to Melbourne. This may suggest that the industry has a comparative (can produce goods at a lower cost) or competitive (is able to differentiate from competitors) advantage and is exporting its outputs (goods and services) to other regions which specialise in other industries.

Error! Reference source not found. below shows that Yarra has the most prominent advantage in the Media and Telecommunications sector, as well as in Professional Services, the latter of which was the largest employer in the region. For those sectors in green in **Error! Reference source not found.**, the chart suggests that Yarra is endowed with some degree of competitive or comparative advantage over Melbourne.

Figure 33: LQ scores for Yarra's industries, 2021



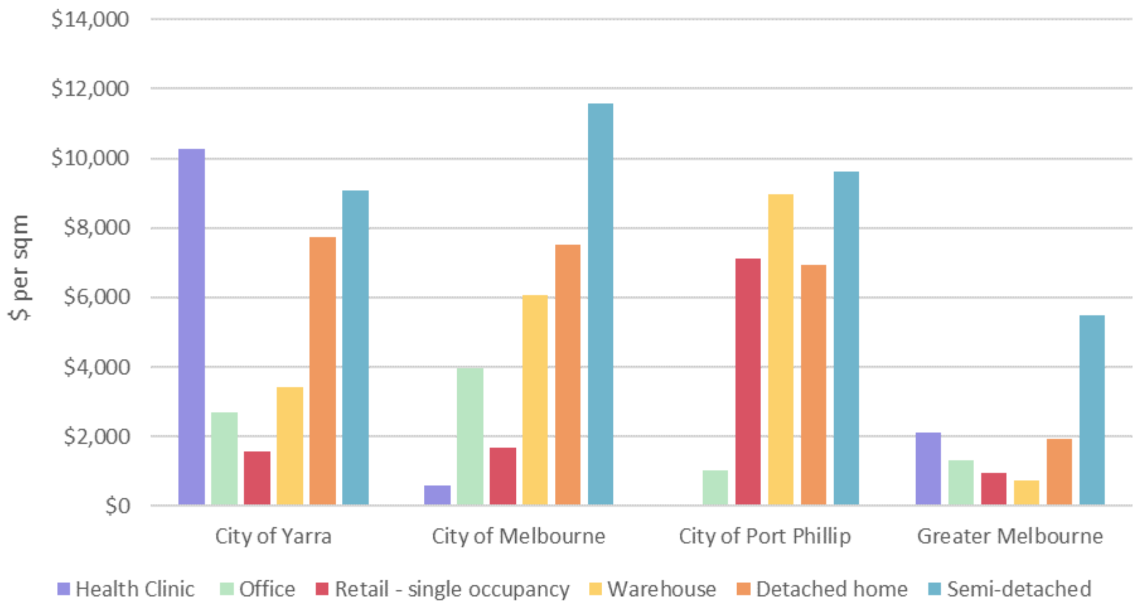
Property market sales prices

According to property sales statistics for 2023, Yarra is one of the most expensive municipalities in Melbourne for real estate. The median house price is about $1.5 million, almost double that of Metropolitan Melbourne, while the mean block size in Yarra is less than half that of Metropolitan Melbourne. This means that the price per square metre is almost five times greater in Yarra than all of Melbourne, as shown in Figure 33.

Nevertheless, residential property prices for detached houses are slightly lower in Yarra than in Port Phillip or the City of Melbourne, although semi-detached houses are more expensive in Yarra. The median apartment price in Yarra was $550,000 in 2023, the same as in Port Phillip, compared to $515,000 in the City of Melbourne.

Health Clinic property is significantly more expensive in Yarra than elsewhere, while office space falls between the prices seen in the Cities of Melbourne and Port Phillip. Retail and warehouse space in Yarra are more affordable than in the other two municipalities, although still considerably more expensive than across Metropolitan Melbourne.

Figure 34: Mean sale price per square metre for different property types, Yarra



Source: Valuer General Victoria Property Sales Statistics, 2023

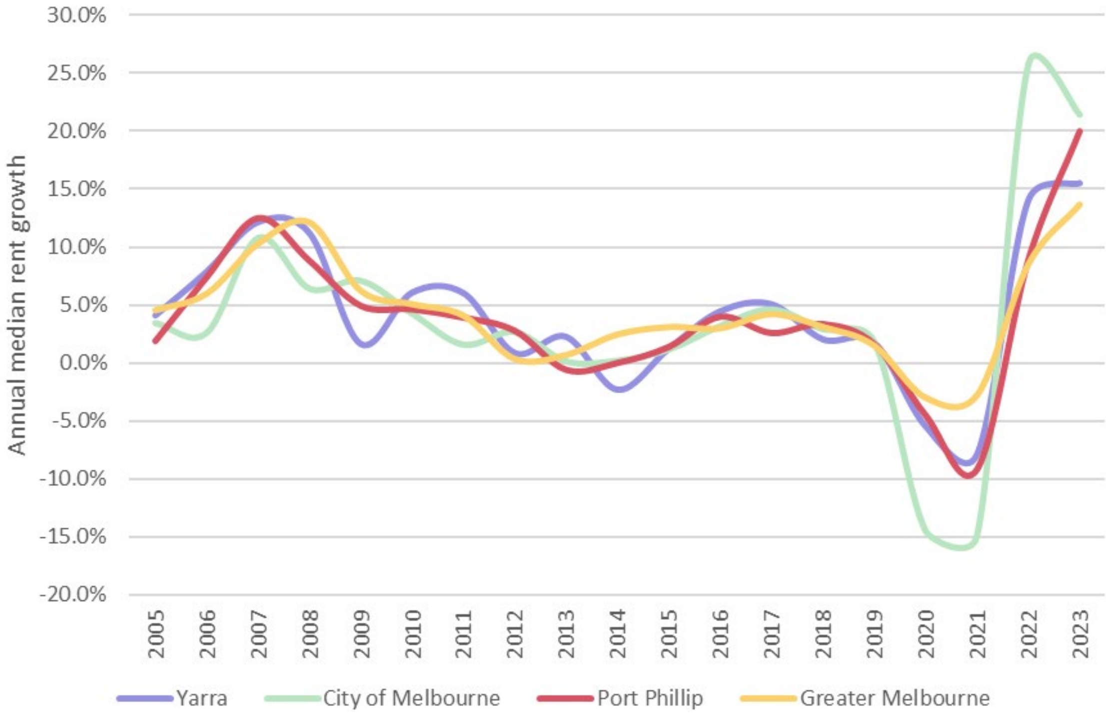
Nb: statistics are not available for all land/building types in all municipalities; the chart represents a selection of statistics across industrial, commercial, and residential uses with available data.

Residential rental affordability

Median rents represent the mid-point in the distribution of all rents, where fifty per cent of rents are higher than the median and fifty per cent are below the median. This gives insight into the current trends in the private rental market as more people rent than own a house in Yarra (53%).

Rental affordability has become a significant concern, particularly since the COVID-19 pandemic. As Figure 34 below demonstrates, inner urban LGAs were predominantly correlated with Greater Melbourne's weekly rent growth. Since the pandemic, when a brief economic shock forced rental growth down into the negatives, it has since skyrocketed across the entire city. Very few places have been immune to these shocks and overcorrections, although Yarra's rent growth does appear to have stabilised between 2022 and 2023.

Figure 35: Annual growth in median weekly rent - All properties



Source: Department of Families, Fairness and Housing Rental Statistics, 2023

Despite this apparent plateau, Yarra is still the most expensive of these LGAs to rent in, at almost $100 more per week in median rent than Greater Melbourne ($585). The median weekly household income in Yarra is $2,270, which means someone with the median income renting at the median level would be spending 26% of their income on rent (similar to greater Melbourne). The threshold for rental stress is when someone spends 30% of their income or more on rent. While the median rental household may be shielded from rental stress, households with lower incomes in Yarra face varying degrees of rental stress. Those renting tend to be in less secure positions than owner-occupiers, and it's likely that the median income for rental households in Yarra is lower than the overall median income across the LGA. In such a vulnerable rental market since the pandemic, rental affordability is a key concern.

Appendix C: Industry classifications

The table below details the ABS ANZSIC industry groupings and what types of businesses are included in each.

Figure 36: ABS ANZSIC Industry classifications

BIC4	ANZSIC Industry	Description	Key sectors
Traditional Industrial	Agriculture, forestry and fishing	Businesses mainly engaged in growing crops, raising animals, growing and harvesting timber, and harvesting fish and other animals from farms or their natural habitats.	Agriculture, aquaculture, forestry and logging, fishing, hunting and trapping, support services
Traditional Industrial	Mining	These companies extract naturally occurring minerals. Included is any preparatory or support work required for mining operation. Products are classified to involve the minimum amount of processing needed to produce a saleable output.	Coal mining, oil and gas extraction, metal ore mining, non-metallic mineral mining and quarrying and exploration and other mining support services.
Traditional Industrial	Manufacturing	Companies in this industry engage in the physical transformation of materials, substances and components into new products. Assembly of components is also included in this classification. However, if these activities are undertaken offsite by contractors, this is classified as construction.	Food product manufacturing, beverage and tobacco product manufacturing textile, leather, clothing and footwear manufacturing, wood product manufacturing, printing, petroleum and coal product manufacturing, basic chemical manufacturing, fabricated equipment manufacturing, transport equipment manufacturing, machinery and equipment manufacturing and furniture and other manufacturing.
Traditional Industrial	Electricity, gas, water and waste services	This industry is made up of providers of electricity, gas, water, drainage and sewerage services. Also included is the collection and treatment of waste materials.	Electricity generation, transmission and distribution, gas supply, water supply, sewerage and drainage services, waste collection services, treatment, disposal and remediation services.
Traditional Industrial	Wholesale trade	Wholesale traders purchase and on sell finished products to businesses. Also included are	Agricultural product wholesaling, mineral, metal and chemical wholesaling, timber and hardware goods wholesaling,

BIC4	ANZSIC Industry	Description	Key sectors
		commission-based buyers/sellers, who act as brokers or facilitators of business-to-business online markets and take a commission or fee for each sale.	machinery and equipment wholesaling, motor vehicle and motor vehicle parts wholesaling, grocery, liquor and tobacco product wholesaling, textile and clothing wholesaling, furniture and other goods wholesaling, commission-based wholesaling.
Traditional Industrial	Transport, postal and warehousing	These businesses move passengers and freight by road, rail, water or air. Postal services, pipeline transport and sightseeing transport are included in this division. Support services such as stevedoring, harbour services, navigation services, airport operations and customs agencies are also included.	Road transport, rail transport, water transport, air and space transport, sightseeing, postal and courier transport, transport support services, warehousing and storage services
Population services	Construction	Businesses in the construction industry engage in the construction of buildings and structures along with additions, reconstruction, installation and repairs and maintenance of buildings and properties. Also included are demolition, landfill and earthmoving activities.	Residential and non-residential building construction, heavy and civil engineering construction, land development and site preparation services, and building installation services.
Population services	Retail trade	These business purchase and on sell finished products to the general public. The industry includes both physical store front sales and online operations.	Motor vehicle and motor vehicle parts retailing, fuel retailing, supermarket and specialised food stores, furniture and houseware retailing, electronic goods retailing, hardware and building supplies retailing, clothing and footwear retail, department stores, non-store and commission-based retailing.
Population services	Accommodation and food services	Providers of short-term accommodation and meals and beverages for customers on and off site.	Hotels, camping ground operation, serviced apartments, cafes, restaurants and takeaway food services, pubs, taverns, bars and clubs.
Population services	Arts and recreation services	These companies preserve and exhibit objects of historical or cultural significance, produce artistic works and performances and operate facilities that allow recreational and sporting activities.	Museum operation, park and gardens operation, performing arts operation, creative artist, musician, writer and performer production, performing arts venue operation, gym and fitness centre operation, professional sport, sports venue operation, amusement park operation and gambling activities and facilitation.

BIC4	ANZSIC Industry	Description	Key sectors
Population services	Other services	*Other services* includes a broad range of personal services such as religious and interest group operation, some repair and maintenance activities.	Automotive repairs and maintenance, machinery and equipment repairs, clothing and footwear repairs, hairdressing and beauty, laundry and dry cleaning, parking services, funeral services, religious services, business and labour associations, fundraising and charity services, youth and interest groups and household employment such as baby-sitting, nannies and butlers.
Knowledge services	Information media and telecommunications	These companies create, enhance and store products, transmit information using analogue or digital signals, or provide transmission infrastructure.	Newspaper and book publishing, software publishing, sound recording and publishing, video and film production, cinemas, radio and television broadcasting, internet media site operation, telecommunication and network services, internet service providers, web search, hosting and service services and libraries.
Knowledge services	Financial and insurance services	Companies involved in financial transactions that involve the creation, liquidation or ownership change of financial assets as well as those that facilitate financial transactions.	Depository banking, building societies, credit unions, financial asset investment, merchant banking, money market dealing, credit card operation, home lending, money lending.
Knowledge services	Rental, hiring and real estate services	Renting, hiring or allowing the use of both tangible and intangible assets. Real estate services such as selling, buying and appraising the property of others is included.	Motor vehicle rental, farm animal leasing, goods and equipment rental, intangible asset leasing such as trademark leasing and franchise agreements, property operation and rental and real estate services.
Knowledge services	Professional, scientific and technical services	Businesses that provide labour to deliver expertise-based services. Excluded are units engaged in health care or social assistance services,	Scientific research services, architectural, engineering and technical services, legal and accounting services, advertising services, market research and statistical services, management and related consulting services, veterinary services and computer system design.
Knowledge services	Administrative and support services	Provision of routine support for day-to-day operations of other businesses and organisations.	Employment services, travel agency and tour arrangement, office administration and document preparation services, credit reporting and debt collection, call centre operation, event management, ticketing services, building cleaning, pest control and gardening services, packaging services.
Knowledge services	Public administration and safety	Central, state or local government legislative, executive	Government administration, justice, consulate and embassy operation,

BIC4	ANZSIC Industry	Description	Key sectors
		and judicial activities, including providing physical, social and public safety services and enforcement.	defence, police services, investigation and security services, fire protection and rescue services and correctional and detention services.
Health and education	Education and training	Any activities that provide and support education and training except those training animals.	Preschool and school education, academic tutoring, tertiary education, sports coaching and training, art, drama and musical education and other education services such as driving lessons; and education support services such as curriculum development, test and exam development and evaluation services.
Health and education	Health care and social assistance	Provision of health care and social assistance. Veterinary services not included. Social assistance services such as welfare counselling, aged care and childcare are included in this industry.	Hospitals, pathology and diagnostic imaging services, dental services, physiotherapy and other allied health activities, general practice services, specialist medial practices, ambulance services; and social assistance services such as childcare, aged care, disabilities assistance, marriage guidance, welfare and addiction counselling.

Source: ABS ANZSIC cat. no. 1292.0

Appendix D: Precinct level numbers

Figure 37: Employment floorspace Area at the precinct level, 2024

Precinct	Commercial	Industrial	Retail	Residential	Other	Vacant	Total
Abbotsford	65,125	182,218	15,735	1,786	66,934	0	331,797
Alphington	30,410	0	2,615	0	2,873	0	35,898
Bridge Rd	107,369	349	82,174	62	70,812	7,559	268,326
Brunswick St	32,528	2,973	55,910	158	34,699	2,709	128,978
Burnley North	5,337	0	0	0	4,787	0	10,124
Burnley Office Precinct	51,278	0	0	0	2,915	0	54,193
Burnley South	24,392	2,597	909	0	13,751	0	41,649
Carlton LC	1,351	0	3,683	0	322	91	5,447
Church St North	25,014	671	6,511	0	3,538	0	35,734
Church St South	94,849	8,935	21,361	431	20,181	0	145,756
Clifton Hill South	1,571	223	160	0	737	0	2,692
Cremorne	121,686	26,079	7,860	0	18,756	0	174,381
Fairfield	1,660	0	493	0	28,543	0	30,696
Gertrude St	18,975	0	45,933	203	26,651	0	91,762
Gipps St	91,288	55,106	22,741	0	33,659	0	202,794
Hoddle St	57,460	23,609	29,324	0	21,128	970	132,491
Johnson St	87,372	1,832	55,828	5,547	14,657	6,171	171,407
Nicholson St	17,145	802	6,872	279	5,027	1,841	31,966
Queens Pde	16,645	3,855	11,942	618	16,171	2,357	51,587
Richmond East	53,374	28,616	38,779	0	11,704	0	132,473
Richmond LC	441	0	667	0	914	0	2,023
Smith St	108,288	18,572	134,406	3,656	69,371	3,089	337,382
St Georges Rd	7,420	0	17,853	0	8,207	774	34,255

Swan St	47,248	214	58,088	0	28,909	4,324	138,783
Trenerry Place	22,578	0	0	0	4,718	0	27,297
Victoria Pde	14,962	0	8,634	11,897	34,151	0	69,645
Victoria St	53,319	2,647	71,412	12,331	162,638	2,812	305,159
Total	1,159,083	359,298	699,891	36,970	706,755	32,696	

Source: SGS Economics and Planning, 2024 using Yarra City Council land use audit data, May 2024 & Geoscape data with Google data

Figure 38 Employment floorspace ratio at the precinct level, 2024

Precinct	Commercial	Industrial	Retail	Residential	Other	Vacant	Total
Abbotsford	20%	55%	5%	1%	20%	0%	100%
Bridge Rd	85%	0%	7%	0%	8%	0%	100%
Alphington	40%	0%	31%	0%	26%	3%	100%
Brunswick St	25%	2%	43%	0%	27%	2%	100%
Burnley North	53%	0%	0%	0%	47%	0%	100%
Burnley Office Precinct	95%	0%	0%	0%	5%	0%	100%
Burnley South	59%	6%	2%	0%	33%	0%	100%
Carlton LC	25%	0%	68%	0%	6%	2%	100%
Church St North	70%	2%	18%	0%	10%	0%	100%
Church St South	65%	6%	15%	0%	14%	0%	100%
Clifton Hill South	58%	8%	6%	0%	27%	0%	100%
Cremorne	70%	15%	5%	0%	11%	0%	100%
Fairfield	5%	0%	2%	0%	93%	0%	100%
Gertrude St	21%	0%	50%	0%	29%	0%	100%
Gipps St	45%	27%	11%	0%	17%	0%	100%
Hoddle St	43%	18%	22%	0%	16%	1%	100%
Johnson St	51%	1%	33%	3%	9%	4%	100%
Nicholson St	54%	3%	21%	1%	16%	6%	100%
Queens Pde	32%	7%	23%	1%	31%	5%	100%
Richmond East	40%	22%	29%	0%	9%	0%	100%
Richmond LC	22%	0%	33%	0%	45%	0%	100%
Smith St	32%	6%	40%	1%	21%	1%	100%
St Georges Rd	22%	0%	52%	0%	24%	2%	100%

Swan St	34%	0%	42%	0%	21%	3%	100%
Trenerry Place	83%	0%	0%	0%	17%	0%	100%
Victoria Pde	21%	0%	12%	17%	49%	0%	100%
Victoria St	17%	1%	23%	4%	53%	1%	100%

Source: SGS Economics and Planning, 2024 using Yarra City Council land use audit data, May 2024 & Geoscape data with Google data

Appendix E: Precinct employment forecast

Understanding the current role and function of employment precincts is a key input into land use planning and local economic development initiatives across the LGA. Employment forecasts have been broken down to a precinct level to understand both the volume and type of floorspace that will be needed in each. To do this, SGS used the SAM23 model to forecast employment at a travel zone level, which are areas that are smaller than the defined precincts. These forecasts were then joined up to the precinct level with which they overlap to understand how the employment growth may be distributed across the city. The results by precinct are shown in Figure 38 below.

Figure 39: Projected employment growth by employment precinct, 2021-2041

BIC4	2021	2026	2031	2036	2041	Change (2021-41)	% Growth
Abbotsford	7,693	8,191	8,590	8,918	9,223	1,530	20%
Alphington	1,524	1,652	1,793	1,913	2,007	483	32%
Bridge Rd	9,876	10,877	11,529	12,019	12,471	2,596	26%
Brunswick St	5,883	6,437	6,911	7,293	7,625	1,743	30%
Burnley North	190	210	221	229	236	46	24%
Burnley Office Precinct	4,364	4,703	4,813	4,963	5,095	731	17%
Burnley South	3,237	3,479	3,708	3,847	3,974	737	23%
Carlton LC	939	1,046	1,135	1,206	1,285	346	37%
Church St North	3,791	4,166	4,432	4,632	4,821	1,030	27%
Church St South	11,530	12,480	13,120	13,673	14,197	2,667	23%
Clifton Hill South	135	141	150	156	162	27	20%
Cremorne	7,558	8,136	8,513	8,880	9,214	1,656	22%
Fairfield	572	633	686	732	780	209	37%
Gertrude St	7,203	8,097	8,638	9,049	9,401	2,198	31%
Gipps St	5,357	5,804	6,102	6,372	6,635	1,279	24%
Hoddle St	1,545	1,660	1,763	1,845	1,920	376	24%
Johnson St	10,396	11,211	11,736	12,219	12,654	2,258	22%
Nicholson St	1,854	2,013	2,132	2,238	2,337	483	26%

Queens Pde	2,641	2,868	3,045	3,186	3,325	684	26%
Richmond East	5,265	5,512	5,748	5,947	6,096	831	16%
Richmond LC	568	626	666	699	734	166	29%
Smith St	9,123	9,825	10,403	10,877	11,328	2,205	24%
St Georges Rd	1,853	2,014	2,129	2,236	2,338	485	26%
Swan St	2,038	2,206	2,334	2,440	2,540	502	25%
Trenerry Place	1,011	1,093	1,136	1,174	1,209	198	20%
Victoria St	2,393	2,586	2,748	2,870	2,985	592	25%
Victoria Pde	2,155	2,343	2,516	2,676	2,798	643	30%
Grand Total	**110,692**	**120,009**	**126,699**	**132,289**	**137,391**	**26,700**	**24%**

Source: SGS Economics and Planning Small Area Model (SAM23)

Note that the total employment across all precincts does not add up to the total employment across Yarra. This is because there is some employment which occurs in residential areas or areas otherwise excluded from employment precincts. These could be people who primarily work from home or have set up a business from their place of residence. Any such employment is not captured in the employment precinct numbers.

Church St South, Gertrude St, Smith St and Bridge Rd are Yarra's largest employment precincts by number of people employed. By volume of new employment, these precincts are expected to accommodate between about 10 to 12 per cent of all new growth (within employment precincts) each. Employment in every precinct is expected to grow by at least 15 per cent between 2021 and 2041, and every precinct will therefore have to find or create new space to accommodate the additional labour.

Appendix F: Precinct level employment forecasts

Figure 40: Floorspace compared to employment (2021) by precinct

	Employment (2021)				Audit floorspace results				Job to floorspace ratios			
Precinct	Business Services	Health and education	Population Serving	Traditional Industrial	Business services	Health and education	Retail	Traditional industrial	Business services	Health and education	Retail	Traditional industrial
Abbotsford	2,238	763	1,908	1,731	65,125	66,934	15,735	182,218	29	88	8	105
Alphington	210	893	297	101	30,410	2,873	2,615	0	145	3	9	0
Bridge Rd	2,718	4,444	2,004	382	107,369	70,812	82,174	349	39	16	41	1
Brunswick St	1,415	2,358	1,642	379	32,528	34,699	55,910	2,973	23	15	34	8
Burnley North	51	42	57	15	5,337	4,787	0	0	104	114	0	0
Burnley Office Precinct	3,408	55	484	152	51,278	2,915	0	0	15	53	0	0
Burnley South	1,100	477	558	653	24,392	13,751	909	2,597	22	29	2	4
Carlton LC	174	375	293	34	1,351	322	3,683	0	8	1	13	0
Church St North	895	1,834	605	222	25,014	3,538	6,511	671	28	2	11	3
Church St South	4,753	832	3,593	1,638	94,849	20,181	21,361	8,935	20	24	6	5

Clifton Hill South	52	31	24	15	1,571	737	160	223	30	24	7	15
Cremorne	3,502	325	1,547	1,405	121,686	18,756	7,860	26,079	35	58	5	19
Fairfield	62	311	121	51	1,660	28,543	493	0	27	92	4	0
Gertrude St	1,024	5,307	684	93	18,975	26,651	45,933	0	19	5	67	0
Gipps St	2,062	1,018	819	1,176	91,288	33,659	22,741	55,106	44	33	28	47
Hoddle St	648	384	253	188	57,460	21,128	29,324	23,609	89	55	116	125
Johnson St	5,409	1,508	1,738	1,114	87,372	14,657	55,828	1,832	16	10	32	2
Nicholson St	527	394	504	251	17,145	5,027	6,872	802	33	13	14	3
Queens Pde	874	553	713	247	16,645	16,171	11,942	3,855	19	29	17	16
Richmond East	1,576	276	1,623	1,507	53,374	11,704	38,779	28,616	34	42	24	19
Richmond LC	163	194	163	28	441	914	667	0	3	5	4	0
Smith St	3,682	1,341	2,304	1,280	108,288	69,371	134,406	18,572	29	52	58	15
St Georges Rd	516	331	459	367	7,420	8,207	17,853	0	14	25	39	0
Swan St	791	214	790	145	47,248	28,909	58,088	214	60	135	74	1
Trenerry Place	442	120	107	77	22,578	4,718	0	0	51	39	0	0
Victoria Pde	504	863	328	401	14,962	34,151	8,634	0	30	40	26	0
Victoria St	915	570	528	232	53,319	162,638	71,412	2,647	58	285	135	11

Total/Average	39,710	25,811	24,147	13,883	1,159,085	706,753	699,890	359,298	29.2	27.4	29.0	25.9

Source: SGS Economics and Planning Small Area Model (SAM23) , Council Floorspace Audit.

Figure 41: Floorspace demand gap to 2041

Precinct type	Total floorspace 2024 (sqm)	Overall vacancy rate	Vacant floorspace (sqm)	Floorspace demand to 2041	Min. Additional floorspace required
Abbotsford	330,011	0.7%	2,377	38,477	36,100
Alphington	35,898	0.0%	0	12,271	12,271
Bridge Rd	260,704	2.8%	7,559	65,811	58,252
Brunswick St	126,110	2.1%	2,709	41,191	38,482
Burnley North	10,124	0.0%	0	1,052	1,052
Burnley Office Precinct	54,193	0.0%	0	15,070	15,070
Burnley South	41,649	0.0%	0	17,130	17,130
Carlton LC	5,356	1.7%	91	7,556	7,465
Church St North	35,734	0.0%	0	25,638	25,638
Church St South	145,325	2.4%	3,518	58,261	54,743
Clifton Hill South	2,692	0.0%	0	683	683
Cremorne	174,381	7.0%	13,223	48,589	35,366
Fairfield	30,696	0.0%	0	4,772	4,772
Gertrude St	91,559	0.0%	0	61,733	61,733
Gipps St	202,794	3.8%	8,005	40,531	32,526
Hoddle St	131,521	4.0%	5,515	11,278	5,763
Johnson St	159,689	4.1%	6,859	49,360	42,501
Nicholson St	29,846	5.8%	1,841	12,163	10,322
Queens Pde	48,613	4.6%	2,357	14,919	12,562
Richmond East	132,473	4.5%	6,193	21,639	15,446
Richmond LC	2,023	0.0%	0	3,702	3,702
Smith St	330,637	2.3%	7,755	65,635	57,880

St Georges Rd	33,481	2.3%	774	10,883	10,109
Swan St	134,460	3.1%	4,324	18,068	13,744
Trenerry Place	27,297	0.0%	0	4,958	4,958
Victoria Pde	57,748	0.0%	0	19,898	19,898
Victoria St	290,015	1.0%	2,812	21,162	18,350
Total	**2,925,027**	**2.5%**	**75,912**	**692,430**	616,518

Appendix G: Comparison to the 2018 SEES

This section provides a comparison between the previous Yarra SEES in 2018 and the current 2024 work. There are two parts, covering:

- Method – how the method in the two versions of the work compare.
- Key issues – how have the key issues identified in 2018 evolved/changed (or not), and the extent to which the strategic elements discussed in that report still apply today.

Method

The table below summarises the key elements of both reports from 2018 and 2024, providing a comparison of the two methods. Overall they offer a similar structure. The main difference being in the supply side analysis, where the 2024 analysis adds value through case studies, whilst the 2018 study went into detailed precinct-by-precinct analysis of development capacity.

Element	2018 SEES	2024 SEES
Context & Role	– Policy context – Macro trends & drivers	– Policy context – Macro trends & drivers
Existing supply & land use	– Precinct assessment (incl. Rates database and retail audit) – Existing floorspace versus capacity assessment	– Precinct assessment (incl. land use audit by Council) – Existing floorspace assessment – Case studies of recent development – Capacity assessment
Demand & floorspace needs forecasts	– Employment growth projections – Employment floorspace demand	– Employment growth projections – Employment floorspace demand
Gap/vacancy/capacity	– Demand versus floorspace supply and capacity alignment	– Demand versus floorspace supply alignment

Spatial Strategy	– Overarching vision statement – Six strategies	– Overarching vision statement – Six strategies

Key issues

The table below summarises the key issues and strategy elements from 2018, and then discusses the extent to which they are still relevant in 2024. Overall, most of the key employment opportunities identified in 2018 have continued to exist. Commercial development in particular has continued in the LGA despite the impact of COVID-19 and work from home trends. Industrial activity has also proved to be more resilient since 2018 than in the two previous decades. There remains some potential conflict between residential and commercial activity above ground floors in Activity Centres.

2018 SEES	2024 SEES
Key issues	
Yarra has a diverse range of businesses, jobs and high economic outputs despite its relatively small size by land area	This remains the case, with further evidence of commercial development in particular, continuing to evolve the LGA's employment precincts.
Professional services, health care and retail grew most strongly in the 1996 to 2016 period.	This trend has continued, with health and education in particular, soon to take the lead as the LGA's number one industry.
Significant reduction in demand for industrial floorspace	This trend appears to have stabilised. Net demand for industrial floorspace is now expected to remain relatively constant in the long run as opposed to a sharp decline previously anticipated. There has not a been mass exodus of industry since 2018 in the LGA.
At the time Yarra was also experiencing a significant surge in demand for office space and development	Many of those developments have since been completed, despite the pandemic and other factors in the intervening years. More commercial development is expected in Yarra.
Spatially, Cremorne, Richmond and Collingwood were the major commercial precincts experiencing growth. Abbotsford was also emerging.	Cordell data collected for 2024 suggests that since 2018, those four locations continued to be the main points of interest for commercial development in the LGA.

Key strategies

Support employment growth in activity centres	The Activity Centres themselves have fared well despite the COVID-19 disruptions. However most new commercial developments have not occurred in the centres, due to competition from residential and mixed-use developments.
Retain and grow Yarra's employment precincts	Council has successfully managed to steer residential development away from the key precincts, whilst seeing significant demand and growth in employment generating activity since 2018.
Identify preferred locations for housing growth	This has largely been successful as well. However Activity Centres continue to be an issue given the C1Z permits housing as of right above ground floor.
Retain other C2 zoned precincts and sites	Council has retained these areas for employment uses.
Retain Yarra's existing industrial precinct s for manufacturing and urban services.	This has been a good move considering industrial activity has stopped declining and remain important sources of industry and employment for the community.

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