

## Commercial Property

# Bendigo ripe for building boom

The city is battling to keep up with demand, writes **Philip Hopkins.**

OPPORTUNITIES are opening up for outside investors in Bendigo's commercial property market as a building spree and population growth push the Victorian regional city into a new period of expansion.

Bendigo, famous for its beautiful gold rush-era architecture, is open for business.

"There have been big changes here in the past 10 years," said Bryce Tonkin, business development manager at E-Plus Architecture, which has been at the heart of many recent projects in the city.

"The population is growing, as are practices such as accounting and law. Melbourne entities are also coming here, seeing opportunities, which forces Bendigo people to stomp up and be more competitive."

But the commercial property market has struggled to keep up with the opportunities.

"Companies are growing, but there is not enough building stock. Many offices are just converted homes. There is a shortfall in large open-plan offices," E-Plus director Terry Mitton said.

"The demand is there, but no one wants to build... Bendigo has no previous experience in that field. Traditional Bendigo is not used to the idea of the 'build and they will come' mentality.

"It's a question of rents... developers need to get a return on investment. Rents are low historically here because of the lack of stock.



Bendigo Bank is the regional city's largest employer.

PICTURE: PAUL ROVERE

## Many offices are converted homes.

You get lower rents in a renovated house."

The state government has been a trailblazer. State Trustees, for example, moved to Bendigo a few years ago, but the building was built because of the 1550-square-metre commitment.

A new 3000 sq m commercial office block housing local accountancy firm RSD is starting to change expectations and is a pointer to the future.

"Good buildings now generate rents closer to \$250-\$300 per sq m. At those rates, those projects become viable. Generally, rents used to be \$200," Mr Mitton said.

"The property did not exist that would justify higher rents. Office space bigger than 400 sq m did not exist in the Bendigo CBD, but there is now demand for big floor plates. We must find somebody to do that."

Bendigo's population has been growing at an annual rate of 1.8 per cent, but this is expected to go beyond 2 per cent as the impact of big projects kick in.

The \$650 million public hospital will be a catalyst,

creating hundreds of extra jobs and bringing in families that, in turn, will boost local schools, housing and retail trade. Quality healthcare is important to attract skilled labour and families to the region.

The hospital construction will add to the building spree of recent years. Projects have included four schools, La Trobe University's school of rural health and student accommodation, Monash University's medical school, a new medical complex, a private hospital expansion, the upgrading of the airport, and 80 extra units at Quest Serviced Apartments.

Chicken producer Hazel-

denes, the city's second-biggest employer after Bendigo Bank, plans to add several hundred people as part of an expansion.

The City of Greater Bendigo is taking an active role to nurture the commercial property sector. The council is planning a 300-hectare industrial park, according to the director of City Futures, Stan Liacos, whose main role is to oversee economic development.

The council has put together an award-winning structure plan for the CBD, under which it is broken down into various zones and precincts.

"Fundamentally, what the

plan means... is it provides a vision and planning framework encouraging the development of Bendigo CBD," Mr Liacos said. "It encourages retail in certain areas, offices in others, and mixed use in other precincts. The plan allows up to six levels in height, particularly if supported by good, responsive design and pedestrian-centred initiatives."

Mr Liacos said the revamp of the central commercial hub was critical. "We are intent on preserving the primacy of the CBD. We are providing incentives and policy for CBD investment.

"We will look to see greater commercial and residential density in the CBD, but will discourage large-scale commercial developments outside the CBD. You can't stop development in the suburbs, such as shopping centres — they are still an important retail catchment."

The city council wants to be proactive, but it is not development at all costs. "Bendigo must remain attractive. It's a very pretty regional city. We will not compromise on the best of our heritage," Mr Liacos said.

Celebrating Bendigo's cultural and heritage identity is a big part of the structural plan. The investment in arts and culture — Bendigo has a first-rate art gallery — is also good for economic development. The city council is also pushing for a \$25 million, 1000-seat theatre on the site of the old jail in the CBD.

Ultimately, the city wants to build bigger and better buildings than the new RSD office block. "Developers and super funds will buy into such projects — they are a sound investment," Mr Mitton said.