

Report on Reasonable or Economic Use

Emerald Hill Estate - 328-330 & 332-334 Clarendon Street South Melbourne
Partial Demolition, Construction & Conversion Works

Report to Heritage Victoria

18 June 2026



SC Lennon & Associates

economics • planning • policy • strategy



This report has been prepared by:



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Executive Summary

This Report

This report has been prepared by SC Lennon & Associates Pty Ltd (urban economists and planners) on behalf of WK Glen Pty Ltd as owners of the subject site at 328-330 and 332-334 Clarendon Street, South Melbourne (VHR H1136). The report has been prepared for the consideration of Heritage Victoria (HV) on issues relating to **'reasonable or economic use'** arising from Section 101 of the *Heritage Act 2017*.

The report has been prepared to accompany a permit application for works comprising demolition of the rear portion of the subject site and construction of a four storey 28-room hotel and spa plus interior reconfiguration, to convert the property to new use as a boutique wellness hotel and spa with a rooftop bar and ground floor bar / restaurant. The application has changed from primarily interior alterations to adapt the place for a hotel, restaurant and retail space to a proposal for demolition of the rear portion of the site and construction of a four storey hotel to the rear of the site and further interior alterations.

This report deals with the application as submitted and principally addresses matters arising from Part 5, Division 2 of the *Heritage Act 2017* pertaining to 'reasonable and economic use'. It also addresses the Heritage Victoria Policy on Reasonable or Economic Use (June 2021).

The Proposal

The current proposal is for works comprising demolition of the rear portion of the subject site and construction of a four-storey 28-room hotel and spa plus interior reconfiguration, to convert the property to new use as a boutique wellness hotel and spa with a rooftop bar and ground floor bar / restaurant. The application has changed from the previous proposal to undertake primarily interior alterations to adapt the place for a hotel, restaurant and retail space, to (the current) proposal for demolition of the rear portion of the site and construction of a four-storey hotel to the rear of the site and further interior alterations.

As a boutique wellness hotel, the proposal responds to a growing demand for experiential visitor accommodation. Australia's boutique hotel market is expected to grow by 9% per annum over the next five years, meaning the market is rapidly expanding, nearly doubling in size over the period - a strong indicator of rising demand and investment interest.

Boutique hotels are often located in existing buildings like historic properties rather than sprawling complexes. Because of their relatively small size, they tend to generate lower resource use and smaller environmental footprints relative to large hotels or resorts. The boutique wellness hotel business model integrates overnight stays with spa facilities, allowing for diversified revenue streams throughout the week, including non-peak periods. This integrated model ensures economic resilience and reduces reliance on short-term or seasonal tenants.

By offering a viable and cohesive commercial concept, the boutique wellness hotel proposal seeks to establish a successful and enduring business within a significant heritage site, ensuring the place is activated and actively used, maintained and appreciated so that the site's (and wider precinct's) economic sustainability and heritage conservation objectives are realised and advanced to mutual benefit.

Heritage Significance

The subject site is included on the Victorian Heritage Register as part of the *Emerald Hill Estate* (VHR H1136) which is the registered place. The registered place is a complex of buildings within the block bounded by Dorcas, Clarendon, Park and Cecil streets in South Melbourne, and generally surrounding the South Melbourne civic precinct.

Sands & MacDougall postal directory records indicate that the subject site has been occupied since around 1880, although the street numbers have changed at least twice. From 1885, the northern terrace at the corner with Bank Street was occupied by a Commercial Bank of Australia branch. The bank branch is listed at this address until at least 1970, with 'flats' also listed at the address, likely to the first floor. The southern terrace at number 334 was occupied by Archibald Crofts, grocer, from around 1900 and expanded to number 332 around 1920 when it became known as Crofts Stores. The middle terrace at number 330 was occupied by a range of premises, with Arthur Stanley, jeweler, being the longest standing business.

Photographs from the 1960s and '70s show the subject site was, at that time, occupied by a grocer (Foodland) at the south, a watchmaker to the middle and consulting engineers to the northern terrace. Later shopfronts and awnings are also evident, with the original verandahs reconstructed in the 1980s. Most recently, 332-334 Clarendon Street has been used as a restaurant at the ground level, with office and administrative uses at the first-floor level. 328-330 Clarendon Street has most recently been used for a hairdresser (shop) across both levels of the building at the northern-most tenancy, while there was a barber operating from the southern tenancy area.

In response to the permit application prepared for the works proposed, Heritage Victoria (HV) advised that the application has included limited relevant information addressing s101(2)(b) of the Act regarding reasonable and economic use of the heritage place. HV advised that should the applicant wish to provide additional information to assist with this consideration, it is recommended that reference to the policy and the questions it poses be included.

On Reasonable Use

This report addresses the points contained in the Heritage Victoria policy relating to reasonable use:

Reasonable use is not affected by refusal if a place can be used without the proposed changes

The proposed boutique wellness hotel, with a rooftop bar and ground floor bar / restaurant is a concept that is consistent with the reasonable use of the building as a retail and hospitality venue and is entirely consistent with historic use of the building as a grocery store, flats, other retail and commercial services and more recently, a restaurant.

The proposed boutique hotel will serve a growing demand for niche visitor accommodation offerings with a wellness theme. By attracting visitors to the site, it will help activate the area, contributing to the vibrancy of the Clarendon Street precinct.

On the question of whether the place can be used without the proposed changes, this links to the economic use aspects (reviewed below). The cost of the necessary conservation works cannot be funded from the rent income from uses attracted to the existing building configuration.

The historic, recent and current uses of the registered place or object

The historic use of the building as a bank, and as residences (flats) ceased more than 50 years ago and subsequently, the building was used to house a variety of retail tenancies including the Foodland grocery store. There is evidence that the place has been used for a variety of retail, hospitality and

service activities for the past 40 years or more, most recently for a restaurant, a hairdresser and barber shop. An evolving retail market has resulted in a situation where small retail and service offerings, including the building's most recent uses, are no longer viable.

Other compatible uses of the registered place or object

The building's historic and recent use and its zoning in the Planning Scheme mean other compatible uses would be other types of retail use, hospitality, food and accommodation as well as other low-impact commercial activities (offices). These other compatible uses do not preclude the suitability of the subject site for a boutique hotel and spa with a bar and restaurant, uses which are supported by the Council's Planning Policy Framework.

The context and setting within which the place or object is located

The place sits within the South Melbourne Major Activity Centre, which is one of four major centres in the City of Port Phillip. These activity centres perform a range of retail, commercial, entertainment and housing functions and provide community hub roles for their catchments. The individual distinctiveness and diversity of its activity centres are an important part of Port Phillip's identity, which, according to the Council's Planning Policy Framework, needs to be protected and reinforced.

Through the Planning Scheme, City of Port Phillip Council encourages development within activity centres that positively contribute to the built form character of the centre whilst conserving heritage buildings, and streetscapes, and the distinctive and valued character of the traditional retail strips. It also encourages retail development (including reformatting of retail space) that integrates with the established retail strip. The proposed boutique wellness hotel on the subject site will help realise these objectives.

Refusal to enable a change of use may affect reasonable use if the historic use is obsolete

The place has been used for a variety of retail and service activities for the past 40 years or more, most recently for a restaurant, a hairdresser and barber shop. It is a reasonable proposition that the building's hospitality / service use be perpetuated as it affords opportunities for people to appreciate the heritage values of the building. On this basis, the proposal is not a change of use. It follows that the historic use is not obsolete in the sense that it is based on outmoded technologies, but the use needs to adapt to the current market situation.

Refusal to upgrade facilities to meet standards may affect reasonable use

The works as proposed are needed to ensure that a valuable heritage asset is conserved. These works include new DDA-compliant wheelchair accessible toilets and an internal ramp. The standards that are required to be met to operate a boutique wellness hotel and spa with a bar and restaurant mean that refusal to upgrade facilities to meet those standards would affect reasonable use.

On Economic Use

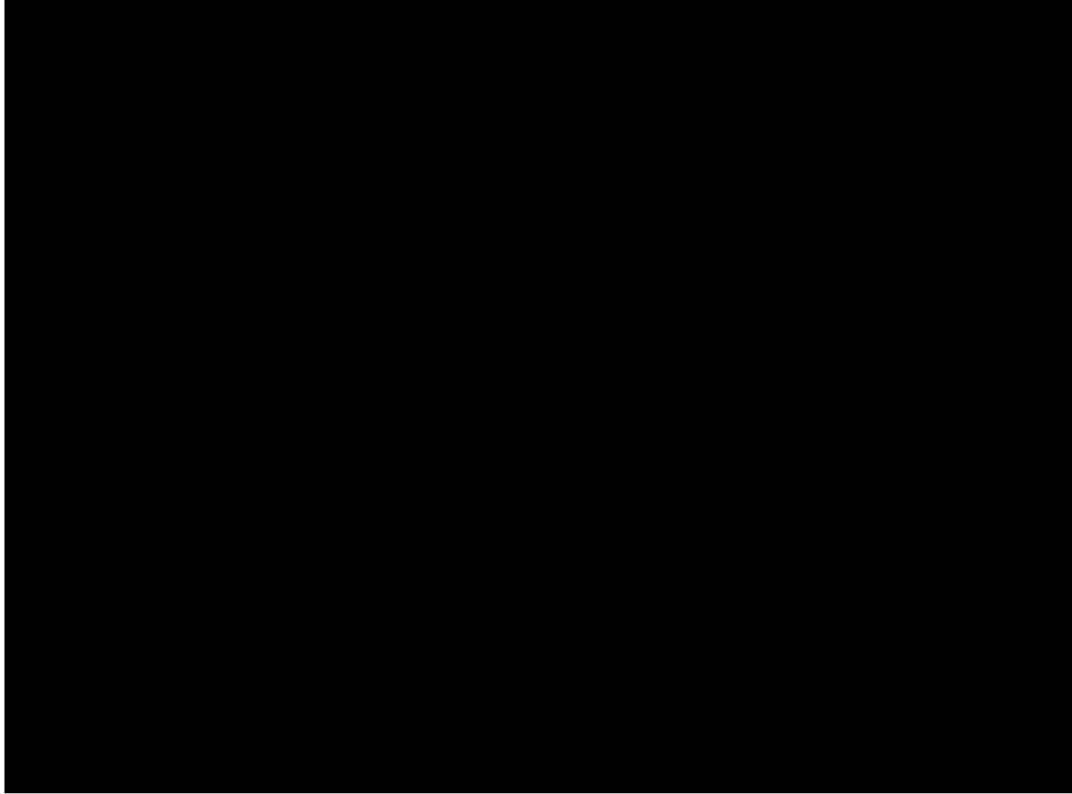
This report addresses the points contained in the Heritage Victoria policy relating to economic use:

Is the Proposed Use Financially Viable?

The question of financial viability is informed in large part by the 'boutique wellness hotel' proposition being put forward and the market conditions supporting it. Research undertaken to inform this report shows that the Melbourne hotel market has grown strongly, with a ~21% increase in rooms added since 2019 and rising bookings, indicating solid underlying travel demand.

Hotel occupancy has averaged around 74% to 76% in 2025, with strong performance during major events, often > 90% (source: AusLeisure). Revenue per available room (RevPAR) has climbed in recent years, supported by event-driven tourism and domestic travel (source: CBRE Australia).

Having regard for these market conditions, to test the project's potential economic viability, an indicative financial analysis has been undertaken, as shown in the following table.



Sources:

- Hotel Occupancy: CBRE - Figures Q3 2025 – Major Hotel Markets Performance <https://www.cbre.com.au>
- Hotel Rates: Australasian Leisure Management July 2024 <https://www.ausleisure.com.au>
- Hotel Rates and Occupancy: <https://assets-corporate.visitvictoria.com/documents/Victoria-Monthly-Accommodation-Summary-%E2%80%93-Data-to-January-2025.pdf> and <https://www.costar.com/products/benchmark/resources/press-releases/november-events-boosted-melbourne-hotel-performance>
- Hotel Industry: <https://www.ibisworld.com/australia/industry/pubs-bars-and-nightclubs/448>
- Construction Cost: Estimate supplied by client
- Valuations: City of Port Phillip Council rate notices 2025/26

The results, as shown in the table, are:

- Hotel (28 rooms): Net operating income of [REDACTED] per annum is estimated.
- Bar / Restaurant: Net operating income of [REDACTED] is estimated.

Therefore, total net operating income is estimated to be [REDACTED] per annum. The total investment is the construction cost [REDACTED] plus the opportunity cost on the land [REDACTED].

The total net operating income represents an [REDACTED] return on the investment, which indicates a financially viable project.

The proposed hotel use will generate sufficient and stable income to support the future conservation and maintenance of the building's heritage fabric. Revenue from the hotel operations will be

allocated towards ongoing building upkeep, including restoration of internal elements, facade repair, and compliance upgrades, in line with heritage management objectives.

The Need for the Works as Proposed

The works as proposed are needed to ensure that a valuable heritage asset is conserved. The subject site is well located in an area of high activity and has good exposure to foot traffic. The heritage aspects of the area and the building being developed are particularly advantageous, as these aspects appeal to the high-end, boutique wellness visitor accommodation market that the proposal is designed to serve.

Will the Works Facilitate an Economically Sustainable Use?

A 28-room boutique wellness hotel and spa as proposed for the subject site can carve out a niche and sustainable operations over the long-term if it differentiates itself on factors such as lifestyle and wellbeing, design, event-driven and corporate guests, and if it targets periods of visitation uplift and corresponding levels of high demand (e.g. sporting events such as the AFL finals series, the Formula 1 Grand Prix, the Australian Tennis Open and the Melbourne Cup), major arts exhibitions, concerts and national/international conferences).

The market for boutique wellness accommodation is supported by robust long-term visitation forecasts and a growing international travel market. The proposed hotel at the subject site is ideally located and well placed to take advantage of these market features.

An Applicant May be Required to Provide Evidence of Economic Impact

If the tenancies were re-leased for small-scale retail or service activities, it is unlikely that those uses would generate sufficient and stable income to support the building's future conservation and maintenance. Without a more viable and cohesive commercial concept, namely a boutique wellness hotel, there is a risk long-term vacancy of the premises, resulting in economic stagnation and physical deterioration.

On the question of the viability of alternative use, it is noted that the gross rents from the most recent uses were ██████ per annum for the hairdresser and ██████ per annum for the restaurant, for a total of ██████ per annum. Net rent would be lower by around ██████ at ██████ per annum. This would represent only a ██████ return on a ██████ investment. At this level the development would not be financially viable.

The boutique wellness hotel, as proposed, will generate sufficient and stable income to support the future conservation and maintenance of the heritage fabric. In responding to a growing demand for niche visitor accommodation offerings with a wellness theme, it will attract visitors to the site, helping to activate the area and contributing to the economic vibrancy of the Clarendon Street precinct.

Conclusion on Questions of Reasonable or Economic Use

On the matter of reasonable use, the proposed use of the building for a boutique wellness hotel is reasonable on the grounds that it will follow the building's historic use for retail, flats, hospitality, food and accommodation and other low-impact commercial activities (offices).

The proposed partial demolition and conservation works will allow for a consolidated and adaptive reuse of the site that is aligned with current tourism and wellness market demands. Importantly, in providing long-term economic sustainability by targeting a growing visitor segment seeking boutique

wellness and experiential accommodation, it will provide opportunities for people to appreciate the heritage values of the building and the surrounding area.

On the matter of economic use, if the proposed change of use is refused, the subject tenancies are likely to remain economically underutilised. The previous retail and hospitality businesses have ceased operation due to limited commercial viability in the current market context. Re-leasing the tenancies for similar small-scale retail or service-based uses has proven difficult given the evolving commercial landscape.

If the tenancies were re-leased for small-scale retail or service activities, it is unlikely that those uses would generate sufficient and stable income to support the future conservation and maintenance of the building's heritage fabric. Without a more viable and cohesive commercial concept, namely a boutique wellness hotel, the premises risk long-term vacancy, resulting in economic stagnation and physical deterioration.

By offering a viable and cohesive commercial concept, the proposed boutique wellness hotel provides a financially viable and economically sustainable solution. This will ensure that the place is activated and actively used, maintained and appreciated so that the building's heritage conservation objectives are realised and advanced.

Striking the Right Balance

The Act requires the Executive Director to consider:

- a) the extent to which the application, if approved, would affect the cultural heritage significance of the registered place or registered object.
- b) the extent to which the application, if refused, would affect the reasonable or economic use of the registered place or registered object.

A 'balance' must be struck between cultural heritage objectives and matters pertaining to reasonable and economic use. In the current case, a trade-off of heritage values is not required, and the proposal is designed to not only protect, but advance the building's heritage outcomes. These outcomes (based on the heritage assessment) are demonstrably appropriate. The proposal, therefore, will achieve Heritage Victoria's objective to conserve the heritage values of the place.

1. Introduction

1.1 Purpose of this Report

SC Lennon & Associates Pty Ltd (urban economists and planners) has prepared this report on behalf of WK Glen Pty Ltd as owners of the subject site at 328-330 and 332-334 Clarendon Street, South Melbourne (VHR H1136).

The report has been prepared for the consideration of Heritage Victoria (HV) on issues relating to '**reasonable or economic use**' arising from Section 101 of the *Heritage Act 2017*. It has been prepared to accompany a permit application for works, which have changed from primarily interior alterations to adapt the place for a hotel, restaurant and retail space, to a proposal for demolition of the rear portion of the site and construction of a four storey hotel to the rear of the site and further interior alterations. The proposal is to convert the property to a new use as a boutique wellness 28-room hotel and spa with a rooftop bar and ground floor bar / restaurant.

This report deals with the application as submitted and principally addresses matters arising from Part 5, Division 2 of the *Heritage Act 2017* pertaining to 'reasonable and economic use'. It also addresses the Heritage Victoria Policy on Reasonable or Economic Use (June 2021).

Heritage Act 2017 No 7 of 2017

101 determination of permit applications

(2) In determining whether to approve an application for permit, the Executive Director must consider the following:

(a) the extent to which the application, if approved, would affect the cultural heritage significance of the registered place or registered object.

(b) the extent to which the application, if refused, would affect the **reasonable or economic use** of the registered place or registered object.

1.2 The Subject Site

The subject site comprises several terrace shops along the western side of Clarendon Street, at the corner with Bank Street in South Melbourne. The site is across two titles, being 332-334 at the south and 328-330 at the north, and comprises several two-storey terrace shops.

Figure 1 shows the site location (aerial view), with the building indicated in red. The building comprises several terrace shops with the yellow line showing the title boundary. Most recently, 332-334 Clarendon Street has been used as a restaurant at the ground level, with office and administrative uses at the first floor level. 328-330 Clarendon Street has most recently been used for a hairdresser (shop) across both levels of the building at the northern most tenancy, while there was a barber operating from the southern tenancy area.

Figure 2 provides an aerial view of the subject site (indicated in red) in a broader context. The boundary of the heritage registered place is in blue.

Figure 1. Site Location



Source: Google Maps, 2024

Figure 2. Subject Site Within Surrounding Context



Source: Google Maps, 2024

Figure 3 shows the subject building from Clarendon Street while Figure 4 provides a view of the subject site (in red) from Clarendon Street, reading as three individual premises, with the yellow line showing the title boundary.

Figure 3. View of Subject Building From Clarendon Street



Source: Trethowan Heritage

Figure 4. Subject Building Showing Title Boundary

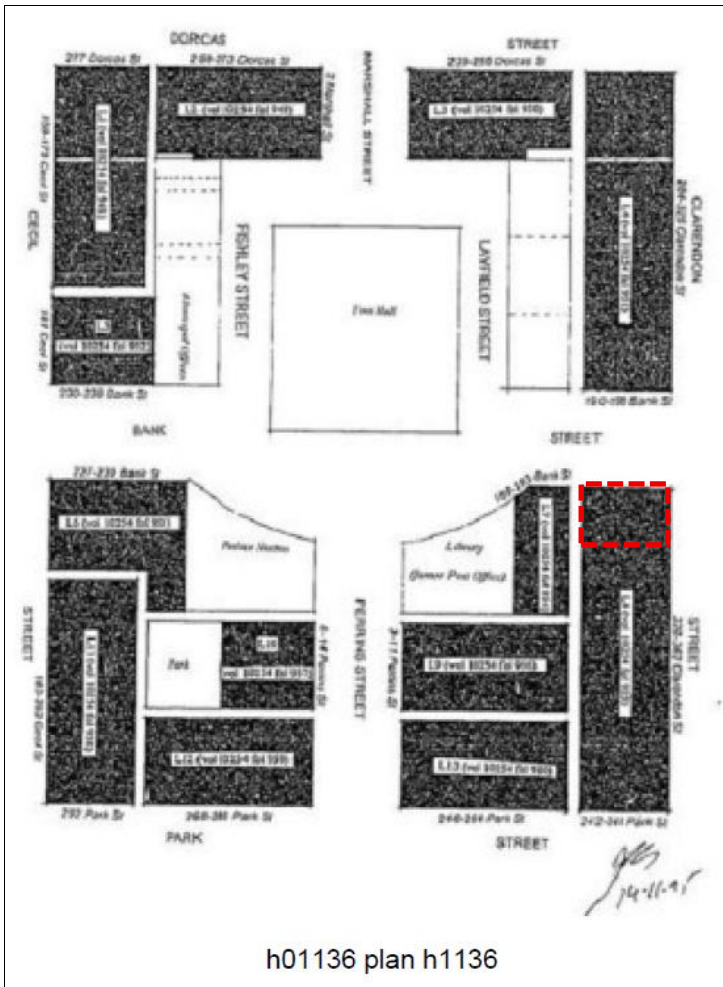


Source: Trethowan Heritage

1.3 History and Heritage Significance

The subject site is included on the Victorian Heritage Register as part of the *Emerald Hill Estate* (VHR H1136), which is the registered place. The registered place is a complex of buildings within the block bounded by Dorcas, Clarendon, Park and Cecil streets in South Melbourne, and generally surrounding the South Melbourne civic precinct. Figure 5 shows the extent of registration with the subject site highlighted in red.

Figure 5. Heritage Registration Showing Subject Site in Red



Source: Victorian Heritage Database

Sands & MacDougall postal directory records indicate that the subject site has been occupied since around 1880, although the street numbers have changed at least twice. From 1885, the northern terrace at the corner with Bank Street was occupied by a Commercial Bank of Australia branch. The bank branch is listed at this address until at least 1970, with 'flats' also listed at the address, likely on the first floor. The southern terrace at number 334 was occupied by Archibald Crofts, grocer, from around 1900 and expanded to number 332 around 1920 when it became known as Crofts Stores. The middle terrace at number 330 was occupied by a range of premises, with Arthur Stanley, jeweller, being the longest standing business.

Photographs from the 1960s and '70s show the subject site was, at that time, occupied by a grocer (Foodland) at the south, a watchmaker to the middle and consulting engineers to the northern terrace. Later shopfronts and awnings are also evident, with the original verandahs reconstructed in the 1980s. Most recently, 332-334 Clarendon Street has been used as a restaurant at the ground level, with office and administrative uses at the first-

floor level. 328-330 Clarendon Street has most recently been used for a hairdresser (shop) across both levels of the building at the northern most tenancy, while there was a barber operating from the southern tenancy area.

Figure 6. Views of the Subject Site in 1974



Source: State Library Victoria, Committee for Urban Action in trethowan, 19 February 2025

The following Statement of Significance for H1136 derives from the Victorian Heritage Database:

What is significant?

'The Emerald Hill Estate was occupied by the Melbourne Protestant Orphan Asylum from 1855 until 1877, when it sold the freehold of part of the land for new municipal buildings and the leasehold of the remainder for a term of 50 years. This unusual method of sale has resulted in an essentially intact precinct of mainly two storey, 1880s, brick, commercial and residential buildings.'

The majority of buildings on the estate were purchased by the state government in 1974, sometime after they had returned to the control of the by now Melbourne Family Care Organisation. Many of the shop verandahs have since been reinstated and the residences refurbished for use as public housing.'

How is it significant?

'Emerald Hill Estate is historically, socially and architecturally important to the State of Victoria.'

Why is it significant?

'The Emerald Hill Estate is historically and socially important for its extraordinary development as a leasehold rather than freehold precinct. This is a direct manifestation of its associations with the Melbourne Protestant Orphan Asylum that insisted on this form of development, thereby ensuring its survival as a unique and homogeneous precinct. The commercial buildings in particular collectively represent an extraordinary example of an 1880s shopping precinct with a high degree of intactness unmatched in extent anywhere else in Victoria.'

The Emerald Hill Estate is architecturally important as an extraordinary example of municipal planning during the 1880s boom. The symmetrical and mannered arrangement of commercial and residential blocks around a municipal precinct is unique in Victoria. While the architectural importance of the Emerald Hill Estate lies mainly in its cohesion as a precinct, the former Harcourt and Perry drapery (1885), 256-264 Park Street, is notable in its own right for its unusual Gothic treatment and its Oamaru limestone facade.'

2. The Proposal

2.1 Background: Original Works

The current proposal is for works comprising demolition of the rear portion of the subject site and construction of a four-storey 28-room hotel and spa plus interior reconfiguration, to convert the property to new use as a boutique wellness hotel and spa with a rooftop bar and ground floor bar / restaurant. The application has changed from the previous proposal to undertake primarily interior alterations to adapt the place for a hotel, restaurant and retail space, to (the current) proposal for demolition of the rear portion of the site and construction of a four-storey hotel to the rear of the site and further interior alterations.

As background, internal works were carried out across the subject site in 2024. The works were initially undertaken to alter the subject site for use as a restaurant on the ground level and a boutique hotel (first floor). No permit or exemption from Heritage Victoria was sought for the proposed works. These works were the subject of a Stop Work Order under Section 165(1) of the *Heritage Act 2017*, issued by Heritage Victoria on 20 September 2024. The Stop Work Order notes that works have been carried out at the subject site without a permit or exemption issued under the Act, and that the Executive Director is satisfied that there are *reasonable grounds for believing that the registered place could be harmed unless a stop order is issued*.

As requested by Heritage Victoria, Trethowan Heritage, commissioned by Connect Town Planning on behalf of the property owner WK Glen Pty Ltd, prepared a detailed report of works undertaken to date, documenting the before and after condition, with corresponding drawings. The *Report on Unapproved Works* (19 February 2025) documents the extent of works, which had been undertaken without approval, informing which works need to be applied for under a permit or exemption application, and if any rectification works are required.

2.2 Heritage Victoria Feedback Regarding Reasonable or Economic Use

In a letter to Trethowan dated 25 March 2025, Heritage Victoria provided advice regarding the *Report on Unapproved Works* in response to the Stop Work Order. In that letter, HV advised that, to progress the project, a Heritage Impact Statement (HIS) is required. It states that the HIS should include, amongst other things, “A submission against s.101(2)(b) of the Act, detailing the extent to which the application, if refused, would impact the reasonable or economic use of the place”.

A Heritage Impact Statement (November 2025) was prepared by Trethowan and submitted as part of the permit application to HV. The HIS addressed matters of reasonable or economic use with the support of case studies of boutique wellness hotels. In a letter of response dated 19 December 2025, Heritage Victoria stated, amongst other things:

“Your application has included limited information addressing s101(2)(b) of the Act regarding reasonable and economic use of the heritage place. It is a mandatory requirement for the Executive Director to consider the extent to which the application, if refused, would affect the reasonable or economic use of the registered place. You may wish to provide additional information to assist with this consideration, and if you choose to, it is recommended that reference to the policy and the questions it poses be included. If you do not wish to provide further information regarding reasonable or economic use, you must advise of this prior to the date below otherwise your permit application will lapse. Further guidance can be found in the Heritage Victoria Policy Reasonable or economic use. Relevant matters for the consideration of section 101(2)(b) of the Heritage Act 2017”.

Matters concerning reasonable or economic use were submitted in a report prepared by SC Lennon & Associates on behalf of WK Glen Pty Ltd (February 2026). Since that time, a new (revised) proposal was put forward on behalf of the property owner, which varies significantly from the previously submitted design. As a result, an updated Reasonable and Economic Use report to address s101(2)(b) of the Heritage Act is required.

With respect to the new application, HV, in a letter to Trethowan Architects dated 22 May 2026, advised that an application to amend the existing application under section 96 and further information is required. The letter states that the application has included limited relevant information addressing s101(2)(b) of the Act regarding reasonable and economic use of the heritage place. HV's letter specifically states, in relation to the matter of reasonable or economic use:

*"Your application has included limited relevant information addressing s101(2)(b) of the Act regarding reasonable and economic use of the heritage place. It is a mandatory requirement for the Executive Director to consider the extent to which the application, if refused, would affect the reasonable or economic use of the registered place. You may wish to provide information to assist with this consideration. If you do not wish to provide further information regarding reasonable or economic use, you must advise of this prior to the date below otherwise your permit application will lapse. Further guidance can be found in the Heritage Victoria Policy **Reasonable or economic use. Relevant matters for the consideration of section 101(2)(b) of the Heritage Act 2017**. In particular, it would be useful to understand:*

- 1) *What are the current and projected incomings and outgoings? A summary only is necessary, not a full breakdown of costings.*
- 2) *What are the projected costs for conservation works other than maintenance?*
- 3) *How will the development generate income to fund ongoing and future conservation and maintenance? (eg: sinking fund, maintenance program etc)*
- 4) *If the permit application was refused, could the heritage place still be put to economic use?*
- 5) *We do not require details of the market demand or operator requirements or detailed rationales against planning scheme requirements".*

Section 3 of this report addresses matters concerning reasonable or economic use, with specific reference to the HV policy and the questions it poses.

In addressing the questions concerning reasonable or economic use, this report makes specific reference to how the reasonable use of the building will be affected without the proposed works and improvements, reference to a continuation of historic and recent retail and hospitality uses of the subject building, locational context and compatibility with other uses of the registered place, as well as the potential impact on the building should the proposed upgrades not take place.

In addressing questions concerning economic use, information, supported by demonstrated financial feasibility analysis, is provided to show that the proposed use is financially viable, that there is a need for the works as proposed and that the proposed works will facilitate an economically sustainable use.

The specific questions concerning reasonable or economic use, in line with HV's policy on the matter, are addressed in Section 3 following a short description of the project proposal, as follows.

2.3 The Current Proposal

The current proposal is to complete and make good the works to convert the building into a single hotel occupancy. doing so, various external and internal works are to be undertaken.

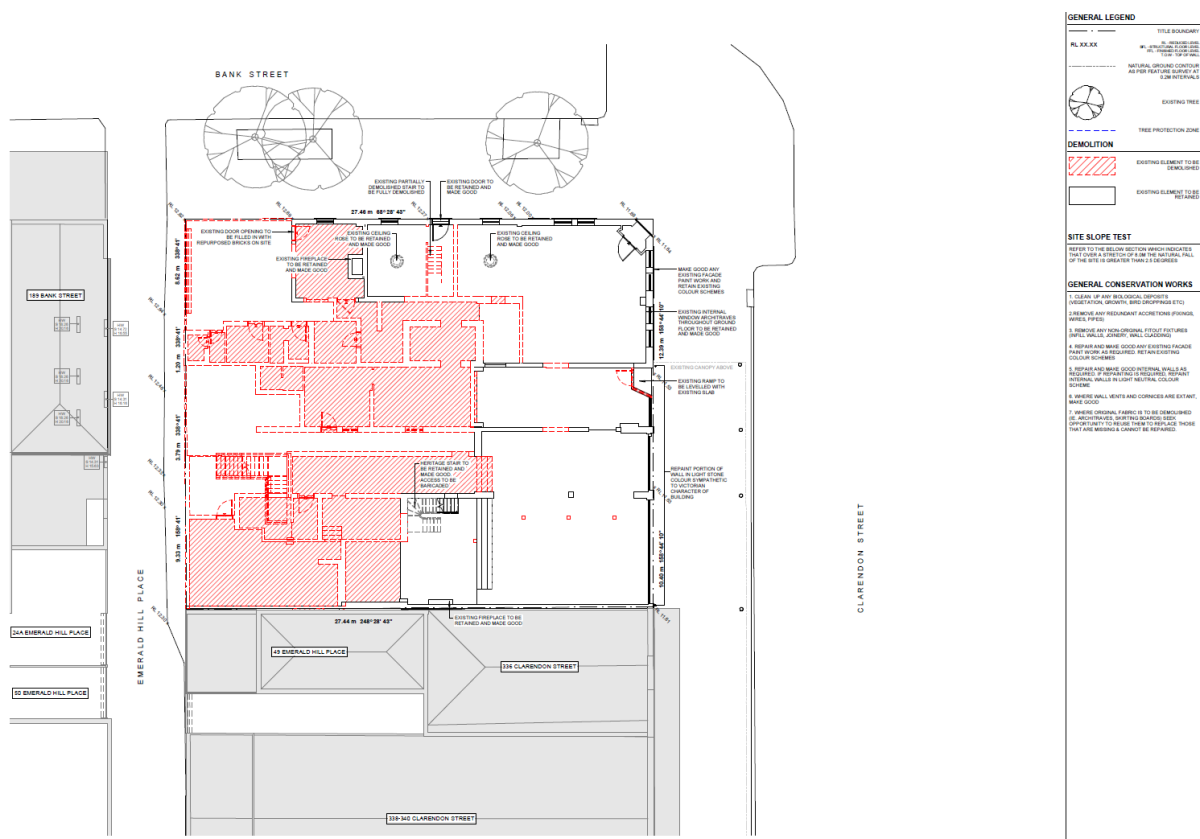
The application has changed from primarily interior alterations to adapt the place for a hotel, restaurant and retail space, to works comprising demolition of the rear portion of the subject site and construction of a four storey 28-room hotel and spa plus interior reconfiguration, to convert the property to a new use as a boutique wellness hotel and spa with a rooftop bar and ground floor restaurant.

Compared to the previous proposal, the scope of work includes:

- Increased number of hotel rooms from the original 12 room scheme to 28 hotel rooms
- Addition of Level 02 to western boundary
- Addition of Roof Top Terrace (Level 03) to western boundary
- Spa relocated to proposed Level 02
- 2 x proposed lifts for vertical circulation
- Proposed fire stairs
- Central courtyard / void

Figures 7, 8 and 9 illustrate the building floor plans, as prepared by Embrace Architects, showing the proposed demolition works and conservation works under the proposal.

Figure 7. Conservation Works and Ground Floor Demolition

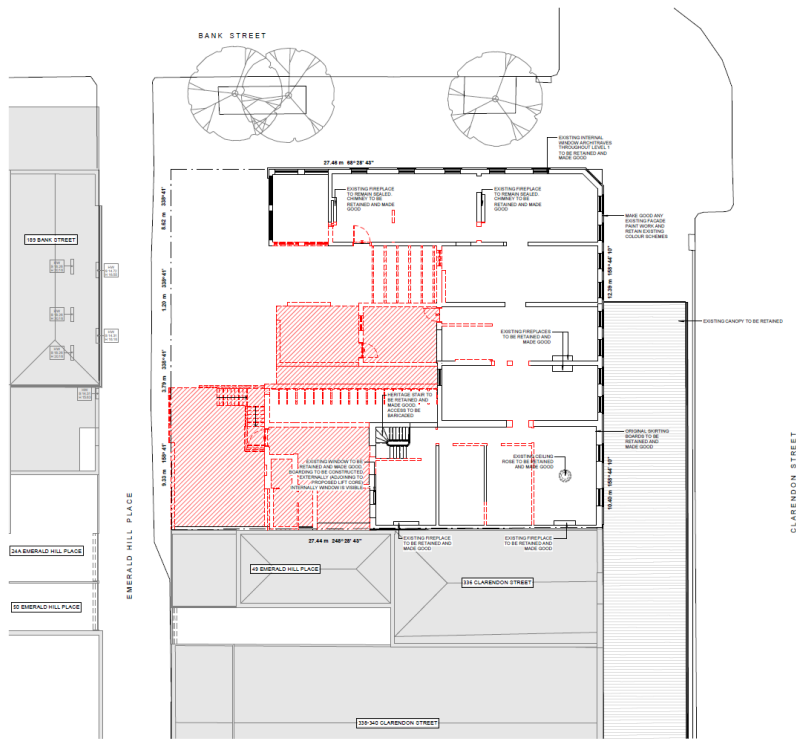


Source: Source: Embrace Architects

Externally, some areas of the Clarendon Street façade, which have historically been altered, would undergo minor changes while retaining the existing streetscape pattern. Internally, the heritage building is to have a new internal layout while some conservation works take place. To the rear (west) of the building, a new three-storey plus roof terrace extension is to be erected, also as a part of the hotel. The rear extension will house a spa with wet areas on Level 2 and a rooftop bar.

Demolition works would be undertaken to the rear sections of the site where significant change had already occurred. Minor alterations are also proposed to some sections of the building façade. Internally, sections of internal walls, some columns, and a derelict staircase are to be demolished, while conservation works are proposed to enhance the understanding of the registered place’s significance. New works are proposed to the interior of the heritage building and the rear of the subject site as described in the Heritage Impact Statement.

Figure 8. Conservation Works and Level 1 Demolition



GENERAL LEGEND

TITLE BOUNDARY

RL XXXX

NATURAL ORIGINAL CONTOUR AS PER 1:500 SURVEY AT 1.0M INTERVALS

EXISTING TREE

TREE PROTECTION ZONE

DEMOLITION

EXISTING ELEMENT TO BE DEMOLISHED

EXISTING ELEMENT TO BE RETAINED

SITE SLOPE TEST

REFER TO THE BELOW SECTION WHICH INDICATES THAT OVER A SECTION OF 1.0M THE NATURAL FALL OF THE SITE IS GREATER THAN 2.5 DEGREES

GENERAL CONSERVATION WORKS

1. CLEAN UP ANY BIOLOGICAL DEPOSITS (FEATHERS, BONES, SKIN, CHITIN, ETC.)

2. REMOVE ANY REDUNDANT ACCESSORIES (FRONTS, BELLERS, ETC.)

3. REPAIR AND MAKE GOOD ANY EXISTING FACADE PANELS AS NECESSARY. RETAIN EXISTING COLOUR SCHEME.

4. REPAIR AND MAKE GOOD ANY EXISTING FACADE PANELS AS NECESSARY. RETAIN EXISTING COLOUR SCHEME.

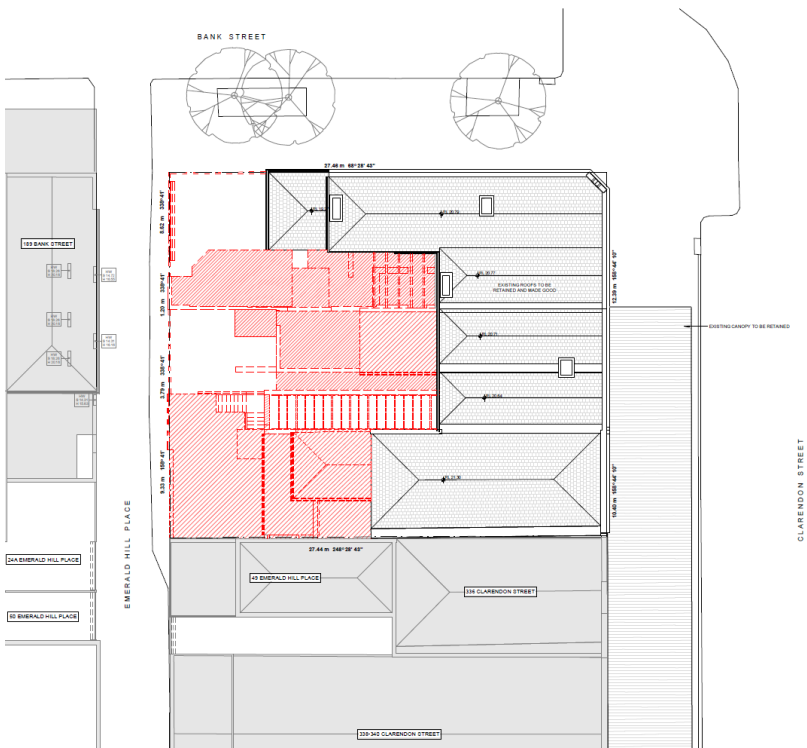
5. REPAIR AND MAKE GOOD INTERNAL WALLS AS NECESSARY. REPAIR AND REFINISH EXISTING INTERNAL WALLS IN LIGHT NEUTRAL COLOUR SCHEME.

6. WHERE DUAL WALLS AND CORNICES ARE EXISTING, MAKE GOOD.

7. WHERE ORIGINAL FABRIC IS TO BE DEMOLISHED OR ADJUSTED, SURFACE BRICKWORK SHOULD BE REPAIRED TO MATCH THE EXISTING WORK THAT IS BEING RETAINED. WHERE THIS IS NOT POSSIBLE, THE WORK SHOULD BE REPAIRED TO MATCH THE EXISTING WORK.

Source: Source: Embrace Architects

Figure 9. Conservation Works and Roof Plan Demolition



GENERAL LEGEND

TITLE BOUNDARY

RL XXXX

NATURAL ORIGINAL CONTOUR AS PER 1:500 SURVEY AT 1.0M INTERVALS

EXISTING TREE

TREE PROTECTION ZONE

DEMOLITION

EXISTING ELEMENT TO BE DEMOLISHED

EXISTING ELEMENT TO BE RETAINED

SITE SLOPE TEST

REFER TO THE BELOW SECTION WHICH INDICATES THAT OVER A SECTION OF 1.0M THE NATURAL FALL OF THE SITE IS GREATER THAN 2.5 DEGREES

GENERAL CONSERVATION WORKS

1. CLEAN UP ANY BIOLOGICAL DEPOSITS (FEATHERS, BONES, SKIN, CHITIN, ETC.)

2. REMOVE ANY REDUNDANT ACCESSORIES (FRONTS, BELLERS, ETC.)

3. REPAIR AND MAKE GOOD ANY EXISTING FACADE PANELS AS NECESSARY. RETAIN EXISTING COLOUR SCHEME.

4. REPAIR AND MAKE GOOD ANY EXISTING FACADE PANELS AS NECESSARY. RETAIN EXISTING COLOUR SCHEME.

5. REPAIR AND MAKE GOOD INTERNAL WALLS AS NECESSARY. REPAIR AND REFINISH EXISTING INTERNAL WALLS IN LIGHT NEUTRAL COLOUR SCHEME.

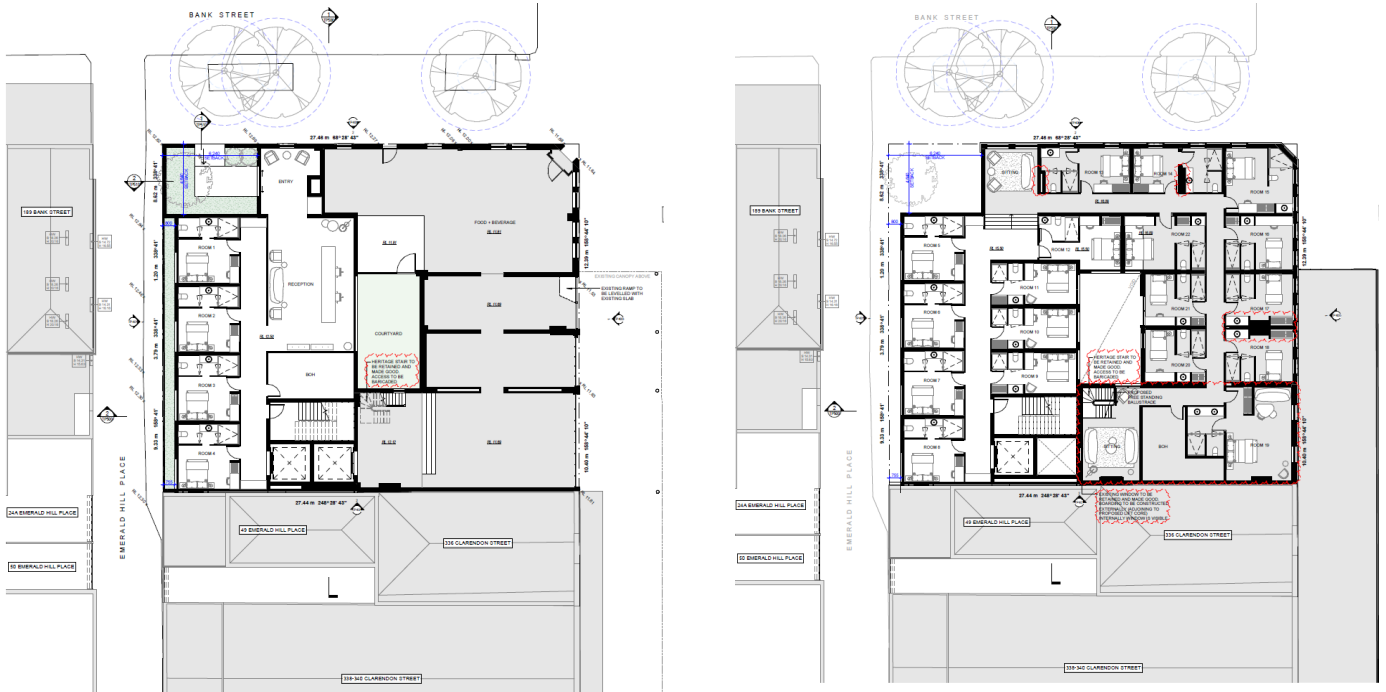
6. WHERE DUAL WALLS AND CORNICES ARE EXISTING, MAKE GOOD.

7. WHERE ORIGINAL FABRIC IS TO BE DEMOLISHED OR ADJUSTED, SURFACE BRICKWORK SHOULD BE REPAIRED TO MATCH THE EXISTING WORK THAT IS BEING RETAINED. WHERE THIS IS NOT POSSIBLE, THE WORK SHOULD BE REPAIRED TO MATCH THE EXISTING WORK.

Source: Source: Embrace Architects

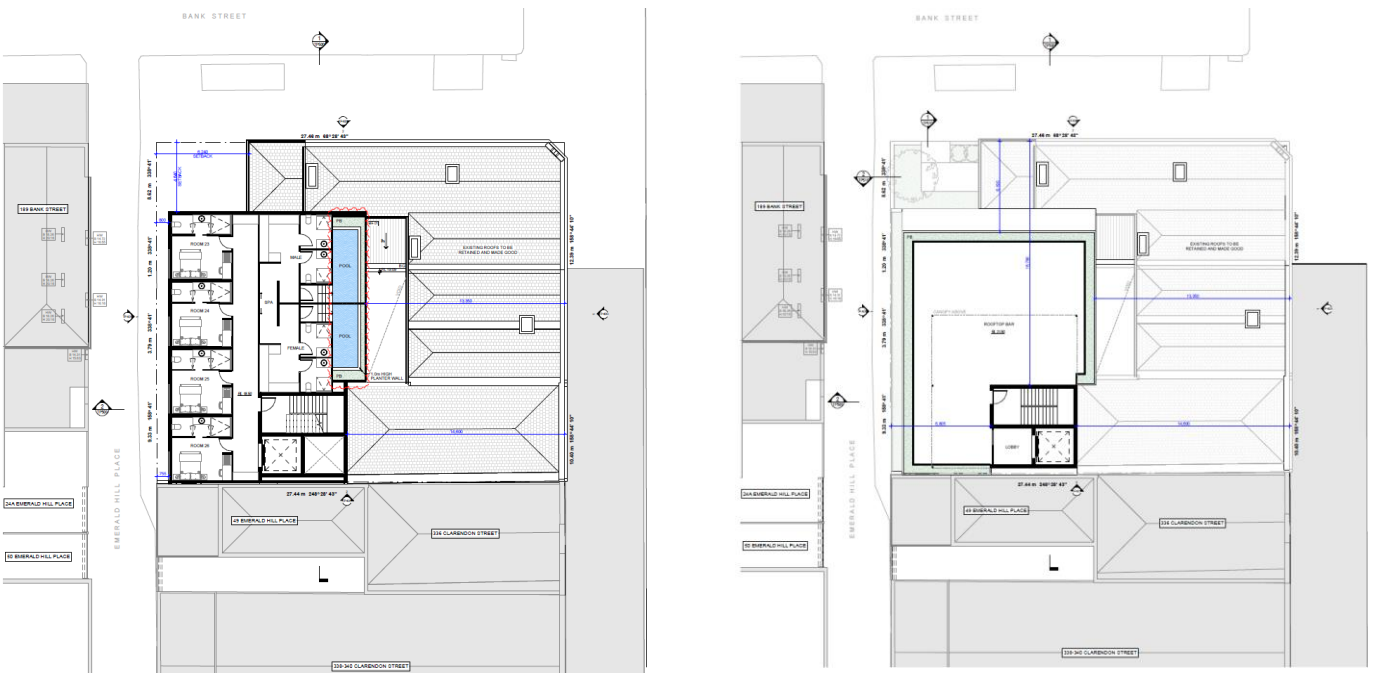
Figure 10 shows the proposed ground floor and first-floor building plans while Figure 11 shows that proposed second-floor and third-floor plans. Figure 12 shows the roof-top building plans while Figure 13 shows the total site coverage of the proposal.

Figure 10. Proposed Building Plans – Ground Floor and First Floor



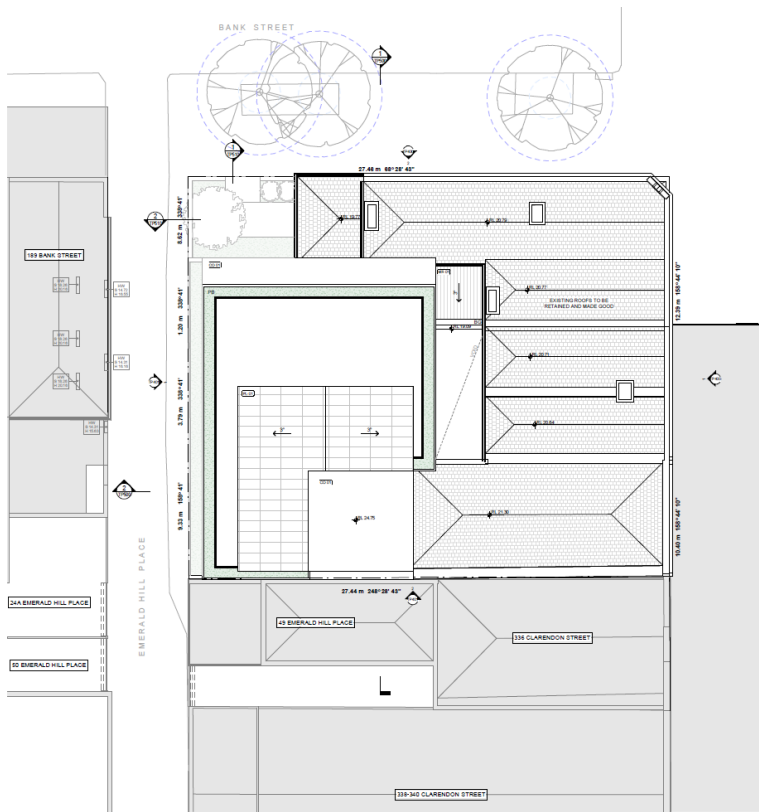
Source: Source: Embrace Architects

Figure 11. Proposed Building Plans – Second Floor and Third Floor



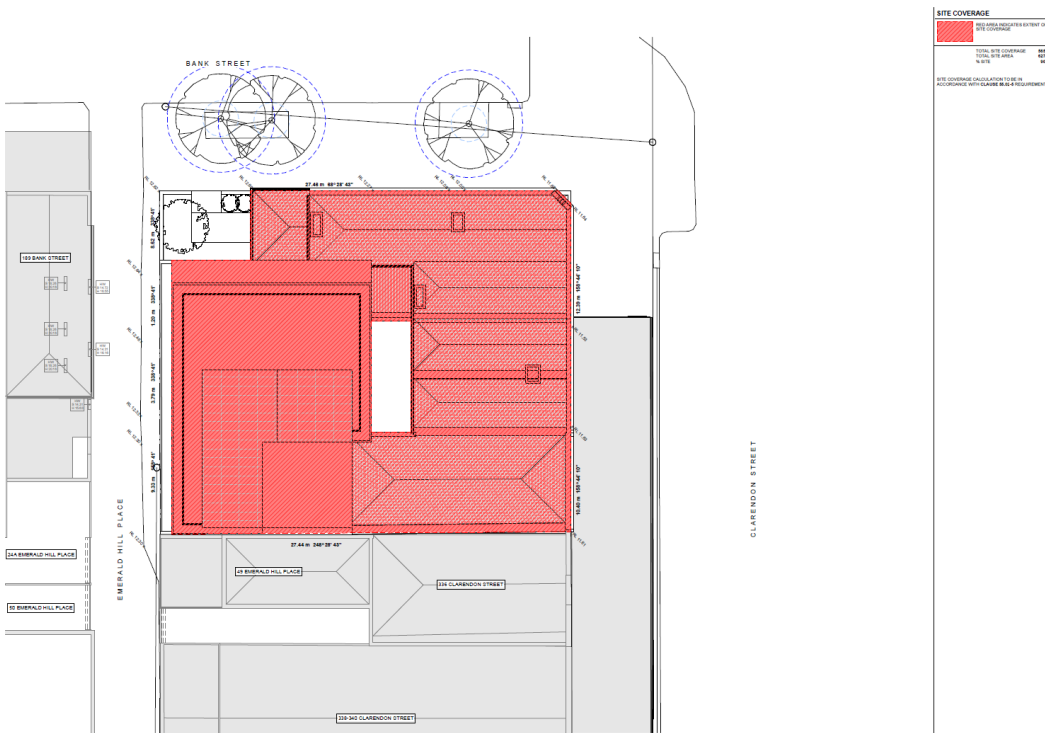
Source: Source: Embrace Architects

Figure 12. Proposed Building Plans – Roof Top



Source: Source: Embrace Architects

Figure 13. Proposed Site Coverage



Source: Source: Embrace Architects

2.4 Economic Development Outcomes

A Boutique Wellness Hotel – The Value Proposition

The proposal is for a boutique wellness hotel and spa. A boutique hotel is generally understood in Australia as a small to medium-sized, design-led accommodation property that offers a highly personalised guest experience, distinctive character, and a strong sense of place, often reflecting local culture, heritage, architecture or lifestyle. Unlike large chain hotels, boutique hotels emphasise individuality, quality service and unique guest experiences.

As a boutique wellness hotel, the proposal responds to a growing demand for experiential visitor accommodation. According to Grand View Research (*Australia Boutique Hotel Market Size & Outlook, 2025-2030*), Australia's boutique hotel market is expected to grow by 9% per annum over the next five years, meaning the market is rapidly expanding, nearly doubling in size over the period - a strong indicator of rising demand and investment interest.

Over the past five years, Australian boutique hotels have been outperforming larger 'big box' hotels in key metrics including occupancy (around 21% higher than larger chain hotels); average daily rate or ADR (around 27% higher than big box hotels; and revenue per available room / RevPAR (54% higher). This performance boost shows boutique stays are more popular and profitable per room than many larger hotels, especially with domestic and leisure demand (source: Property Tribune, 2023).

Boutique wellness hotels typically target high-end and high-yield visitor markets, placing an emphasis on health, wellbeing and personalised experience. They are generally smaller, stylish, intimate hotels that offer a unique character and personalised service, usually with anywhere between 10 and 100 rooms and often located in lively and culturally rich inner-city centres, historic neighbourhoods or trendy districts. Their locations are chosen to enhance the guest experience by offering easy access to local attractions, dining, and shopping.

Boutique hotels are often located in existing buildings like historic properties, mid-rise conversions or neighbourhood hotels rather than sprawling complexes. Because of their relatively small size, they tend to generate lower resource use and smaller environmental footprints relative to large hotels or resorts.

While some boutique hotels are part of small chains or collections, most are independently owned and operated. This gives them the freedom to offer more personalised experiences without the constraints of corporate policies. Guests who stay at boutique hotels often appreciate the personal touch and unique experience, leading to higher customer loyalty and repeat business. Unlike chain hotels, boutique establishments can build a brand around a distinctive identity that guests remember and seek out time and again.

The boutique wellness hotel business model integrates overnight stays with spa facilities, allowing for diversified revenue streams throughout the week, including non-peak periods. This integrated model ensures economic resilience and reduces reliance on short-term or seasonal tenants.

Importantly, boutique hotels can play a key role in supporting the local economy, often making a significant impact by sourcing locally. From employing local staff to working with nearby suppliers, boutique hotels can boost the local economy while offering guests a unique and authentic, locally infused experience.

Strategic Alignment

Located in the South Melbourne Major Activity Centre (as per the City of Port Phillip Planning Scheme), the proposal supports City of Port Phillip Council's preferred future character for the Clarendon Street Precinct, which is intended to continue as a vibrant shopping strip and mixed-use precinct with significant and highly intact heritage buildings, Victorian era residential shops and larger hotels, banks and commercial buildings, providing a visually cohesive streetscape within the central section of the precinct.

The City of Port Phillip Planning Scheme envisions the City as one *"That is creative and prosperous with a dynamic economy that connects and grows business as well as bringing arts, culture and creative expression to everyday life; of vibrant activity centres and employment areas, providing high accessibility to goods and services and prosperous conditions for all residents and businesses; that is liveable, with well-designed buildings that contribute to safe, lively, high amenity places with public spaces that are safe and inviting places for people to enjoy"*.

The proposal has broad and specific policy support, particularly under the Planning Policy Framework theme of **Economic Development** (Clause 17) and the key strategies under this theme, of **Employment** (Clause 17.01), **Commercial** (17.02) and **Tourism** (Clause 17.04), all of which support the use of the land as a hotel and spa and the continued use of the property for food and drink premises associated with the hotel use.

The proposal, in continuing the building's historic use as a retail and hospitality premises which responds to evolving market needs and opportunities, supports the Planning Scheme objectives for a vibrant and active place, and is consistent with the objectives of City of Port Phillip's *Creative and Prosperous City Strategy 2023-26*. As the Council's Economic Development Strategy, this document outlines its commitment to create a thriving social, cultural and economic future for the City and a continued focus on economic development and tourism, festivals, events, live music, film and tv, and the arts, culture and heritage.

In promoting a prosperous City that attracts and grows business, City of Port Phillip Council, through the Creative and Prosperous City Strategy, aims to attract, nurture and encourage a diversity of industries including customer and visitor-focused businesses such as hospitality and accommodation. It recognises that visitors (tourists) make a significant contribution to the local economy and lifestyle by providing local jobs and sustaining the City's vibrant hospitality and cultural sector.

The proposal for a boutique wellness hotel and spa targeting high yield visitors, serves to support the City's desired economic development outcomes. Importantly, the proposal supports the City of Port Phillip Council's stated policy objective to consolidate and grow the tourism sector by helping to address gaps in the current tourism offering (including accommodation), visitor experiences and visitor servicing, in order to build the capacity of the local visitor economy.

By offering a viable and cohesive commercial concept (see Section 3 below), the boutique wellness hotel and spa proposal seeks to establish a successful and enduring business within a significant heritage site, ensuring the place is activated and actively used, maintained and appreciated.

This will ensure that the site's (and wider precinct's) economic sustainability and heritage conservation objectives are realised and advanced to mutual benefit.

3. On Reasonable or Economic Use

3.1 Meaning of 'Reasonable Use'

Heritage Victoria has published a policy on the relevant matters for the consideration of Section 101(2)(b) of the *Heritage Act 2017* relating to reasonable or economic use. About **reasonable use**, the policy contends:

- Reasonable use is not affected by refusal if a place can be used without the proposed changes.
- The Executive Director may consider:
 - the historic, recent and current uses of the registered place or object,
 - other compatible uses of the registered place or object,
 - the context and setting within which the place or object is located, and
 - other relevant matters.
- Refusal to enable a change of use may affect reasonable use if the historic use is obsolete.
- Refusal to upgrade facilities to meet standards may affect reasonable use.

3.2 Comments on Policy Aspects Concerning Reasonable Use

Matters concerning reasonable use are addressed as follows.

Reasonable use is not affected by refusal if a place can be used without the proposed changes

The proposed boutique wellness hotel, with a rooftop bar and ground floor bar / restaurant is a concept that is consistent with the reasonable use of the building as a retail and hospitality venue and is entirely consistent with historic use of the building as a grocery store, flats, other retail and commercial services and more recently, a restaurant.

The proposed boutique hotel will serve a growing demand for niche visitor accommodation offerings with a wellness theme. By attracting visitors to the site, it will help activate the area, contributing to the vibrancy of the Clarendon Street precinct.

On the question of whether the place can be used without the proposed changes, this links to the economic use aspects (reviewed below). The cost of the necessary conservation works cannot be funded from the rent income from uses attracted to the existing building configuration.

The historic, recent and current uses of the registered place or object

The historic use of the building as a bank, and as residences (flats) ceased more than 50 years ago and subsequently, the building was used to house a variety of retail tenancies including the Foodland grocery store. There is evidence that the place has been used for a variety of retail, hospitality and service activities for the past 40 years or more, most recently for a restaurant, a hairdresser and barber shop. An evolving retail market has resulted in a situation where small retail and service offerings, including the building's most recent uses, are no longer viable.

Other compatible uses of the registered place or object

The building's historic and recent use and its zoning in the Planning Scheme mean other compatible uses would be other types of retail use, hospitality, food and accommodation as well as other low-impact commercial activities (offices). These other compatible uses do not preclude the suitability of the subject site for a boutique hotel and spa with a bar and restaurant, uses which are supported by the Council's Planning Policy Framework.

The context and setting within which the place or object is located

The place sits within the South Melbourne Major Activity Centre, which is one of four major centres in the City of Port Phillip. These activity centres perform a range of retail, commercial, entertainment and housing functions and provide community hub roles for their catchments. The individual distinctiveness and diversity of its activity centres are an important part of Port Phillip's identity, which, according to the Council's Planning Policy Framework, needs to be protected and reinforced.

Through the Planning Scheme, City of Port Phillip Council encourages development within activity centres that positively contribute to the built form character of the centre whilst conserving heritage buildings, and streetscapes, and the distinctive and valued character of the traditional retail strips. It also encourages retail development (including reformatting of retail space) that integrates with the established retail strip. The proposed boutique wellness hotel on the subject site will help realise these objectives.

Refusal to enable a change of use may affect reasonable use if the historic use is obsolete

The place has been used for a variety of retail and service activities for the past 40 years or more, most recently for a restaurant, a hairdresser and barber shop. It is a reasonable proposition that the building's hospitality / service use be perpetuated as it affords opportunities for people to appreciate the heritage values of the building. On this basis, the proposal is not a change of use. It follows that the historic use is not obsolete in the sense that it is based on outmoded technologies, but the use needs to adapt to the current market situation.

Refusal to upgrade facilities to meet standards may affect reasonable use

The works as proposed are needed to ensure that a valuable heritage asset is conserved. These works include new DDA-compliant wheelchair accessible toilets and an internal ramp. The standards that are required to be met to operate a boutique wellness hotel and spa with a bar and restaurant mean that refusal to upgrade facilities to meet those standards would affect reasonable use.

3.3 Meaning of 'Economic Use'

Heritage Victoria has published a policy on the relevant matters for the consideration of section 101(2)(b) of the *Heritage Act 2017* relating to reasonable or economic use. Regarding **economic use**, the policy contends:

- The financial circumstances of the applicant or owner are irrelevant, but the feasibility of the proposed development may be relevant insofar as it relates to the viability of an ongoing use.
- The question of whether works will facilitate an economically sustainable use is relevant.
- An applicant may be required to provide evidence of economic impact.
- Economic use may be affected if refusal would limit capacity to cover outgoings on a property.

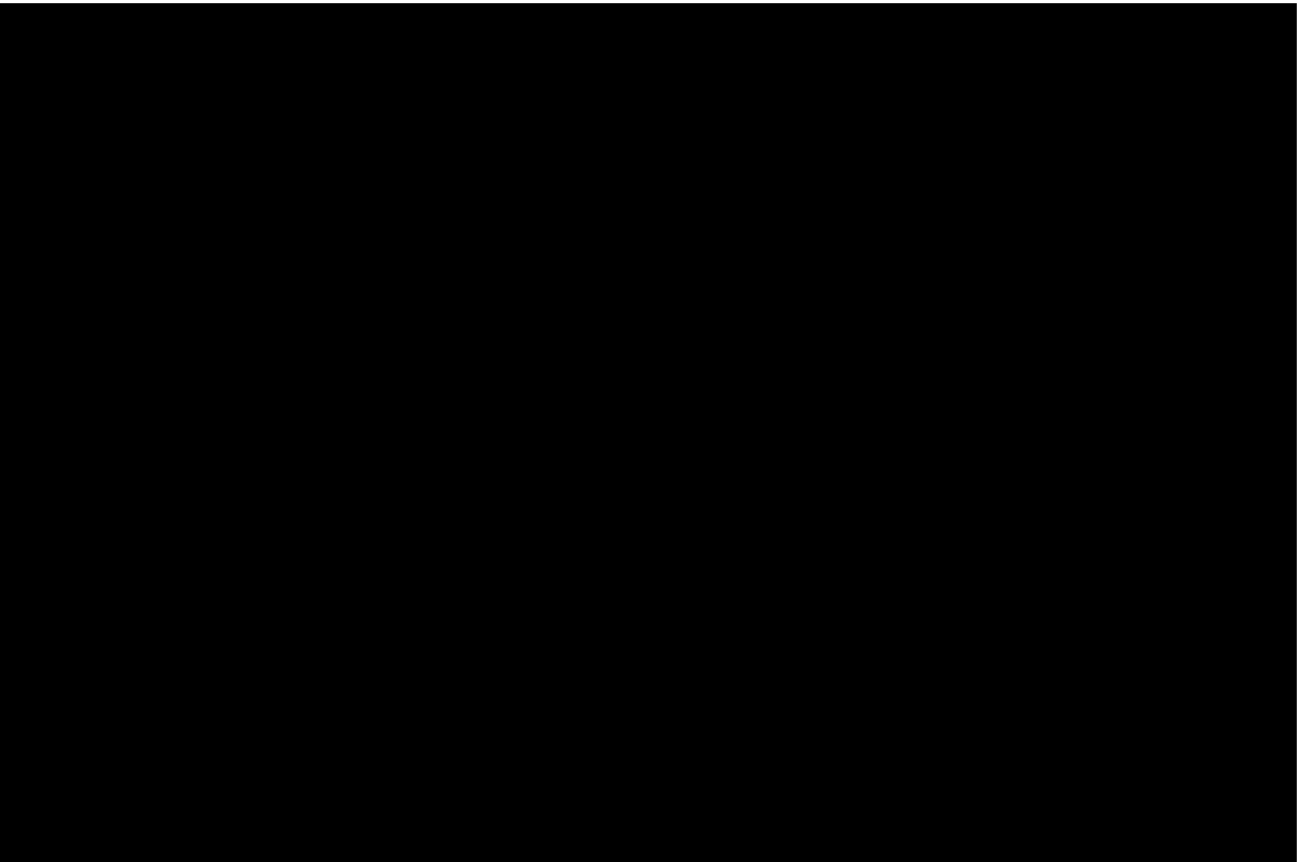
3.4 Comments on Policy Aspects Concerning Economic Use

Matters concerning economic use are addressed as follows.

Is the Proposed Use Financially Viable?

The question of financial viability is informed in large part by the 'boutique wellness hotel' proposition being put forward and the market conditions supporting it. Research undertaken to inform this report shows that the Melbourne hotel market has grown strongly, with a ~21% increase in rooms added since 2019 and rising bookings, indicating solid underlying travel demand. Hotel occupancy has averaged around 74% to 76% in 2025, with strong performance during major events, often > 90% (source: AusLeisure). Revenue per available room (RevPAR) has climbed in recent years, supported by event-driven tourism and domestic travel (source: CBRE Australia).

Having regard for these market conditions, to test the project's potential economic viability, an indicative financial analysis has been undertaken, as shown in Table 1.



Sources:

- Hotel Occupancy: CBRE - Figures Q3 2025 – Major Hotel Markets Performance <https://www.cbre.com.au>
- Hotel Rates: Australasian Leisure Management July 2024 <https://www.ausleisure.com.au>
- Hotel Rates and Occupancy: <https://assets-corporate.visitvictoria.com/documents/Victoria-Monthly-Accommodation-Summary-%E2%80%93-Data-to-January-2025.pdf> and <https://www.costar.com/products/benchmark/resources/press-releases/november-events-boosted-melbourne-hotel-performance>
- Hotel Industry: <https://www.ibisworld.com/australia/industry/pubs-bars-and-nightclubs/448>
- Construction Cost: Estimate supplied by client
- Valuations: City of Port Phillip Council rate notices 2025/26

The results, as shown in Table 1, are:

- Hotel (28 rooms): Net operating income of [REDACTED] per annum is estimated.
- Bar / Restaurant: Net operating income of [REDACTED] is estimated.

Therefore, total net operating income is estimated to be [REDACTED] per annum. The total investment is the construction cost [REDACTED] plus the opportunity cost on the land [REDACTED] = [REDACTED].

The total net operating income represents an [REDACTED] return on the investment, which indicates a financially viable project.

The proposed hotel use will generate sufficient and stable income to support the future conservation and maintenance of the building's heritage fabric. Revenue from the hotel operations will be allocated towards ongoing

building upkeep, including restoration of internal elements, facade repair, and compliance upgrades, in line with heritage management objectives.

The Need for the Works as Proposed

The works as proposed are needed to ensure that a valuable heritage asset is conserved. The subject site is well located in an area of high activity and has good exposure to foot traffic. The heritage aspects of the area and the building being developed are particularly advantageous, as these aspects appeal to the high-end, boutique wellness visitor accommodation market that the proposal is designed to serve.

Will the Works Facilitate an Economically Sustainable Use?

A 28-room boutique wellness hotel and spa as proposed for the subject site can carve out a niche and sustainable operations over the long-term if it differentiates itself on factors such as lifestyle and wellbeing, design, event-driven and corporate guests, and if it targets periods of visitation uplift and corresponding levels of high demand (e.g. sporting events such as the AFL finals series, the Formula 1 Grand Prix, the Australian Tennis Open and the Melbourne Cup), major arts exhibitions, concerts and national/international conferences).

The market for boutique wellness accommodation is supported by robust long-term visitation forecasts and a growing international travel market. The proposed hotel at the subject site is ideally located and well placed to take advantage of these market features.

An Applicant May be Required to Provide Evidence of Economic Impact

If the tenancies were re-leased for small-scale retail or service activities, it is unlikely that those uses would generate sufficient and stable income to support the building's future conservation and maintenance. Without a more viable and cohesive commercial concept, namely a boutique wellness hotel, there is a risk long-term vacancy of the premises, resulting in economic stagnation and physical deterioration.

On the question of the viability of alternative use, it is noted that the gross rents from the most recent uses were ██████ per annum for the hairdresser and ██████ per annum for the restaurant, for a total of ██████ per annum. Net rent would be lower by around ██████ at ██████ per annum. This would represent only a ██████ return on a ██████ investment. At this level the development would not be financially viable.

The boutique wellness hotel, as proposed, will generate sufficient and stable income to support the future conservation and maintenance of the heritage fabric. In responding to a growing demand for niche visitor accommodation offerings with a wellness theme, it will attract visitors to the site, helping to activate the area and contributing to the economic vibrancy of the Clarendon Street precinct.

3.5 Conclusion on Questions of Reasonable or Economic Use

On the matter of reasonable use, the proposed use of the building for a boutique wellness hotel is reasonable on the grounds that it will follow the building's historic use for retail, flats, hospitality, food and accommodation and other low-impact commercial activities (offices).

The proposed partial demolition and conservation works will allow for a consolidated and adaptive reuse of the site that is aligned with current tourism and wellness market demands. Importantly, in providing long-term economic sustainability by targeting a growing visitor segment seeking boutique wellness and experiential accommodation, it will provide opportunities for people to appreciate the heritage values of the building and the surrounding area.

On the matter of economic use, if the proposed change of use is refused, the subject tenancies are likely to remain economically underutilised. The previous retail and hospitality businesses have ceased operation due to limited commercial viability in the current market context. Re-leasing the tenancies for similar small-scale retail or service-based uses has proven difficult given the evolving commercial landscape.

If the tenancies were re-leased for small-scale retail or service activities, it is unlikely that those uses would generate sufficient and stable income to support the future conservation and maintenance of the building's heritage fabric. Without a more viable and cohesive commercial concept, namely a boutique wellness hotel, the premises risk long-term vacancy, resulting in economic stagnation and physical deterioration.

By offering a viable and cohesive commercial concept, the proposed boutique wellness hotel provides a financially viable and economically sustainable solution. This will ensure that the place is activated and actively used, maintained and appreciated so that the building's heritage conservation objectives are realised and advanced.

3.6 Striking the Right Balance

The Act requires the Executive Director to consider:

- c) the extent to which the application, if approved, would affect the cultural heritage significance of the registered place or registered object.
- d) the extent to which the application, if refused, would affect the reasonable or economic use of the registered place or registered object.

A 'balance' must be struck between cultural heritage objectives and matters pertaining to reasonable and economic use. In the current case, a trade-off of heritage values is not required, and the proposal is designed to not only protect, but advance the building's heritage outcomes. These outcomes (based on the heritage assessment) are demonstrably appropriate. The proposal, therefore, will achieve Heritage Victoria's objective to conserve the heritage values of the place.

References

CBRE (2025), *Figures Q3 2025 – Major Hotel Markets Performance*, <https://www.cbre.com.au>

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Connect Town Planning (December 2025), *Town Planning Report 328- 330 & 332-334 Clarendon Street South Melbourne*

Embrace Architects (June 2026), *328-334 Town Planning Report*

Heritage Victoria (2026), *Victorian Heritage Database Report, Emerald Hill Estate* (report generated 11/02/26)

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Trethowan (11 June 2026), *Draft Heritage Impact Statement, Permit Application Amendment Application for 328-330 and 332-334 Clarendon Street, South Melbourne Emerald Hill Estate (VHR H1136)*

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Attachment – Qualifications and Experience of the Authors

Sasha Lennon, Director SC Lennon & Associates Pty Ltd

Qualifications

- Bachelor of Economics (La Trobe University)
- Graduate Diploma in Advanced Economics (La Trobe University)
- Master of Journalism (Queensland University of Technology)
- Australian Certified Economic Developer (ACEcD)



Expertise

- Economic Development Strategies
- Tourism Strategies and Destination Management Plans
- Investment Attraction Strategies and Prospectus Writing
- Business Plans
- Cost-Benefit Analysis
- Reasonable or Economic Use Reports
- Regional Economic Impact Assessments
- Business Case Preparation
- Funding Applications
- Economic Studies
- Socio-Economic Research and Analysis
- Skills Audits and Workforce Planning Strategies

Rodger Gibbins, Associate, SC Lennon & Associates Pty Ltd

Qualifications

- PhD in Progress (Federation University)
- Graduate Diploma Economics (La Trobe University)
- Master of Urban Planning (University of Melbourne)
- Diploma of Applied Science (Town Planning) (R.M.I.T.)



Expertise

- Cost-Benefit Analysis
- Business Case Preparation
- Reasonable or Economic Use Reports
- Economic and Social Impact Analysis
- Economic Development and Tourism Strategies
- Investment Attraction Strategies
- Land Administration Policy
- Housing Policy and Program Evaluation
- Urban Systems Modelling
- Retail Needs Analysis
- Industrial Land Use Strategies
- Employment Forecasting
- Workforce Planning Strategies
- Public Policy Advisory

Selected Recent Relevant Project Experience on 'Reasonable or Economic Use'

- **Australiawide Melbourne Pty Ltd (2025):** SC Lennon & Associates was commissioned to prepare a report to Heritage Victoria on issues relating to 'reasonable or economic use' arising from Section 101 of the Heritage Act 2017. It relates to a proposal for a redevelopment project at 10 Little Chapel Street, Prahran (Former Rechabite Hall).
- **Mecca (2024):** SC Lennon & Associates was commissioned to prepare an independent report to Heritage Victoria as a follow-up to the 2022 report. The report relates to a proposed 'MECCAversity' (a beauty and wellness education facility) on Level 1 within the heritage listed former David Jones store located at 299-307 Bourke Street, Melbourne. The space was allocated to 'back of house' in a previous HV permit.
- **Rodd & Gunn (2023):** SC Lennon & Associates was commissioned by Rodd & Gunn Australia Pty Ltd to prepare a report to Heritage Victoria on issues relating to 'reasonable or economic use' arising from Section 101 of the Heritage Act 2017. The report relates to a proposed integrated high-end retail and hospitality tenancy concept within the heritage listed former David Jones store in Melbourne.
- **Shatter Pty Ltd (2023):** A report to Heritage Victoria on The proposal is for the Athenaeum Theatre in Sorrento to be adaptively reused as retail premises. The proposed works are mostly confined to the interior with the greatest extent of change occurring in the already altered foyer.
- **Mecca (2022):** SC Lennon & Associates was commissioned to prepare an independent report to Heritage Victoria on issues relating to 'reasonable or economic use' arising from Section 101 of the Heritage Act 2017. The report relates to a proposed retail tenancy concept within the heritage listed former David Jones store located at 299-307 Bourke Street, Melbourne.
- **Melbourne Racing Club (2022):** SC Lennon & Associates was commissioned to prepare an independent report to the Heritage Council of Victoria on the 'reasonable and economic use' of a development proposal for the Caulfield Racecourse. The report dealt in part with the implications of listing the site on the VHR after development had commenced in compliance with a planning permit.
- **Burnham Beeches Investments Pty Ltd (2022):** The report to HV relates to the proposed Burnham Beeches redevelopment project. Located 35 km east of Melbourne' CBD the subject site sits in a bushland setting featuring the iconic three-storey mansion built by the Nicholas family in 1930-33 designed in the Art Deco Streamline Moderne style. The land was initially a mountain retreat and working farm but only for a few years until WW2 when it became a children's hospital.
- **Richmond Football Club (2021):** SC Lennon & Associates prepared an independent report to the Heritage Council of Victoria on the 'reasonable and economic use' of a development proposal for the Punt Road Oval. The proposal is to continue the use as an AFL venue with substantial modifications to bring the venue up to standard and to cater for the needs of the Club. The work involved supporting a case that the project was a continuation of the process of adaption to accommodate the evolution of the game.



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