[redacted]
Principal Town Planner

Beveridge Williams
1 Gelnferrie Road
Malvern, 3144

Our Ref: 3230036
Authorship: [redacted]

23 April 2024

Via email: [redacted]

Dear [redacted],

Re: 5483 & 5495 Princes Highway, Traralgon – Residential Supply and Demand

This letter of advice has been prepared for Stable Property Group Pty Ltd (the client) and provides an assessment of the supply and demand for residential land in Traralgon, which is situated in Latrobe City. We understand that the client is seeking to have land at 5483 & 5495 Princes Highway, Traralgon (the Subject Land) rezoned from the Farming Zone (FZ) to the General Residential Zone (GRZ) and the Commercial 1 Zone (C1Z). The Subject Land is located just beyond the current township boundary. The Subject Land is identified in Figure 1 on the following page.

It is understood the client is looking to fast-track the proposed amendment through the Development Facilitation Program (DFP). Since responding to DFP's request for further information DFP requires further evidence to show Traralgon currently has less than 5 years of residential land supply. As such, Ethos Urban has been engaged to prepare a residential supply and demand assessment for Traralgon to be submitted with the rezoning and planning permit application and shows the medium to long-term supply situation, and short-term or 'market available' supply.

It is noted that the conventional approach of assessing the adequacy of supply is that if a parcel does not currently contain a dwelling or existing use in a residential zone, or is identified for residential development in a structure plan or growth plan, it is considered to be supply. This approach has been taken in this letter of advice.

However, another approach has also been undertaken which is to examine the availability of residential lots for sale in active estates; that is to say, a measure of the actual supply available to the market in the short term. This approach is considered important as a regional city literally running out of land available for purchase would represent a poor economic outcome.

Traralgon has positive attributes to support growth in population and housing, with the town acting as the major retail and commercial centre in the Latrobe municipality. In recent years, Traralgon has experienced relatively strong levels of take-up of residential vacant land, and the town represents Latrobe City's primary centre for residential growth.

This Letter of Advice considers residential land supply and demand in Traralgon, and addresses the following key areas:

1. **Local and Regional Context**
2. **Demand Assessment**
3. **Theoretical Land Supply**
4. **Active Estate Land Supply**
5. **Conclusions and Implications.**

1.0 Local and Regional Context

1.1. Regional Context

Latrobe City is located approximately 150km east of Melbourne and is a major regional Victorian municipality, with a population of approximately 77,470 residents. Significant coal deposits have underpinned the municipality's employment and population growth over many generations.

A structural economic shift is occurring in the region, associated with the shutdown of several coal-fired power stations and the broad shift away from coal power towards renewable energy alternatives. However, recent growth and the outlook for future growth in Traralgon is comparatively strong as it is generally considered to be the population and economic growth centre for Latrobe City.

Four main townships are located in the municipality: Traralgon (29,590 persons), Moe (15,850 persons), Morwell (14,080 persons) and Churchill (4,900 persons). These central towns (with the exception of Churchill) are located along the Princes Highway/Freeway and are supported by several small and district townships.

The regional location and context of Traralgon is reflected in Figure 1.

Figure 1 Regional Context

Source: Ethos Urban using QGIS

1.2. Proposed Project

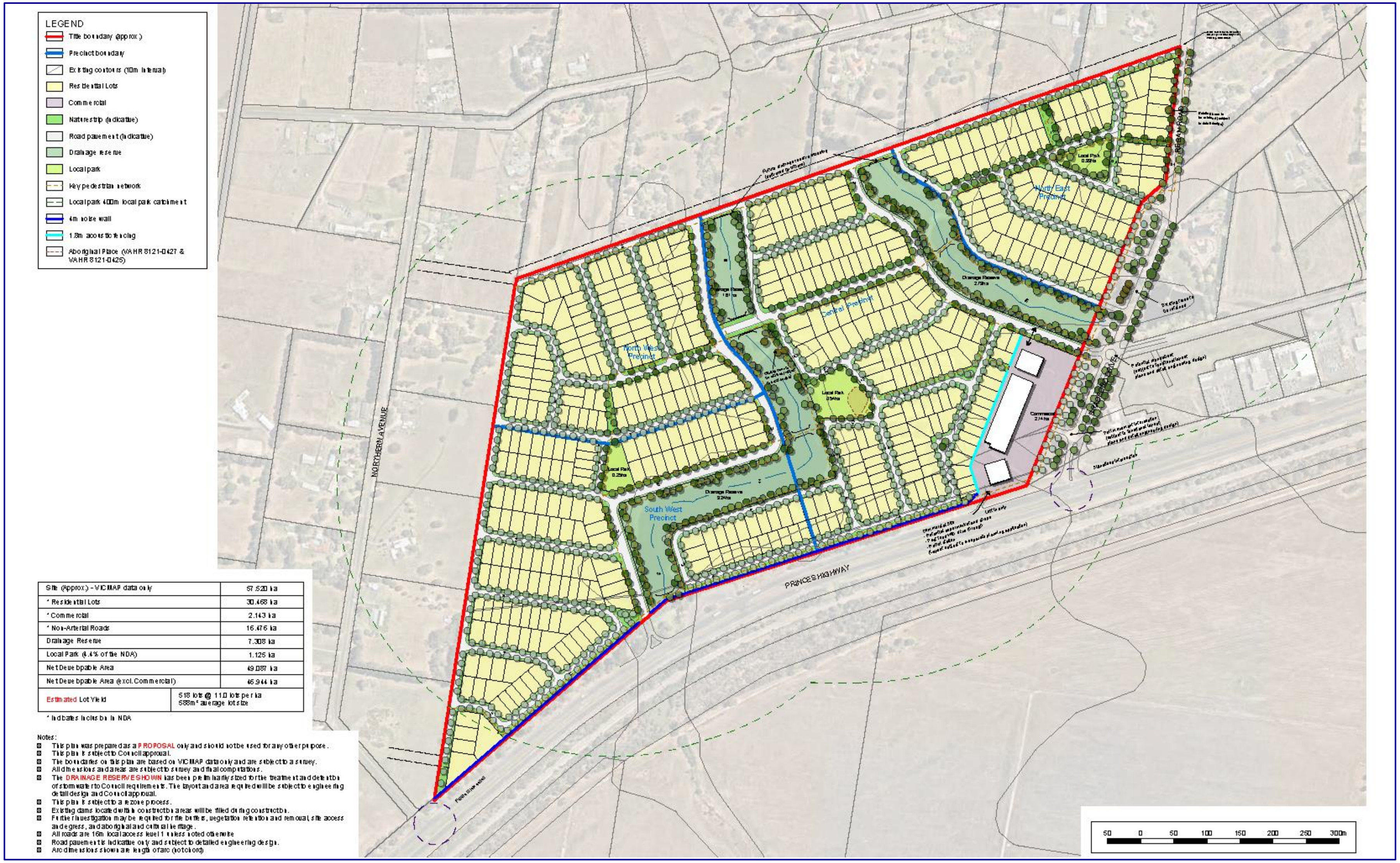
The Subject Land at 5483 & 5495 Princes Highway, comprises an area of 57ha and is situated in the FZ. It is presently occupied by one dwelling with legacy agricultural activities undertaken on the balance of the site. The Subject Land has significant frontage along the east-bound carriageway of the Princes Highway on the eastern urban edge of Traralgon.

The Subject Land has a range of attributes which support residential development, including:

- Relatively flat, unencumbered and easily developable land;
- Frontage along the Princes Highway, the primary road link to Melbourne and surrounding townships including Warragul and Sale; and
- Neighbouring rural living residential area surrounding the Subject Land to the north, east and west.

A concept plan (Figure 2) for the urban development of the Subject Land has been prepared by Beveridge Williams which provides guidance in terms of future development. This allows for a total of 518 residential lots with two entry points from the Princes Highway.

Figure 2 Indicative Development Plan



Source: Beveridge Williams

Ethos Urban

1.3. Planning Context

1.3.1. State Planning Context

Clause 11.02-1S of the Latrobe Planning Scheme

State Planning Policy relating to the Supply of Urban Land. A key strategy is to:

> *"Plan to accommodate projected population growth over at least a 15-year period and provide clear direction on locations where growth should occur. Residential land supply will be considered on a municipal basis, rather than a town-by-town basis".*

The strategy refers to the consideration of land supply at a municipal level, though it is noted there is some ambiguity as to how to interpret the adequacy of land supply at a local level against the needs of the municipality. The need for discrete assessments on a more localised basis is particularly relevant in regional and rural areas where the particulars of demand and supply may vary significantly between urban centres. In many instances, a measure of the adequacy of land supply is frequently undertaken against a particular urban centre rather than at a municipal level.

Traralgon is Latrobe City's primary urban growth area with regional significance in terms of retail and commercial services. It is important to ensure there is sufficient residential land supply in the township to provide for at least 15 years urban growth, as land supply constraints in Traralgon have the potential to affect overall growth in the municipality.

Development Facilitation Program (DFP)

As defined by the Department of Transport and Planning (DTP), "the Development Facilitation Program (DFP) is an accelerated assessment pathway for priority projects in identified sectors to inject investment into the Victorian economy, keep people in jobs and create homes for people. All applications lodged to the DFP will be determined by the Minister for Planning or the Department of Transport and Planning under delegation."

For residential development in regional Victoria applications must meet the following thresholds and criteria:

"$15 million development cost (DC) and must deliver at least 10 per cent of the total number of dwellings in the development as affordable housing.

If the application has a rezoning component the following must be met:

- The general locality has less than five years of residential supply.
- The land is within a defined settlement boundary and is supported by state, regional and local policy.
- The provision of civil infrastructure and services is demonstrated as being readily achievable and supported by servicing agencies."

This letter of advice responds to point one of the above criteria, where the locality (Traralgon in this case) must have less than 5 years of residential supply.

1.3.2. Local Planning Context

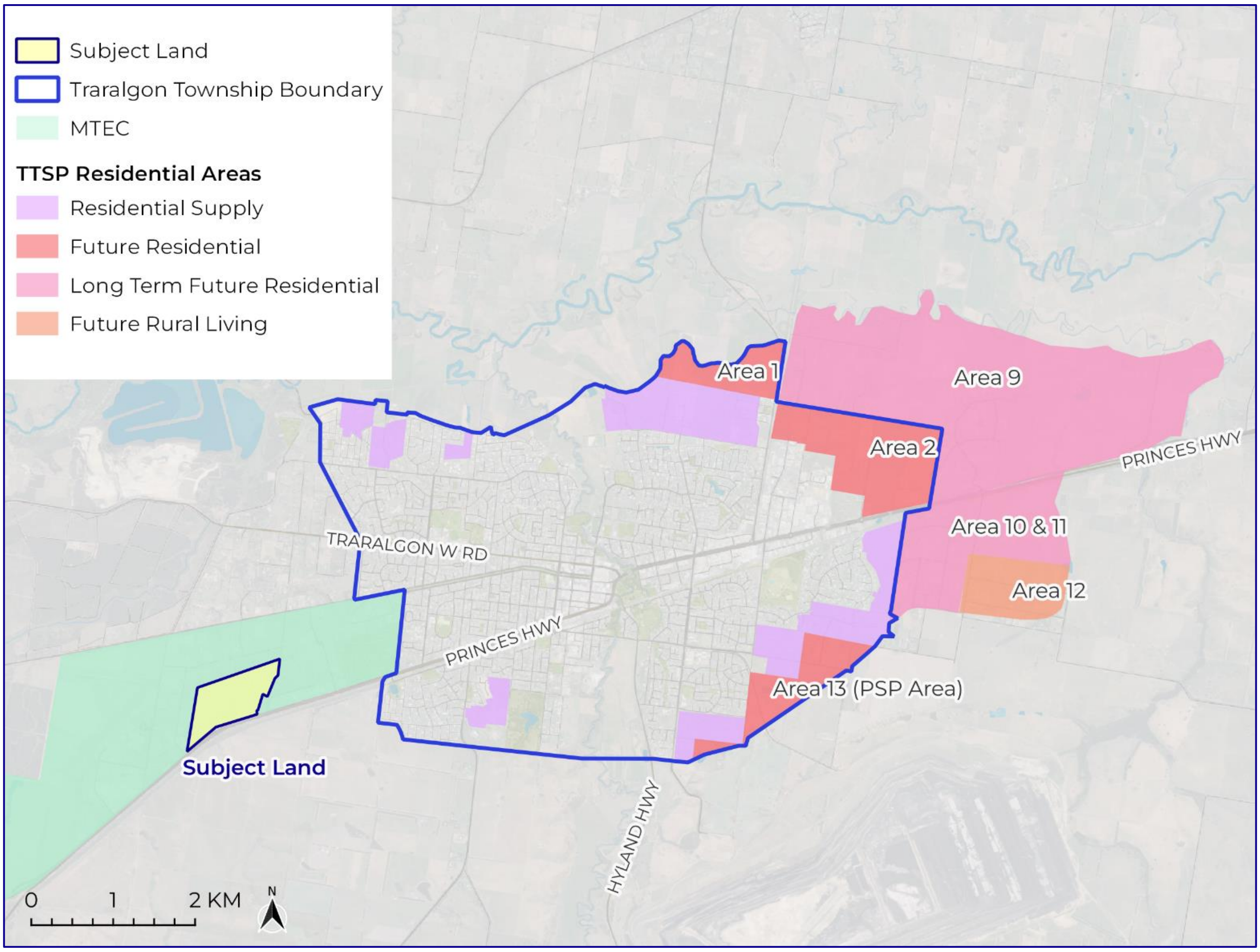
Clause 11.01-1L of the Latrobe Planning Scheme outlines strategies that relate to the future growth of Traralgon. Policies and strategies are set out in the context of the Traralgon Town Structure Plan (TTSP), which is set out in the Planning Scheme. Strategies include:

- Encourage short to medium term (within 0-15 years) residential development in TTSP Areas 1, 2 and 13 (see Figure 3).
- Encourage long term (15 or more years) residential intensification of land zoned rural living and farming in TTSP Areas 9, 10 and 11.
- Encourage the long-term development of Rural Living Area 12.

An additional source of future residential supply, and one that sits separate to the TTSP, is the Morwell to Traralgon Employment Corridor (MTEC) where the Subject Land is located. The MTEC seeks to facilitate employment and residential growth between Morwell and Traralgon. The Morwell to Traralgon Structure Plan, which is included in the Latrobe Planning Scheme, sets out residential development opportunities including:

- The Subject Land, which is estimated to accommodate in the order of 518 residential lots. This site is considered to be a short-term supply to medium term development opportunity.
- Redevelopment of the Traralgon Golf Club, which is considered to be a medium to longer term redevelopment opportunity.
- Re-subdivision of a significant area of land presently in the Rural Living Zone as conventional density residential development. This is considered to be a longer-term development opportunity.

Figure 3 Location of Subject Land in Traralgon



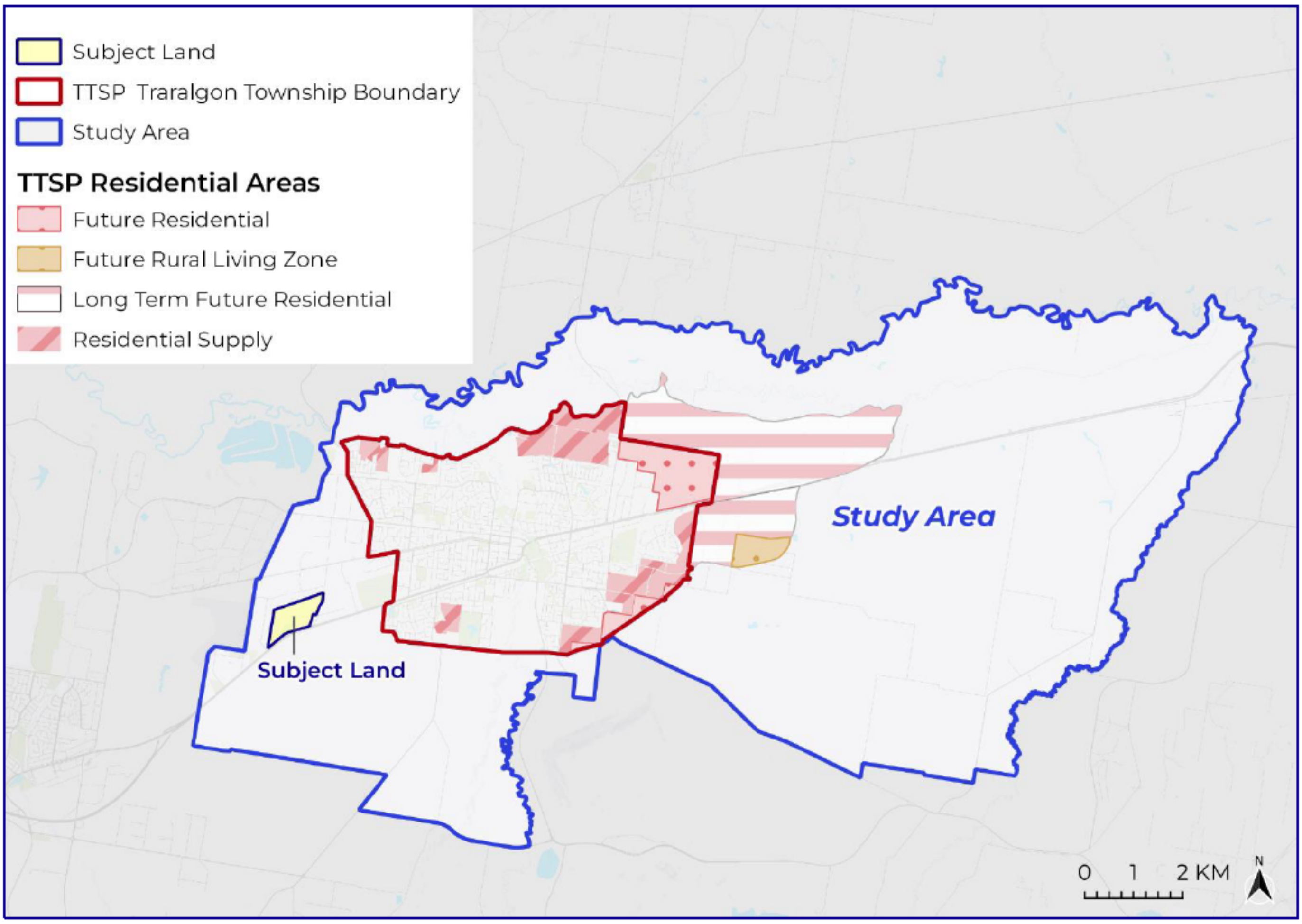
Source: Ethos Urban using QGIS
Note: Indicative TTSP Residential Areas

2.0 Demand Assessment

2.1. Study Area

For the purposes of the residential analysis undertaken in this report, a Study Area has been identified using a combination of two 2021 Statistical Area Level 2 (SA2s) areas as defined by the ABS, namely Traralgon – East, and Traralgon - West. The Study Area, which is representative of the urban area of Traralgon and a small surrounding rural area to the east, provides a basis for data analysis and is illustrated in Figure 4.

Figure 4 Traralgon Study Area



Source: Ethos Urban using QGIS
Note: Indicative TTSP Residential Areas

2.2. Population Trends and Forecasts

Population Trends

In 2023, Latrobe City had an estimated residential population of approximately 78,150 persons, with Traralgon (or the Study Area) accounting for 37.5% of the Shire's population. Between 2006 and 2023, the municipality's population increased by a total of approximately +7,610 persons, representing a growth rate of +0.6% increase per annum, while Traralgon increased at a significantly higher rate of +1.2% per annum or +320 residents per annum over the period. The Study Area represented 71.5% of the municipality's total growth between 2006 and 2023 reflecting the concentration of growth in Traralgon, and the importance of continuing to provide for future growth in the Traralgon.

Table 1 Population Growth Trends, 2006-2023

	2006	2011	2016	2023	2006 to 2023
Study Area					
Population (no.)	23,840	26,310	27,360	29,280	+5,440
Average Annual Growth (no.)		+490	+210	+270	+320
Average Annual Growth (%)		+2.0%	+0.8%	+1.0%	+1.2%
Latrobe City					
Population (no.)	70,540	73,790	74,620	78,150	+7,610
Average Annual Growth (no.)		+650	+170	+500	+450
Average Annual Growth (%)		+0.9%	+0.2%	+0.7%	+0.6%
Regional Victoria AAGR		*+1.0%*	*+1.3%*	*+1.4%*	*+1.3%*

Source: Ethos Urban, ABS Regional Growth Cat.3218.0, ABS ERPs by SA1, 2024 March release.
Note: AAGR = Average Annual Growth Rate

Population Projections and Forecasts

Population growth in the Study Area is anticipated to equal approximately +360 persons annually between 2024 and 2036, based on ABS estimated resident population (ERP) for the Study Area and VIF2023 projections. This indicates that average annual growth will be marginally higher compared to the historical growth over the period from 2006 to 2023, where population growth averaged approximately +320 persons per year.

Victoria in Future 2023 (VIF2023) is the State Government's official population (and dwelling) projections. VIF2023 projections are provided at an ABS Statistical Area Level 2 (SA2) and at a municipal level, offering insights into potential future population (and dwelling growth).

Table 2 Study Area Population Forecast – Victoria in Future 2023.

	2024	2026	2031	2036	2024 to 2036
Study Area					
Population (no.)	29,600	30,250	32,050	33,940	+4,340
Average Annual Growth (no.)		+330	+360	+380	+360
Average Annual Growth (%)		+1.1%	+1.2%	+1.2%	+1.1%
Latrobe City					
Population (no.)	78,660	79,680	82,260	84,820	+6,160
Average Annual Growth (no.)		+510	+520	+510	+510
Average Annual Growth (%)		+0.6%	+0.6%	+0.6%	+0.6%
Regional Victoria AAGR		*+1.2%*	*+1.2%*	*+1.1%*	*+1.2%*

Source: Ethos Urban; Victoria in Future, 2023; ABS ERP Cat.3218.0
Note: Figure Rounds, AAG = Average Annual Growth, AAGR = Average Annual Growth Rate

Forecasts anticipate a 2036 population in the Study Area of approximately 34,720 persons, which would see a higher population in Traralgon in 2036 than contemplated in the VIF2023 projections. The .id forecast derived future population estimates anticipate an average annual growth rate of +1.3% per annum or approximately +430 persons per year over the 12-year period to 2036.

Demographic consultants, .id Consultants, produce population and dwelling forecasts for many local government areas, including Latrobe City. The .id forecasts include forecasts for Traralgon, with the combined .id areas of Traralgon (Central) and Traralgon – Traralgon East (Balance) broadly reflecting the identified Study Area in this report. The most recent forecasts were prepared in March 2023, and the growth rate for the period 2024 to 2036 has been adopted and applied to the current official ABS ERP release for the Study Area. Population estimates for the Study Area and Latrobe City are summarised in Table 3.

Table 3 Study Area Population Forecast – Forecast id.

	2024	2026	2031	2036	2024 to 2036
Study Area					
Population (no.)	29,590	30,380	32,590	34,720	+5,130
Average Annual Growth (no.)		+400	+440	+430	+430
Average Annual Growth (%)		+1.3%	+1.4%	+1.3%	+1.3%
Latrobe City					
Population (no.)	78,700	80,120	83,490	86,570	+7,870
Average Annual Growth (no.)		+710	+670	+620	+660
Average Annual Growth (%)		+0.9%	+0.8%	+0.7%	+0.8%
Regional Victoria AAGR		*+1.2%*	*+1.2%*	*+1.1%*	*+1.2%*

Source: Ethos Urban; Forecast .id (Latrobe City)
Note: Figure Rounds, AAG = Average Annual Growth, AAGR = Average Annual Growth Rate

2.3. Forecast Dwelling Requirements

Official Projections and Forecasts of Dwelling Demand

The Study Area is expected to generate a need for +190 dwellings per year between 2024 and 2036 (Table 4), based on the .id forecasts. The official Victorian Government projection series, VIF2023, also anticipates dwelling growth of +190 per year over the same period (Table 5).

Table 4 Forecast Id. Dwelling Demand in the Study Area, 2021 to 2036

	2021	2024	2026	2031	2036	2024 to 2036
Study Area Dwellings (no.)	13,150	13,450	13,790	14,720	15,670	+2,220
Average Annual Growth (no.)		+100	+170	+190	+190	+190
Average Annual Growth (%)		+0.8%	+1.3%	+1.3%	+1.3%	+1.3%

Source: .id Consulting; Ethos Urban.
Note: Figures rounded.

Table 5 VIF2023 Dwelling Demand in the Study Area, 2021 to 2036

	2021	2024	2026	2031	2036	2024 to 2036
Study Area Dwellings (no.)	12,880	13,410	13,720	14,670	15,680	+2,270
Average Annual Growth (no.)		+180	+160	+190	+200	+190
Average Annual Growth (%)		+1.4%	+1.1%	+1.3%	+1.3%	+1.3%

Source: Ethos Urban; DELWP, *Victoria in Future 2023*
Note: Figures rounded.

2.4. Additional Demand Indicators

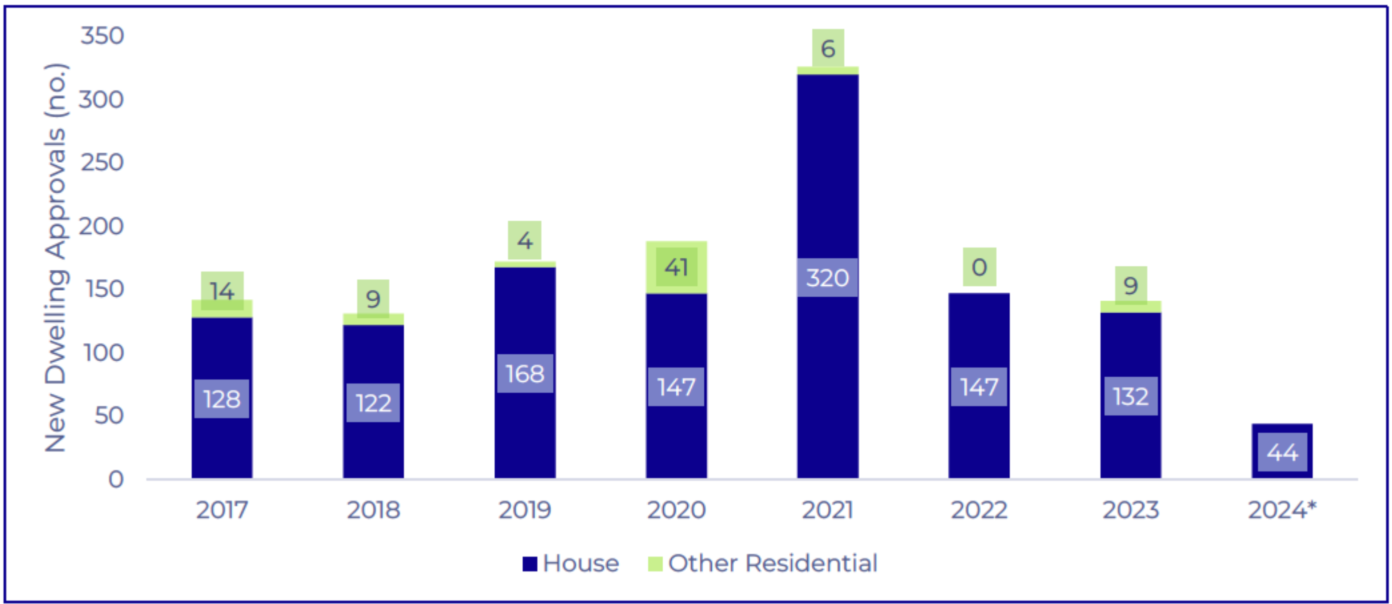
Building Approvals

New dwelling approvals (Figure 5) can be a useful guide of future dwelling demand and population growth. Recent dwelling approval data can provide an indication of short-term housing construction and residential growth.

The main findings in the Study Area and Latrobe City are as follows:

- **Majority of building approval activity in the Study Area is separate houses.** Between 2017 and 2023, separate houses represented 93% of all new dwelling approvals in the Study Area.
- **Consistent levels of approvals in the Study Area.** The Study Area (Traralgon) has consistently achieved more than 130 dwelling approvals per annum between 2017 and 2023 with an average of approximately 180 new dwellings annually reflecting a steady demand for housing in the area noting a significant surge in 2021 with over 320 approvals.
- **Slowing in new dwelling approvals across the Study Area and Latrobe City.** Across the municipality, dwelling approval trends were broadly consistent with those of Traralgon, largely due to Traralgon being the dominant centre for growth in the municipality. The Study Area and municipality experienced a significant spike in approvals in June 2020 (refer Figure 6) after a significant trough in May 2020. This is likely due to the easing of COVID restrictions in addition to the availability of land at the time.

Figure 5 Study Area Residential Building Approvals, 2017 to 2024



Source: ABS Building Approvals
Note: *Year to February 2024

Dwelling approvals in Latrobe City surged from May 2020, with approval levels since June 2020 approximately double the average from July 2019 to May 2020, as highlighted in Figure 6. Since June 2021, dwelling approvals have normalised to pre-COVID-19 levels.

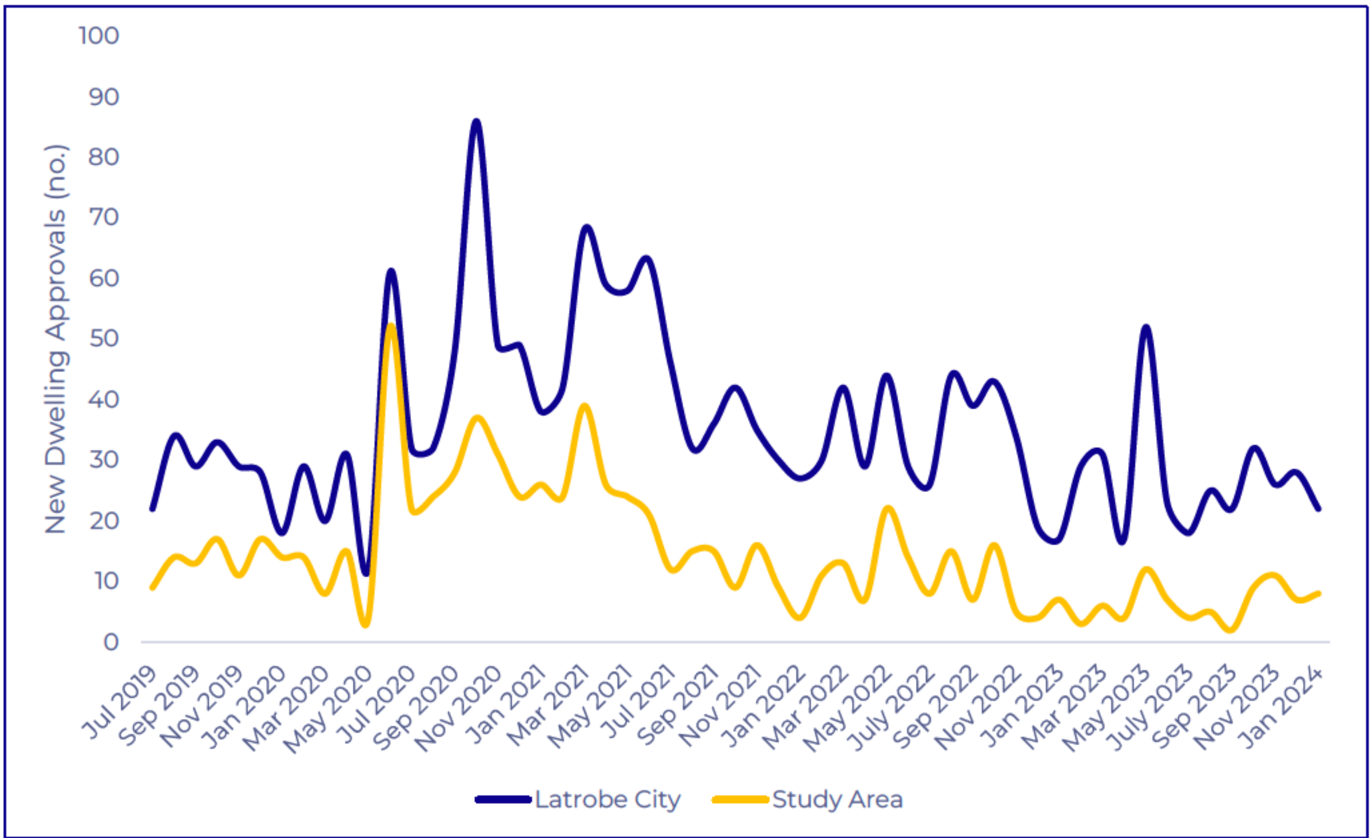
A key reason for the initial decline from mid-2021 is likely to be an absence of titled land being available to prospective home builders. The underlying reason for this is considered to be the surge in land sales from early 2020 and subsequent delays in the provision of enabling infrastructure to accommodate the release of new titles. It is noted that lot sales (based on contracts signed and property under offer) are significantly ahead of official and published lot sales data (where titles are issued before lots are recorded as sold).

The surge in dwelling approvals is consistent with the trends in other municipalities in Gippsland (Figure 7). In 2020, after three strong years of dwelling approvals, three out of the four local municipalities experienced declines in approvals, with the only municipality to experience an increase in dwelling approvals being Latrobe. (301 approvals in 2019 to 347 in 2020).

Noticeably, the 2023 building approvals data in Figure 7 illustrates that recently, Baw Baw Shire Council has seen a sharp reduction, -44.5% less building approvals since the previous year (760 approvals in 2022, down to 422 approvals in 2023).

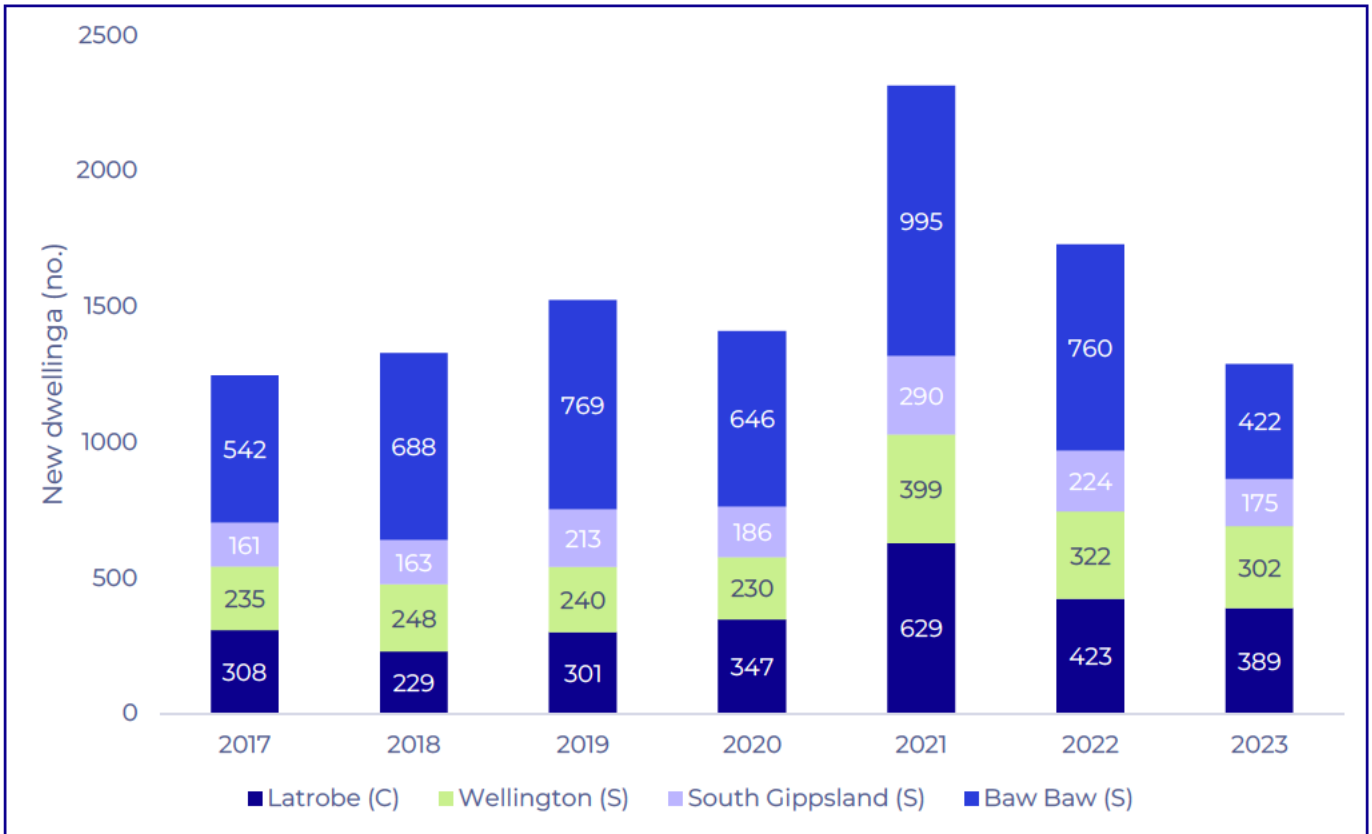
In the period since early 2022, the impact of interest rate rises has also played a key role in declining approval levels.

Figure 6 Monthly Dwelling Approvals, Study Area and Latrobe City, July 2019 to January 2024



Source: ABS Building Approvals, February 2024 Release; Ethos Urban

Figure 7 Latrobe City, and surrounding Municipalities Total Dwelling Approvals



Source: ABS Building Approvals, July 2023 Release; Ethos Urban
Note: Year to June

2.5. Summary of Residential Demand

Two dwelling demand scenarios are adopted in this report to test the adequacy of land supply. The two scenarios have regard for:

- Population projections: VIF2023 and id forecast;
- Residential building approvals trends for the Study Area and the Latrobe City.
- The expectation that future growth in regional cities such as Traralgon will be higher than previously anticipated. This is based in part on the growing popularity of regional living, the emergence of technology that enables persons to work remotely on a full or part-time basis, and the growing acceptance of employers to accommodate an element of working from home within their workforce.

Accordingly, the following two dwelling growth scenarios are adopted for Traralgon over the next 12 years, from 2024 to 2036:

- Growth Scenario 1: 190 dwellings per year (in line with official projections)
- Growth Scenario 2: 230 dwellings per year (approximately +20% higher than Growth Scenario 1)

For these growth scenarios to be realised, residential land must be delivered in a way that provides for a competitive environment and a supply framework that can account for unexpected surges in demand.

3.0 Theoretical Land Supply

3.1. Supply Methodology

An assessment of residential land supply in Traralgon has been undertaken based on analysis of Nearmap aerial imagery from 13 February 2024. The analysis estimates the potential supply of actual and future residential lots capable of accommodating dwellings.

For the purposes of this assessment, a residential lot is considered vacant if no habitable dwelling is evident on the lot and construction has not begun on a dwelling. The assessment has been undertaken for zoned residential land in all residential areas of Traralgon.

The assessment of potential land supply establishes a theoretical land supply position. The theoretical nature of the assessment is emphasised. For example, landowner intentions, in regard to individual vacant lots are unknown, as are the intentions of the owners of larger properties that could be developed. In some cases, vacant lots may be held for long term purposes or not be available for dwelling construction at all. In this regard, the calculated land supply position is considered to represent an optimistic assessment of supply.

3.2. Residential Supply

Residential land supply in Traralgon as of February 2024 is summarised in Table 6 and is geographically represented in Figure 8. A number of key observations can be made:

- The Traralgon North growth area, where several key active estates are located, has a remaining supply of approximately 930 lots.
- Franklin Place, which is also located in the north of Traralgon (directly south of the Franklin North estate) is almost fully built out with just 16 vacant lots remaining.
- Around 380 lots remain in the Cross' Road development area in north-west Traralgon.
- The Ellavale East estate has a capacity of 320 lots.
- The Erin Park estate, in south-western Traralgon, has just 8 lots available.
- The Astoria Estate, also in south-western Traralgon, has only 3 vacant lots remaining.
- In total, the supply of zoned greenfields lots, on which a residential dwelling may be accommodated now or in the future, is estimated to be approximately 1,660 lots.
- In addition, approximately 150 vacant lots are identified in the established urban area of Traralgon.
- Additional short to medium term residential supply identified in the Latrobe Planning Scheme is anticipated in Areas 1, 2 and 13, and in the METC (refer section 1.3 of this report):
    - Area 1 (North of Baldwin Road), which is located north of the Traralgon North development area is estimated to provide in the order of 350 lots.
    - Area 2, which is located on the north-eastern side of Traralgon is estimated to provide in the order of 1,020 lots.
    - Area 13, which is part of the Traralgon South East Structure Plan area, is estimated to provide for 1,500 lots, though it is noted this estimate applies to the full PSP area, rather than the smaller area (13) identified in the TTSP.
    - The Subject Land (within MTEC), which is estimated to provide approximately 518 lots.

It is noted that planning on the Traralgon South East Structure Plan area had advanced to the point that Council sought authorisation to prepare a planning scheme amendment. The Minister for Planning refused authorisation on 24 December 2021 based on advice from the Minister for Resources that until further geotechnical investigations have been completed by the Department of Jobs, Precincts, and Regions (DJPR), the risks remain too uncertain to support urban growth in Area 13.

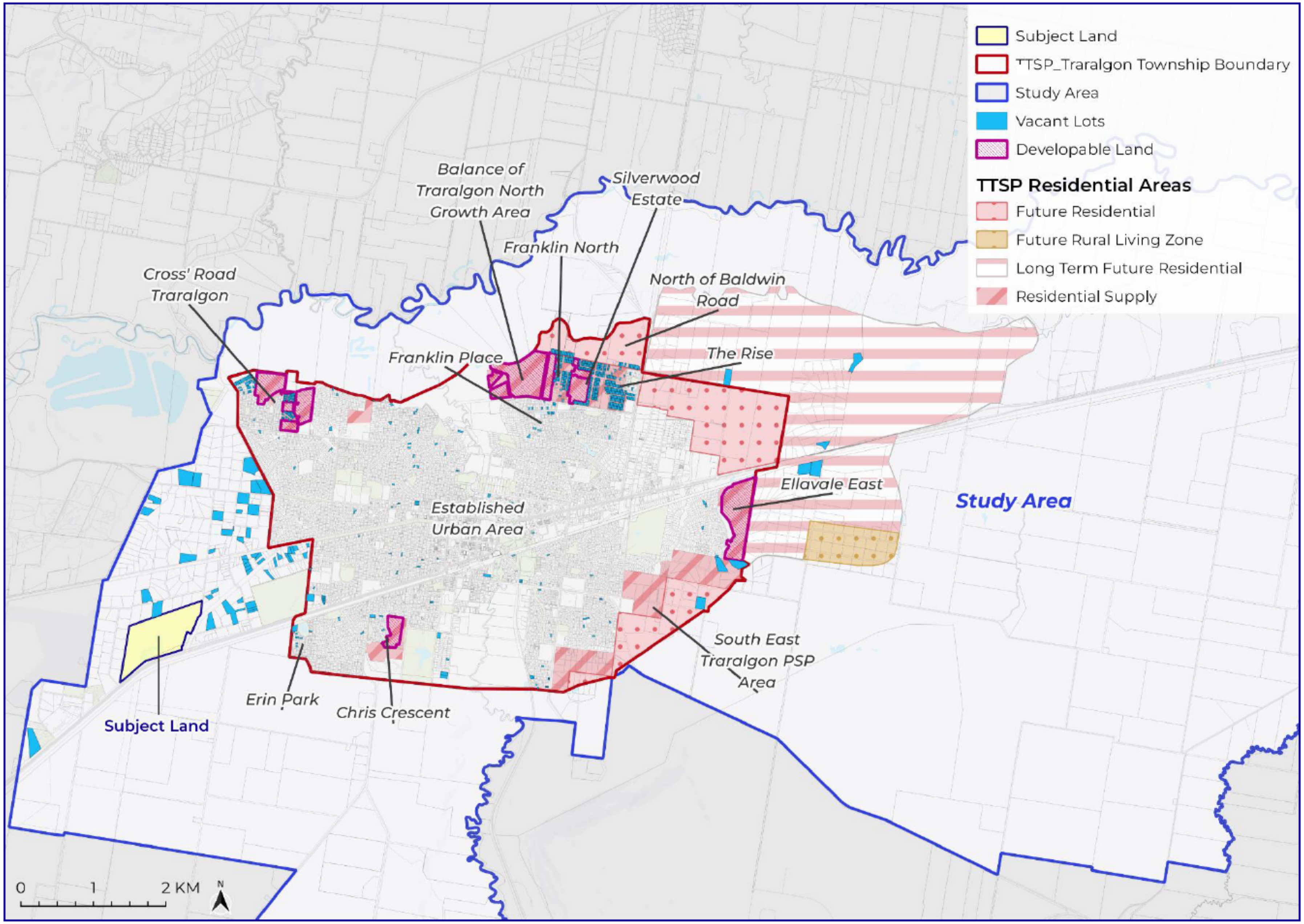
Accordingly, and having regard for the uncertainty concerning the Traralgon South East Structure Plan (and Area 13) as well as the highly fragmented nature of land ownership in the area, the consideration of the adequacy of supply in section 4 of this report, prioritises Areas 1 (North of Baldwin Road) and 2, and the Subject Land as the areas more likely to be delivered to the market within a short to medium term planning timeframe.

Table 6 Traralgon Zoned Established and Future Residential Land Supply, February 2024

Area	Capacity	Dwellings Constructed February 2024	*Lots Remaining at February 2024*
Traralgon North Growth Area			
Franklin North	184	44	*140*
The Rise	243	101	*142*
Silverwood Estate	284	0	*284*
Balance of Traralgon North	366	0	*366*
Total Traralgon North	**1,077**	**145**	***932***
Franklin Place	240	224	*16*
Cross' Road Traralgon	680	296	*384*
Ellavale East	320	0	*320*
Erin Park	150	142	*8*
Astoria Estate	146	144	*2*
Total Greenfields Supply (Zoned)	**2,613**	**951**	***1,662***
Potential Additional or Future Supply			
Vacant lots in Established Urban Area			*150*
Future Growth Areas			
Area 1 - North of Baldwin Road	350		*350*
Area 2	1,020		*1,020*
Area 13	1,500		*1,500*
Subject Land (Within MTEC)	518		*518*

Source: Ethos Urban; Nearmap; Latrobe City Council

Figure 8 Traralgon Residential Land Supply, February 2024 (Main Traralgon Growth Areas – excludes MTEC)



Source: Ethos Urban

Note: Indictive TTSP Residential Areas

3.3. Adequacy of Supply

The adequacy of supply is calculated by dividing total supply (expressed in terms of available and future lots) by forecast average annual demand. The adequacy of supply is explored for the two demand scenarios outlined in section 2.5 of this report.

A 15-year supply is widely considered to represent the minimum level of residential land supply required for planning purposes, and this is reflected in State Policy at Section 11.01-1S. Although the policy is intended to be applied at a municipal level, it is emphasised in this report that Traralgon's residential market is distinct from other residential markets in the balance of Latrobe City. In this context, it is appropriate to measure the local demand and supply situation in Traralgon.

The assessment considers the adequacy of supply in regard to the availability of land on which a dwelling can be constructed.

The adequacy of land supply is set out in Table 7, and the following conclusions can be drawn:

- Existing zoned greenfield supply is adequate for a period of between 7.2 years and 8.7 years, which represents an increasingly constrained market.
- If vacant lots, which are dispersed through the established urban area are added, total zoned supply increases to between 7.9 years and 9.5 years. Note: the inclusion of vacant dispersed lots represents an additional layer of theoretical supply as it is not known how available these lots are, or how appealing dispersed lots are likely to be to purchasers.
- Accordingly, additional supply needs to be advanced through the planning process with some degree of urgency. This is particularly important given that, typically, in the order of five years (at least) is required to complete strategic planning, and progress statutory approvals and engineering to the point where constructed lots are available for housing.
- It is understood that Areas 1 and 2 are likely to be progressed in terms of precinct structure planning by Latrobe City Council (Area 1 being progressed via Amendment C138). Combined, Areas 1 and 2 will provide for between 6.0 years and 7.2 years of supply, with overall supply increasing to between 13.8 years and 16.7 years.
- If the Subject Land (within the MTEC) is further added, total supply increases to between 16.1 years and 19.5 years.
- It is also important to note that the location of the Subject Land is significant in that it is situated to the west of Traralgon in proximity to the Latrobe regional airport and hospital and is likely to appeal to a broader market, potentially including Morwell. In contrast, most existing and future greenfield areas in Traralgon are to the north and north-east of the town.

Table 7 Adequacy of Supply – Current Supply Plus Area 1 and 2

Area	Supply (Lots)	*Base Scenario (190 lots pa)*	*Higher Growth Scenario 2 (230 lots pa)*
Existing Zoned Greenfields Supply	1,662	*8.7*	*7.2*
Vacant lots in Established Urban Areas	150	*0.8*	*0.7*
Total Zoned Supply	***1,812***	**9.5**	**7.9**
Area 1 - North of Baldwin Road	350	*1.8*	*1.5*
Area 2	1,020	*5.4*	*4.4*
Area 13	1,500	*7.9*	*6.5*
Subject Land (MTEC)	518	*2.7*	*2.3*
Total Zoned Supply + Area 1	2,162	*11.4*	*9.4*
Total Zoned Supply + Areas 1 and 2	3,182	*16.7*	*13.8*
Total Zoned Supply + Areas 1 and 2 + Subject Land (MTEC)	***3,700***	***19.5***	***16.1***
Total Zoned Supply + Area 1 + Subject Land (MTEC)	2,680	*14.1*	*11.7*

Source: Ethos Urban

4.0 Active Estate Land Supply

The approach to measuring land supply in Chapter 3 is based on a count of the potential residential lots on which a dwelling may be constructed. Supply is measured in terms of actual and potential future residential lots that are vacant (ie. contain no habitable dwelling or existing use).

This approach is useful for understanding the medium to long-term residential land supply situation. However, in addition to understanding the long-term land supply situation, it is equally important to understand the supply of greenfield land that can be purchased at any one time. Maintaining a supply of lots in active residential estates provides two key benefits:

- Avoids a 'constrained' land supply situation where purchasers have limited choice in housing within a particular town and are forced to look elsewhere. This situation limits population growth and directs investment and jobs to other locations.
- Supports a competitive residential supply framework and therefore the supply of affordable residential lots.

A review of currently listed vacant lots in Traralgon on www.realestate.com.au (10 April 2024) shows that 87 vacant lots are currently for sale while www.domain.com.au (10 April 2024) shows 79 vacant lots available for purchase. This provides a broad indication of the current supply of land available to the market for immediate development and includes lots in the identified 'development areas' where stages of residential estates will be released to the market over time. This limited supply of land currently available to the market reflects a constrained residential land market in Traralgon. Based on the analysis presented in Table 8, 73 lots are currently advertised for sale in the active estates in Traralgon.

This assessment takes a different approach to that set out in Chapter 3 and provides a measure of unsold lot supply. It does not count lots (constructed or not) that have been sold or reserved. The supply assessment provides a measure of land supply in Traralgon from the perspective of a potential buyer of land who, presumably, will subsequently progress towards the construction of a dwelling. In this regard, it provides an almost 'live' snapshot of the residential land market and therefore accounts for current market conditions.

This assessment takes into account active greenfield estates in Traralgon and counts lots that can be reasonably expected to be provided to the market in a relatively short timeframe.

In total, nine active residential estates or greenfield development areas are actively marketing and selling residential lots in Traralgon. The location of these estates is shown in Figure 8.

In total, these nine estates account for a total residential capacity of 1,430 lots of which 1,096 (or 77%) have been sold, reserved or are under contract.

Accordingly, 334 residential lots remain available for purchase. Having regard to an average annual demand of 190 lots per annum (base case scenario) and 230 lots per annum (higher growth scenario) in Traralgon, assuming 90% of vacant land is purchased in greenfield areas, this represents a limited supply of between 1.6 and 2.0 years of short-term supply and illustrates that Traralgon's residential land market is currently constrained.

Of the identified nine estates/ notable subdivisions, only two have a significant supply of land that will be available to the market in the short term or is currently available for purchase.

The supply of residential lots within active estates/ notable subdivisions in Traralgon is summarised in Table 8.

Table 8 Residential Lot Supply in Active Greenfield Estates, 2024

Active Estate	Estimated Total Lots	Lots Sold or Reserved	Lots Available to the Market	Lots Actively for Sale
Banksia Ridge Estate	143	135	8	8
Stockdale Fields	240	240	0	0
Franklin North Estate	184	101	83	3
Silverwood	284	67	217	35
The Rise Estate	243	243	0	2
Emerald Waters	146	145	1	1
Astoria Estate	148	146	2	1
45 Ashworth Drive	20	7	13	13
Murray Grey Avenue / Limousin Way	22	12	10	10
Total Active Estates	**1,430**	**1,096**	**334**	**73**

Source: Ethos Urban
Note: Collectively Banksia Ridge, Stockdale Fields, 45 Ashworth Drive and Murray Grey / Limousin Way represent cross' roads Traralgon

5.0 Conclusions and Implications

5.1. Conventional Approach to Assessing Adequacy of Supply

The conventional approach to measuring the adequacy of land supply is to assess the future availability of land on which dwellings can be constructed. The adequacy of supply is calculated by dividing total supply (expressed in terms of available and future lots) by forecast average annual demand (again expressed in terms of lots). The result is expressed in terms of the number of years of lot supply.

Based on dwelling forecasts and additional demand indicators presented in Chapter 2, future average residential lot demand in the Study Area is estimated to be in the order of 190 to 230 lots per annum over the period 2024 to 2036. On this basis, the existing zoned greenfield supply is adequate for a period of between 7.2 years and 8.7 years, which represents a constrained market.

5.2. Active Estates in Traralgon Contain Less than 5 years of Supply

When considering the adequacy of land supply in a locality it is also important to understand the number of lots available for purchase or likely to be available in the short term.

It is understood that Traralgon is no different to other major regional cities and towns in this regard. This is evident from a review of the active residential estates in Traralgon which, combined, provide a total capacity of 1,430 lots.

However, 77% of this supply is either sold, reserved or under contract (i.e. 1,096 lots are no longer available for future purchase). Further, of the nine active estates / notable subdivisions, only two contain a significant supply of lots that can be released to the market in the near future. The remaining seven are almost fully sold out.

Assuming 90% of vacant land is purchased in greenfield areas this represents a limited supply of between 1.6 and 2.0 years of short-term supply.

Of specific concern is the potential for land available for purchase in Traralgon to tighten to the extent that additional upward pressure is placed on land prices.

5.3. Conclusion

Having regard for the assessment outlined in this report, it is concluded that:

- Additional land supply is required in Traralgon with some degree of urgency with significantly less than 10 years of zoned supply available and less than 5 years of short-term (market available) supply in Traralgon.
- Given the time required to advance land through the planning process, rezoning of future land supply should be progressed without delay.

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If you require any further information or clarification in relation to the demand for and supply of residential land in Traralgon, please call me on [redacted].

Regards,

[redacted]

Director, Economics
Ethos Urban
[redacted]