

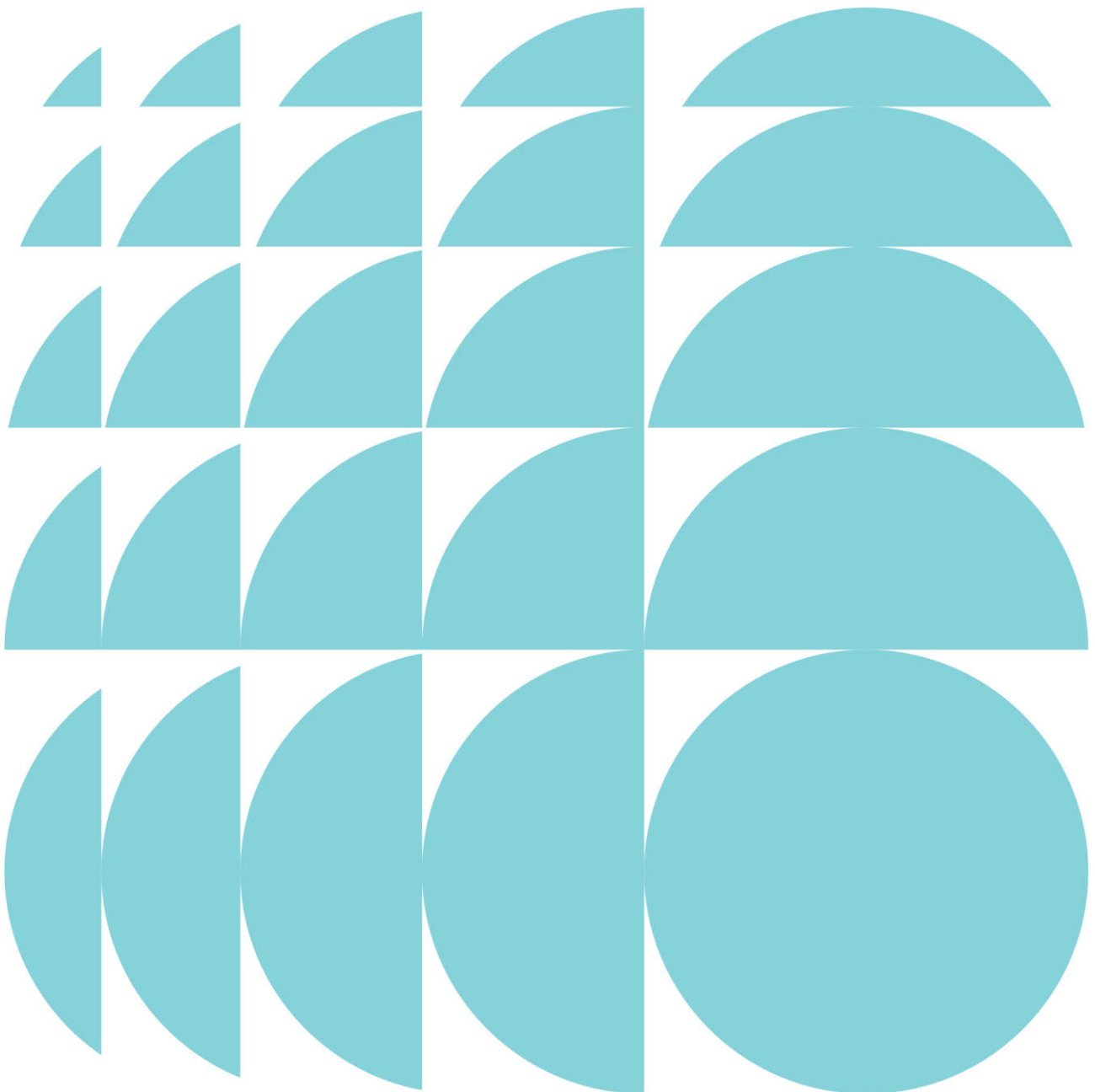
**ETHOS
URBAN**

**5483 & 5495 Princes
Highway, Traralgon**

Economic Impact Assessment

Prepared for Beveridge Williams

May 2023 | 3210346



Authorship

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Every effort has been made to ensure the accuracy of the material and the integrity of the analysis presented in this report. However, Ethos Urban Pty Ltd accepts no liability for any actions taken on the basis of report contents.

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Executive Summary

Context Analysis

- 1 The subject site is located at 5483 and 5495 Princes Highway, Traralgon, with the site being at the western edge of Traralgon and having frontage to the Princes Highway. The 58.1ha parcel of land is mostly undeveloped and currently sits in the Farming Zone. Traralgon is situated in the heart of Gippsland approximately 140km east of Melbourne's CBD.
- 2 An indicative development plan for the subject site specifies the site will include residential and commercial elements. Residential development will comprise approximately 638 residential lots and will cover the bulk of the site.
- 3 Commercial development is earmarked for the south-east corner of the site, being the intersection of the Princes Highway and Bradford Drive, with this commercial development to cover an estimated 2.2ha of the site. The landowner intends for this area to include a small supermarket, restaurant, and petrol station to serve the local catchment, with total floorspace to total approximately 2,000m². The site currently has planning approval for the service station.

Trade Area Analysis

- 4 A trade area for the subject site has been defined with reference to several factors that typically influence the likely trading extent of any retail development.
- 5 In 2021, the population of the trade area is estimated at 1,680 residents, with modest growth coming from new dwellings and subdivisions in the rural living zone to the north of the subject site and the Emerald Waters Estate in the south. Future growth in the area will be supported by the residential development of the subject site, also known as the 'Hollydale Site'.
- 6 Total retail spending of trade area residents is estimated at \$29.3 million in 2021, including \$12.9 million of FLG spending. Retail spending for trade area residents is projected to increase over the forecast period to reach \$78.0 million by 2036, including \$32.5 million of FLG spending.

Competitive Context

- 7 A number of existing retail centres in the region surrounding the subject site would also draw business from the spending generated by residents of the trade area. The proximity of major centres in Latrobe City is a unique feature of the region, with the towns of the region functioning as a networked city.

Retail Assessment

- 8 Based on a high-level assessment, a supermarket at the subject site is forecast to achieve sales in 2031 of \$4.1 million. Assuming constant market share is achieved in the trade area, a small supermarket at the subject site could be expected to achieve sales of \$6.8 million by 2040 (expressed in constant \$2021).
- 9 A small supermarket of 600m² to 800m² could be supported at the subject site. This range of floorspace would not be suited to a full-line major supermarket tenant, such as Coles or Woolworths, however would suit a smaller format store, such as an IGA.
- 10 Overall, development of retail at the subject site will not result in a lower level of trade area retail spending available to other centres and retailers compared to 2021 levels, with continued retail spending growth in the trade area driven by forecast population growth to continue to support existing centres.

- 11 In the long term, the trade area could support approximately 3,750 dwellings, with the current household size for Traralgon of 2.4 persons resulting in a total long-term population of over 9,000 persons. A population of this size would be likely to support a full line supermarket.
- 12 It is noted that this population figure is unlikely to be met until far into the future, if at all. The fragmented land ownership of the residential intensification area means that increased density in this area is reliant on individual landowners subdividing their properties, with the timing of these developments dependent on these individuals. It is also noted that there is uncertainty around the development of the golf course for residential uses.
- 13 The ability of the area to support a full line supermarket in the long term at residential capacity of the trade area becomes an important consideration in planning for the subject site, with a need to retain an appropriate level of land for this development. Retaining an appropriate level of land for a full line supermarket anchored Neighbourhood Activity Centre, as is envisioned for the area in the long term, will allow for this development in the future while still providing a level of supermarket provision appropriate for the trade area population in the medium term.

Economic Benefits

- 14 The development at the subject site will require a capital investment for construction which will cover all demolition, construction and building works. An order of magnitude estimate of construction costs is in the order of \$5 million. Note this cost should be treated as a high-level estimate.
- 15 The development of the subject site could support approximately 11 FTE direct construction job years and a further 18 indirect FTE job years, resulting in a total of 29 FTE job years which would be created during the development of the subject site.
- 16 Retail at the subject site has the potential to support approximately 30 to 40 on-going jobs when complete and fully occupied.

Introduction

Background

Stable Engineering (the landowner) controls land at 5483 and 5495 Princes Highway, Traralgon (the subject site).

The landowner proposes a residential development on the subject site, along with a small convenience centre of approximately 1,000-2,000m². It is understood the small convenience centre is likely to include a service station, small supermarket and speciality shops.

The subject site is identified in the Latrobe Planning Scheme for residential development and is marked for a Neighbourhood Activity Centre.

To advance the proposed development towards planning approval, the landowner requires an Economic Impact Assessment to establish the need for a centre and its scale, and to establish what impact, if any, the centre would have on the existing and proposed activity centre hierarchy.

This report responds to that need.

This Report

This report contains the following chapters:

- Chapter 1:** Context Analysis
- Chapter 2:** Trade Area Analysis
- Chapter 3:** Competitive Context
- Chapter 4:** Retail Assessment
- Chapter 5:** Economic Benefits

1 Context Analysis

This Chapter provides an overview of the locational context of Traralgon and the subject site, the development proposed for the subject site, and the strategic planning policy relevant to the site and its development.

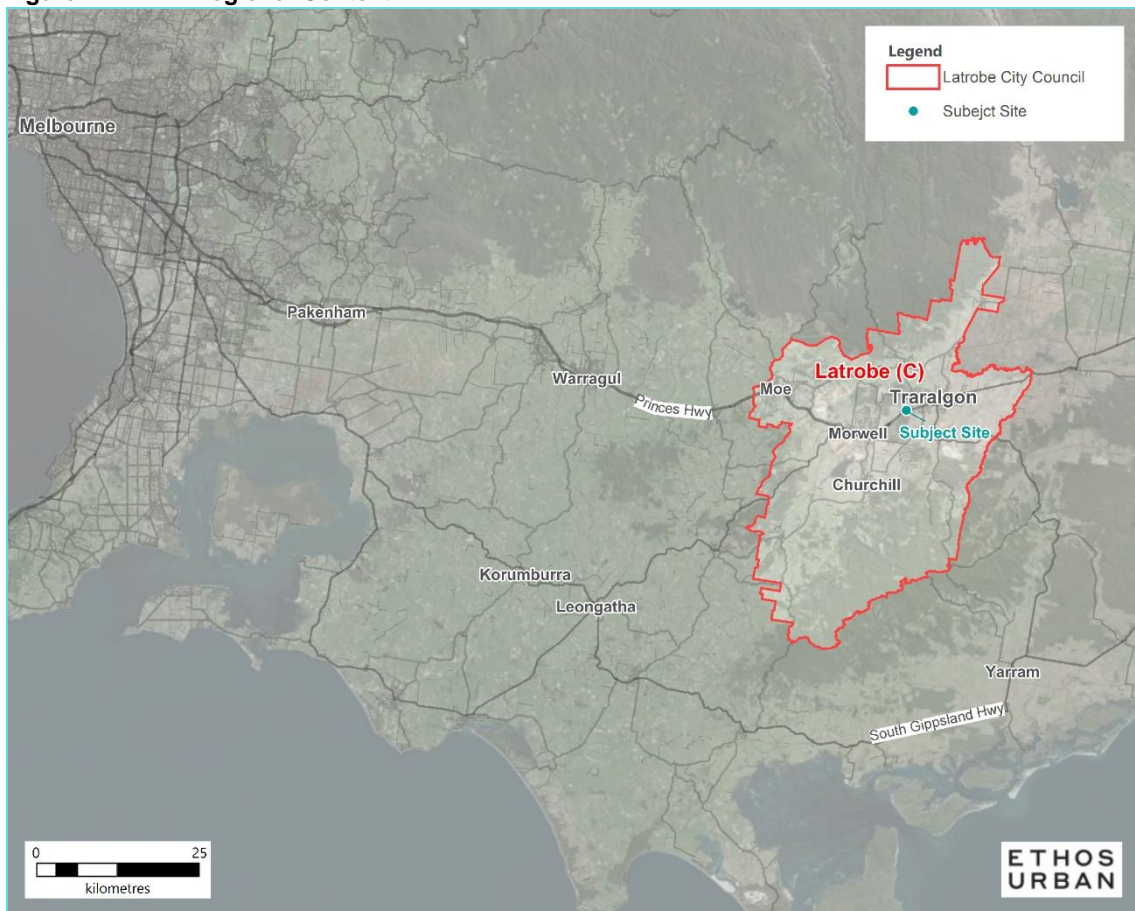
1.1 Locational Context

Traralgon is situated in the heart of Gippsland approximately 140km east of Melbourne's CBD. It is the largest urban centre in Latrobe City LGA and is a major regional centre providing a wide range of retail, commercial and industrial services. In 2020, Traralgon supported a residential population of 28,140 persons.

Latrobe City takes in the Latrobe Valley, extends north to the foothills of the Great Dividing Range, and south to include areas of the Strzelecki Ranges. A defining feature of the municipality is its urban geography, which functions as a networked urban area of proximate but distinct major towns: Moe-Newborough, Morwell, Churchill, and Traralgon. Collectively, these towns position Latrobe City as Gippsland's foremost regional city. Accessibility to the area is provided by the Princes Highway, which connects Moe, Morwell and Traralgon, to Melbourne.

The regional context of Latrobe City LGA and Traralgon is shown in Figure 1.1.

Figure 1.1: Regional Context



Source: Ethos Urban

1.2 Subject Site

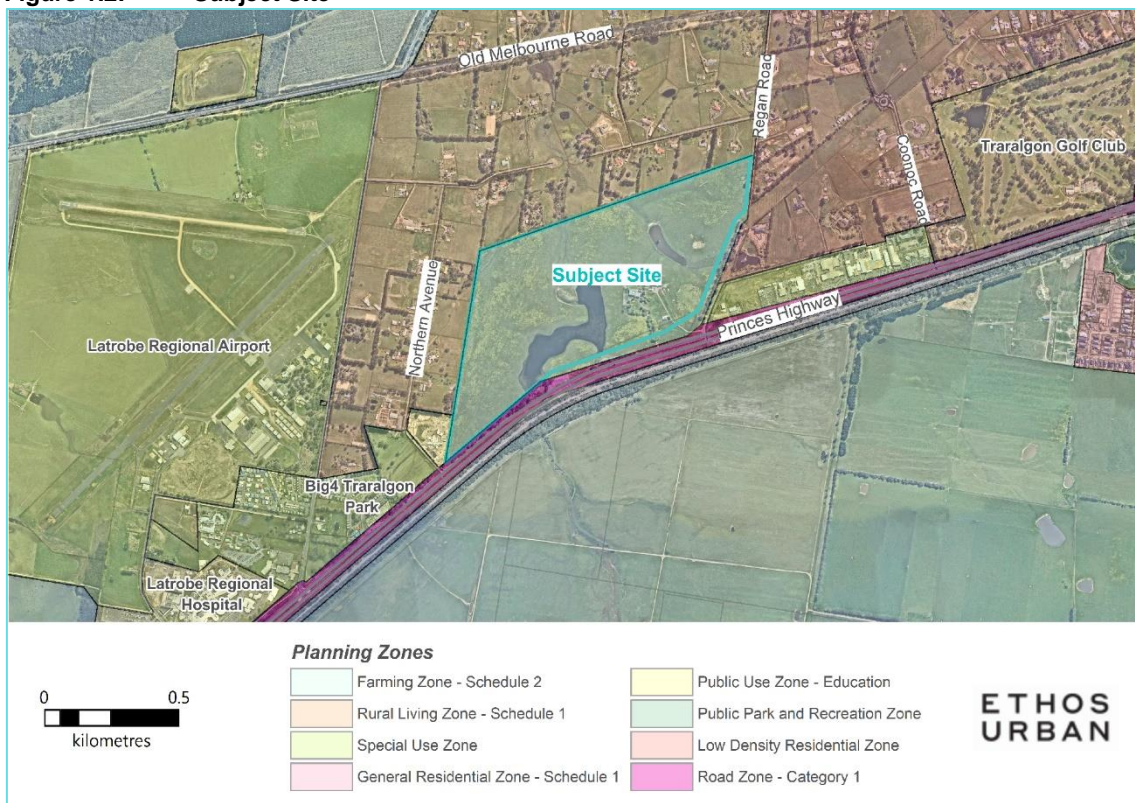
The subject site is located at 5483 and 5495 Princes Highway, Traralgon, with the site situated on the western edge of Traralgon and having frontage to the Princes Highway. The 58.1ha parcel of land is mostly undeveloped, with only one dwelling on the site, and currently sits in the Farming Zone. Uses nearby the site include:

- Rural residential land to the north
- Low density residential land and a special use zone – schedule 2 (comprising of multiple car dealerships) to the east
- Farming zone land to the south
- Latrobe Regional Airport, Latrobe Regional Hospital, Big4 Traralgon Park and rural residential areas to the west.

The Princes Highway on the southern edge of the site connects the subject site and its surrounds to Morwell and Melbourne to the west, and Traralgon to the east. The sub regional centre of Mid Valley Shopping Centre (Morwell) is located seven minutes' drive (or 6.7km) west, while the Traralgon CBD is located six minutes' drive (or 5.2km) east, highlighting the subject sites' proximate relationship with both Morwell and Traralgon town centres.

The local context of the subject site is shown in Figure 1.2.

Figure 1.2: Subject Site



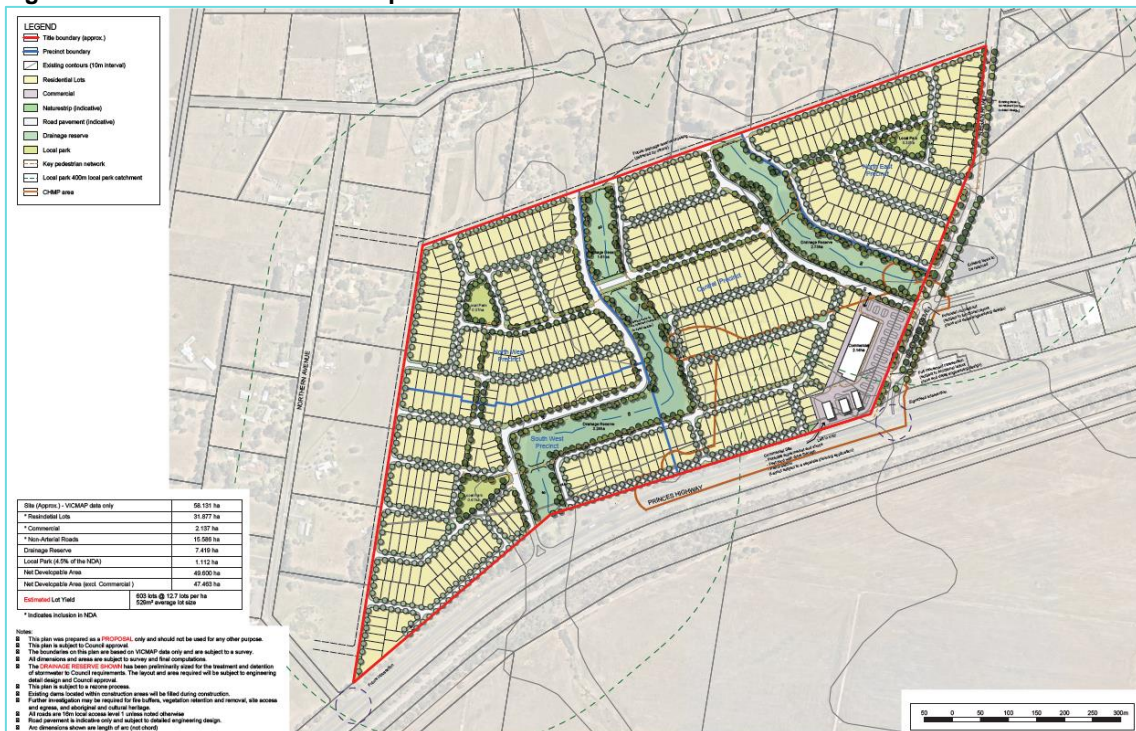
Source: Ethos Urban

1.3 Proposed Development

An indicative development plan for the subject site provides an overview of the proposed development of the site, which will include residential and commercial elements, as shown in Figure 1.3. Residential development will comprise approximately 638 residential lots and will cover the bulk of the site.

Commercial development is earmarked for the south-east corner of the site at the intersection of the Princes Highway and Bradford Drive. The commercial development is proposed to cover an estimated 2.2ha of the site. The landowner intends for this area to include a small supermarket, restaurant, and petrol station to serve the local catchment, with total floorspace approximating 2,000m². The site currently has planning approval for the service station.

Figure 1.3: Indicative Development Plan



Source: Beveridge Williams

1.4 Policy Context

Latrobe Planning Scheme

Traralgon is recognised in the Latrobe Planning Scheme as the largest urban centre in Latrobe City and as the key Regional Retail Centre for both the municipality and Gippsland more broadly. It is the largest population centre in Latrobe City.

Under the settlement plan outlined in the Scheme, Latrobe Council aims to integrate the four main towns of Traralgon, Morwell, Moe-Newborough and Churchill, and solidify their position as a networked city. A key step in this aim is promoting growth in the corridor between Morwell and Traralgon, referred to as the Morwell to Traralgon Employment Corridor (MTEC). The MTEC includes the subject site.

In order to facilitate growth between Morwell and Traralgon, the Morwell to Traralgon Structure Plan has been included in the Scheme. The Structure Plan identifies both the subject site and the nearby golf course as strategic development sites, as well as identifying an area of residential intensification

surrounding these sites. This area of residential intensification is an area flagged to support higher density residential development in future.

Under the Structure Plan, the development of a Neighbourhood Activity Centre (NAC) is encouraged at the intersection of Bradford Drive and the Princes Highway, providing the centre achieves a standalone catchment area and minimises economic impacts on other activity centres. The planning scheme identifies that NACs are to provide day-to-day and weekly convenience shopping facilities for their surrounding communities, while their role in providing community, civic and health services is limited. NACs typically include at least one supermarket.

The Morwell to Traralgon Structure Plan is shown in Figure 1.4.

Morwell to Traralgon Employment Corridor Investment Masterplan

Amendment C115 to the Latrobe Planning Scheme was gazetted on 14 February 2020, and incorporates the Morwell to Traralgon Employment Corridor Investment Masterplan into the Latrobe Planning Scheme. The Masterplan was developed by Urban Enterprise in conjunction with Latrobe City Council.

The Masterplan aligns with the Morwell to Traralgon Structure Plan, recognising the subject site as a strategic redevelopment site, identifying a NAC for the corner of Bradford Drive and Princes Highway, and highlighting the same area for residential intensification. The Masterplan further recognises the need to rezone the identified residential intensification area from the current Rural Living and Low Density Residential Zones to a zone which supports the increased density envisioned for the area, with the document suggesting this should be the Urban Growth Zone or General Residential Zone.

Traralgon West Structure Plan

The Traralgon West Structure Plan was undertaken by Hansen in August 2013 as part of the Traralgon Growth Areas Review. Although the document has been superseded by the more recent Morwell to Traralgon Structure Plan and Morwell to Traralgon Employment Corridor Investment Masterplan, the Traralgon West Structure Plan does identify the potential future capacity of the region, including through development of the golf course and through intensification of the identified increased density area.

Under the Traralgon West Structure Plan, the golf course is identified as supporting a potential 615 dwellings at capacity, while the residential intensification area is noted as increasing from current dwelling numbers to 1,933 dwellings.

Amendment C119 and Latrobe City Council Retail Strategy

Ethos Urban (then Essential Economics) was engaged by Latrobe City Council to prepare the Latrobe City Council Retail Strategy. The strategy was released in 2020, and was incorporated into the Latrobe City planning scheme through Amendment C119. Amendment C119 was approved by the Minister for Planning on the 13 August 2020.

The Retail Strategy provides a foundation from which to co-ordinate future planning and development of retail uses in Latrobe City up to 2033. Guidance is provided as to the appropriate location, format and timing of future retail developments while also considering the role, function and continuing viability of existing retail locations.

Under the Retail Strategy, a future potential neighbourhood centre is identified to be located in Traralgon West to service the employment precinct and future residential areas. The role of neighbourhood centres under the Strategy aligns with the Planning Scheme, with these centres to serve day-to-day and weekly convenience roles in the hierarchy.

Higher order centres identified in the strategy include regional retail centres, being Traralgon CBD, sub-regional retail centres, being Moe CBD, Morwell CBD, and Mid Valley Shopping Centre, and Large Town Centres, being Churchill. These centre categories provide a wider range of retail and non-retail offers compared to neighbourhood centres.

Live Work Latrobe – Housing Strategy

Live Work Latrobe was prepared for Latrobe City by a consultant team comprising MacroPlan Dimasi, RMCG and Planisphere (now Ethos Urban), and was gazetted in 2019 via Amendment C105. It comprises three distinct but interrelated strategies to guide the municipality's long-term growth and development associated with housing, industry and employment, and rural land use.

Of relevance to the subject site and its development is the Live Work Latrobe Housing Strategy. This document outlined a strategic vision for Latrobe City's housing stock and residential areas; a housing framework plan and settlement hierarchy; and objectives and actions for diversity and design, affordability, and sustainability.

Live Work Latrobe encourages the Morwell and Traralgon areas to grow together in order to form a single Regional City as the primary population centre, to be supported by the urban centres of Moe-Newborough and Churchill. A key location for this Regional City strategy will be the subject site and its surrounds, with population growth in this area facilitating the joining of Morwell and Traralgon. It is noted that the housing framework plans for Traralgon and Morwell associated with the Housing Strategy does not cover the area of the subject site.

The Housing Strategy's vision stated that the municipality will provide a diverse range of housing opportunities and types to cater for a changing and growing population. Particularly, the Strategy identifies a need to locate higher-density forms of housing around locations with good access to activity centres.

The Community Vision for Latrobe Valley

This document outlines the community vision for Latrobe City to 2026 and objectives for this to be achieved. The development of the community vision was led and facilitated by Latrobe City Council with input and consultation from various agencies, organisations, groups, and individuals. The preferred future articulated by the community is for Latrobe City to be:

- Liveable and vibrant – a place where people feel safe, connected, and proud of their city
- Sustainable and enterprising – place where community life complements the environment, and diverse employment opportunities secure our future
- Committed to collaborate and inclusive leadership – a place where people work in partnership to facilitate local outcomes.

2 Trade Area Analysis

This Chapter presents an analysis of the trade area to be served by the subject site, and includes estimates of population levels, socio-economic characteristics, and estimates of future retail spending.

2.1 Trade Area Definition

A trade area describes the geographic area from which a centre will draw consistent and significant levels of patronage and sales. The trade area reflects the overall size of the market that is to be served, except for passing trade and other sales generated by non-trade area residents.

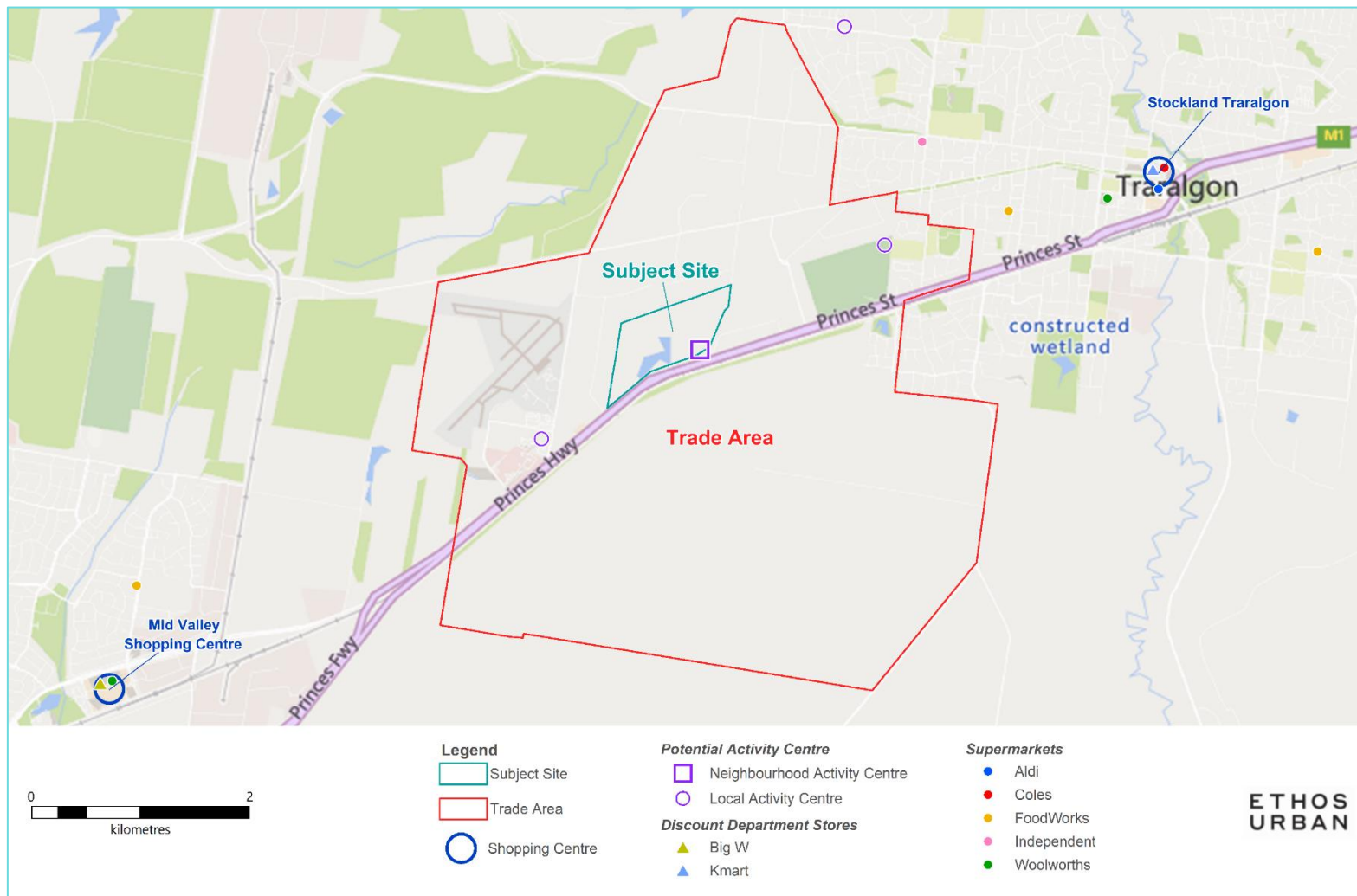
A trade area is defined with reference to several factors that typically influence the likely trading extent of any retail development. These factors include:

- The location, function and relative attractiveness of other shopping centres/outlets
- Local road network and accessibility of the site from the surrounding region
- The presence or otherwise of physical barriers such as major roads, railway lines, rivers, farmland etc
- Exposure to passing traffic
- Existing travel patterns such as travel to work.

A trade area for the subject site based on these factors is shown in Figure 2.1.

The trade area defined also assumes population in the north of the trade area is able to access the site through the connection of Bradford Drive to Regan Road, as identified in the MTEC Investment Masterplan. If this road connection is not created, the trade area will be limited to the north of the site.

Figure 2.1: Trade Area



Source: Ethos Urban with Mapinfo

2.2 Socioeconomic Profile

The socio-economic features of the trade area population and Traralgon have been derived from the 2016 ABS Census of Population and Housing and are summarised in Table 2.1. The main points relevant to the subject site include:

- **Income:** median household incomes for the trade area (\$60,490) are below the Traralgon median (\$67,050), although above the median for Regional Victoria (\$58,790).
- **Age:** the median age in the trade area (45.2 years) is significantly above Traralgon (38.2 years) and Regional Victoria (42.2 years), reflecting an aging population in the existing urban area.
- **Household Composition:** approximately 65.6% of all households in the trade area are family households, similar to Traralgon at 67.5% and Regional Victoria at 68.0%.
- **Dwelling structure:** dwellings in the trade area are predominantly separate houses (88.0%), consistent with Traralgon (87.5%) and Regional Victoria (89.7%). The proportion of “other” dwellings are notably higher in the trade area (9.1%) due to two caravan parks located in the west of the trade area.
- **Tenure Type:** private dwellings owned outright and owned with a mortgage in the trade area comprise 79.9% of housing tenure type, with rental levels below both Traralgon and Regional Victoria. The share of private dwellings owned outright in the trade area (43.5%) is significantly higher than Traralgon (33.4%) and Regional Victoria (39.1%).
- **Occupation:** some 33.2% of workers in the Trade Area are professionals and managers, which is above the levels seen in Traralgon (28.4%), and in line with Regional Victoria (32.0%).

Table 2.1: Socioeconomic Characteristics, 2016

Category	Trade Area	Traralgon	Regional Vic
<u>Income</u>			
Median household income (annual)	\$60,490	\$67,050	\$58,790
Variation from Regional Vic median	2.9%	14.1%	na
% of Households earning \$2,500pw or more	18.0%	18.1%	13.7%
<u>Age Structure</u>			
Median Age (years)	45.2	38.2	42.2
<u>Country of Birth</u>			
Australia	86.6%	88.2%	89.4%
Other Major English Speaking Countries	5.8%	5.3%	4.9%
Other Overseas Born	7.6%	6.5%	5.7%
<i>% speak English only at home</i>	92.8%	92.6%	93.5%
<u>Household Composition</u>			
Couple family - Total	55.2%	54.8%	56.4%
Family Households - Total	65.6%	67.5%	68.0%
Lone person household	31.7%	29.8%	29.0%
<u>Dwelling Structure (Occupied Private Dwellings)</u>			
Separate house	88.0%	87.5%	89.7%
Semi-detached, row or terrace house, townhouse etc.	0.7%	5.3%	6.8%
Flat, unit or apartment	2.2%	6.7%	2.7%
Other dwelling	9.2%	0.6%	0.8%
<i>Occupancy rate</i>	91.2%	89.1%	82.9%
Average household size	2.3	2.4	2.4
<u>Tenure Type (Occupied Private Dwellings)</u>			
Owned outright	43.5%	33.4%	39.1%
Owned with a mortgage	35.9%	38.8%	34.4%
Rented	20.1%	27.4%	25.9%
<u>Housing Costs</u>			
Median monthly mortgage repayment	\$1,630	\$1,380	\$1,350
Variation from Regional Vic median	20.7%	2.2%	0.0%
Median mortgage as a share of median household income	32.3%	24.7%	27.6%
Median weekly rents	\$230	\$240	\$230
Variation from Regional Vic median	0%	4.3%	0.0%
<u>Highest Year of School Completed (% of population aged 15 years and over)</u>			
Year 12 or equivalent	44.0%	46.0%	45.2%
<u>Employment Status</u>			
Labour force participation rate	63.4%	65.1%	60.5%
<u>Occupation</u>			
Managers	13.6%	10.0%	14.6%
Professionals	19.6%	18.4%	17.4%
Technicians and trades workers	15.3%	17.1%	14.8%
Community and personal service workers	10.9%	11.3%	11.8%
Clerical and administrative workers	14.5%	14.8%	11.3%
Sales workers	9.4%	10.1%	9.7%
Machinery operators and drivers	6.5%	6.5%	6.5%
Labourers	9.2%	10.2%	12.4%
Inadequately described or not stated	0.9%	1.7%	1.6%

Source: ABS, Census of Population and Housing, 2016

2.3 Population Trends and Forecasts

Historic population levels for the trade area have been estimated by using ABS estimated resident population (ERP) data, which is considered the most accurate and up-to-date population data available in Australia. Population estimates to 2036 have been forecast using forecasts from id. Consulting, Nearmap imagery and investigations of future residential development undertaken by this office. Table 2.2 details the historic and forecast population for the trade area from 2016 to 2036.

In 2021, the population of the trade area is estimated at 1,680 residents, with modest growth coming from new dwellings and subdivisions in the rural living zone to the north of the subject site and the Emerald Waters Estate in the south. Future growth in the area will be supported by residential development at the subject site, also known as the 'Hollydale Site'.

An indicative development plan for the subject site estimates a total of 638 lots to be developed, having the potential for approximately 1,530 residents. Population forecasts in Table 2.2 assume initial dwellings and population on the subject site by 2026. By 2036, the trade area population will reach approximately 3,900 persons, growing at an average rate of +5.8% per annum from 2021.

The Traralgon Golf Club is recognised as a strategic development site in the trade area, however residential development of this site is unlikely to begin until development at the subject site is approaching capacity, which is not forecast to occur until 2037. As such, future population at the golf club site is not reflected in the population forecast.

Traralgon's population is forecast to increase from 28,710 persons in 2021 to 34,790 persons by 2036, representing an increase of +6,080 persons, or equivalently +1.3% per annum. Over the next 15 years, Traralgon will continue to support most of the population growth in Latrobe City, contributing 68.5% of the overall growth in the municipality. It is estimated at the end of 2036 that Latrobe City will support 85,390 persons, +8,870 persons higher than in 2021.

Table 2.2: Historic and Future Population in Trade Area, 2016 to 2036

Category	2016	2021	2026	2031	2036	2021-2036
Population						
Trade Area	1,500	1,680	1,980	2,920	3,900	+2,220
Traralgon	27,300	28,710	30,520	32,680	34,790	+6,080
Latrobe City	74,620	76,520	79,380	82,440	85,390	+8,870
Average Annual Growth (no.)						
Trade Area		+40	+60	+190	+200	+150
Traralgon		+280	+360	+430	+420	+410
Latrobe City		+380	+570	+610	+590	+590
Average Annual Growth (%)						
Trade Area		+2.3%	+3.3%	+8.1%	+6.0%	+5.8%
Traralgon		+1.0%	+1.2%	+1.4%	+1.3%	+1.3%
Latrobe City		+0.5%	+0.7%	+0.8%	+0.7%	+0.7%

Source: ABS Estimates Residential Population Growth; .id Consulting; Ethos Urban

2.4 Retail Spending

Estimates of per capita retail spending by trade area residents have been prepared with reference to the *Marketinfo* retail spending mode. *Marketinfo* is a micro-simulation model which uses data from the ABS Household Expenditure Survey (HES), the ABS 2016 Census of Population and Housing, ABS Australian National Accounts, and other relevant sources.

The retail spending data is presented in the following retail spending categories:

- **Food, Liquor and Groceries (FLG)**, including fresh food, groceries and take-home liquor. FLG is the most relevant retail category when assessing supermarket developments.
- **Food Catering**, including cafes, restaurants and takeaway food.
- **Non-Food**, including apparel, homewares, bulky merchandise and general merchandise.
- **Retail Services**, including hairdressers, beauty salons, etc.

Estimates of average per capita retail spending in 2021 for trade area residents are shown in Table 2.3 and are compared with the Regional Victoria averages. Average per capita retail spending by trade area residents is estimated at \$17,420, which is 15.3% above the Regional Victoria average. Per capita spending on FLG, the key category for supermarkets, by trade area residents is \$7,650 and 13.7% above the Regional Victoria average.

Table 2.3: Average Per Capita Retail Spending, 2021 (\$2021)

Trade Area	Food, Liquor and Groceries	Food Catering	Non-Food	Services	Total Retail
Per Capita Spending (\$2020/21)					
Trade Area	\$7,650	\$2,000	\$7,130	\$630	\$17,420
Regional Vic	\$6,730	\$1,730	\$6,140	\$510	\$15,110
Variation from Rest of Vic average	13.7%	15.6%	16.1%	23.5%	15.3%

Source: Marketinfo; Ethos Urban

The total retail spending of the trade area population is detailed in Table 2.4 and has been calculated by applying average per capita retail spending estimates from Table 2.3 to the forecast population from Table 2.2. The spending forecasts are presented in constant \$2021, i.e., excluding the effects of price inflation, though do include an allowance for real growth in per capita spending which reflects long-term Australian averages.

Total retail spending of trade area residents is estimated at \$29.3 million in 2021, including \$12.9 million of FLG spending. Retail spending for trade area residents is projected to increase over the forecast period to reach \$78.0 million by 2036, including \$32.5 million of FLG spending.

Table 2.4: Trade Area Retail Spending Capacity, 2021 to 2036 (\$2021)

Retail Category	2021	2026	2031	2036
Trade Area				
FLG	\$12.9m	\$15.6m	\$23.6m	\$32.5m
Food Catering	\$3.4m	\$4.1m	\$6.1m	\$8.4m
Non-Food	\$12.0m	\$15.1m	\$23.9m	\$34.2m
Services	\$1.1m	\$1.3m	\$2.0m	\$2.9m
Total Retail	\$29.3m	\$36.0m	\$55.6m	\$78.0m

Source: Marketinfo; Ethos Urban

3 Competitive Context

This Chapter identifies the competing locations of relevance to the proposed retail development at the subject site and provides a general assessment of the competitive environment in which retail at the subject site would be trading.

3.1 Competitive Framework

A number of existing retail centres in the region surrounding the subject site would also draw business from the spending generated by residents of the trade area. The primary retail centres which would impact the subject site are highlighted below in Table 3.1. A summary of each centre is shown including size, distance from the subject site, and major tenants.

The location of all competing retail centres in Latrobe City, based on the Latrobe Retail Strategy, are shown in Figure 3.1. Note that this figure shows the subject site (Hollydale site) as a local centre, whereas it has since been highlighted as a neighbourhood centre in subsequent planning policy, while the Traralgon West site to the west of the subject site has become a local centre.

Table 3.1: Summary of Competing Centres

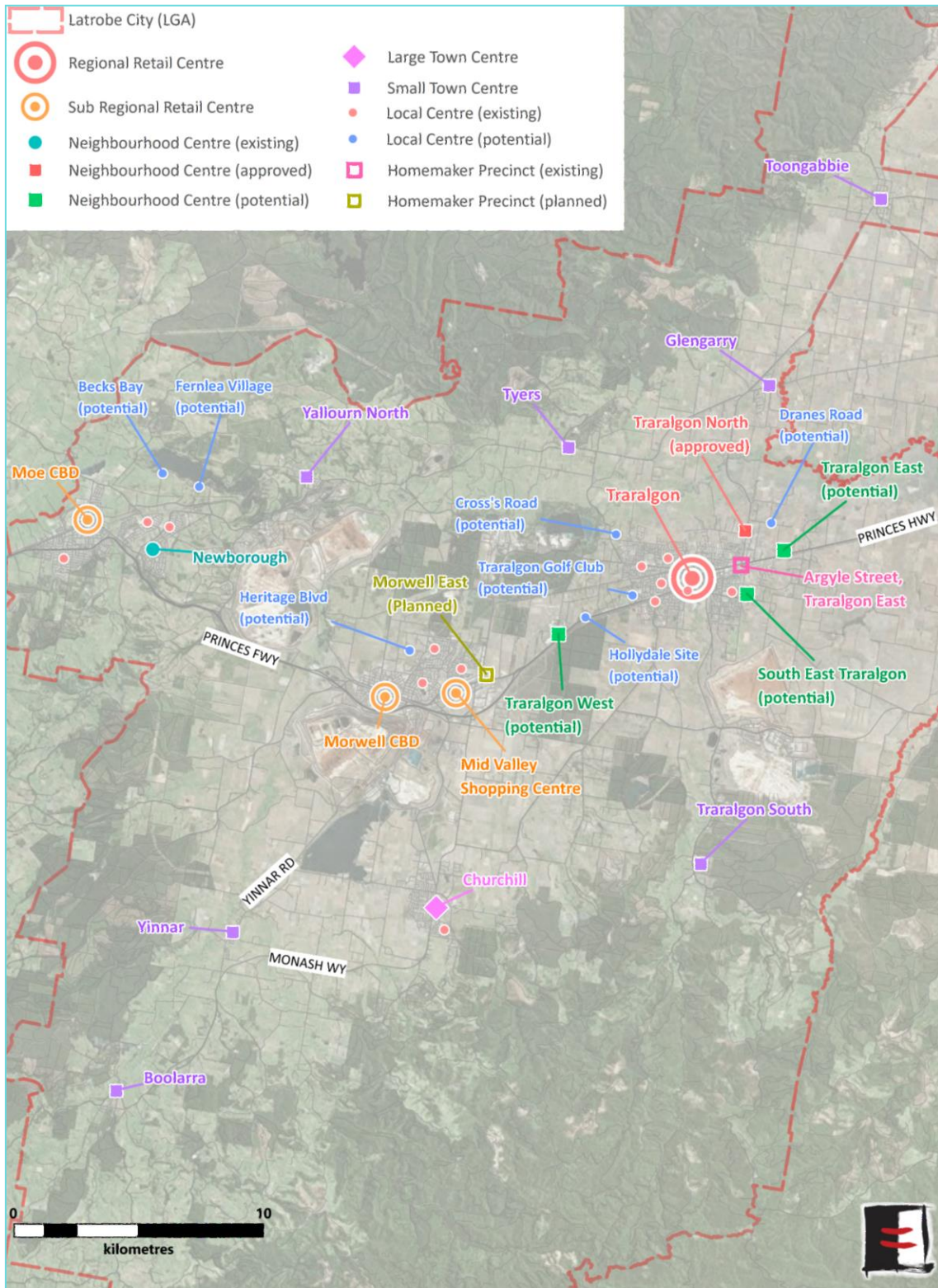
Centre	Centre Type	Distance	Floorspace ¹	Major Tenants
<u>Existing</u>				
Traralgon	Regional	4.4km	77,130m ²	Woolworths, Coles, Kmart
Mid Valley Shopping Centre	Sub Regional	6.2km	32,210m ²	Woolworths, Big W, Bunnings
Morwell CBD	Sub Regional	8.8km	50,180m ²	Coles, ALDI
Churchill Town Centre	Large Town	13.2km	8,640m ²	Woolworths, SUPA IGA, Mitre 10
<u>Proposed</u>				
Latrobe Regional Hospital	Local	1.7km	Up to 1,000m ²	-
Traralgon Golf Club	Local	1.9km	Up to 1,000m ²	-

Source: Ethos Urban; Ethos Urban (formerly Essential Economics), Latrobe City Council Retail Strategy, 2020

1. Floorspace correct at time of Latrobe City Council Retail Strategy floorspace survey.

The proximity of major centres in Latrobe City is a unique feature of the region, with the towns of the region functioning as a networked city. Traralgon provides a regional retail centre, serving the entirety of the Latrobe City area and beyond, and is complemented by sub regional centres in Moe and Morwell, and a large town centre in Churchill.

Figure 3.1: Latrobe City Retail Hierarchy



Source: Ethos Urban (formerly Essential Economics), Latrobe City Council Retail Strategy, 2020

3.2 Existing Centres

Traralgon CBD

Traralgon CBD, located 4.4km east of the subject site, is the highest order retail location in Latrobe City, serving both the Latrobe City population and population beyond the LGA. The CBD includes a full range of retail located as part of a Stockland Centre and in the area surrounding this centre, with retailers in the CBD including Kmart, Coles, Woolworths, Dan Murphy's, Best&Less, and JB Hi-Fi.

Traralgon CBD also provides a range of entertainment, dining, commercial, community, and recreation facilities and services, complementing its retail offer, and is the main commercial office precinct in Latrobe City.

Being the closest major retail destination to the subject site and a major employment location, it is expected that this location will meet a significant proportion of the retail needs of residents of the trade area, both currently and in the future. This is likely to continue following the development of the subject site, with the Traralgon CBD offering a wider range of retail offers.

Mid Valley Shopping Centre

Mid Valley Shopping Centre, located on the eastern edge of Morwell 6.2km from the subject site, is a standalone shopping centre providing a range of convenience and comparison retail offers. The centre serves a sub-regional catchment within Latrobe City and includes retailers such as Woolworths, Big W, and Bunnings. The centre also serves an entertainment role in the Latrobe City context, having a Village Cinema complex.

Mid Valley Shopping Centre is likely to attract a significant level of trade area spending, both currently and into the future, from trade area residents seeking a wider range of retail offers to those proposed for the subject site.

Morwell CBD

The Morwell CBD is located 8.8km west of the subject site, beyond the Mid Valley Shopping Centre. Morwell CBD provides a full range of convenience retail, including supermarkets, cafés, restaurants, takeaway food, and non-food retailers, with major retailers in the CBD including Coles, ALDI, NQR, and Harvey Norman.

The Morwell CBD serves both the surrounding region and workers, with the centre performing an important government sector role and being the home of Latrobe City Council offices, as well as other local and state government agencies. The CBD also offers a limited range of entertainment and community facilities and services, as well as some commercial offices.

Morwell CBD is likely to attract some limited retail spending from trade area residents, particularly for residents who may work in this location or who are seeking an alternative CBD retail destination to Traralgon.

Churchill Town Centre

Churchill Town Centre is a designated large town centre under the Retail Strategy and provides a limited range of convenience retail to the Churchill township and surrounding rural catchment. Retail in the town centre is predominately located in two centres, with major retailers in the town centre including Woolworths, Ritchies SUPA IGA, and Ritchies Mitre 10.

Churchill Town Centre also supports a range of commercial, civic, health and other uses, accessed by the township and surrounding population. The town is also unique in that it accommodates a Federation University campus, resulting in a significant student population.

Churchill Town Centre is of limited competitive relevance to the subject site, however is important as a centre of a higher order than the subject site under the retail hierarchy. It is unlikely that a significant proportion of trade area residents would undertake regular shopping at this centre.

3.3 Proposed Centres

Local Centres

Two local centres are proposed for the Traralgon West area, with these to be located in the vicinity of the hospital, 1.7km west of the subject site, and as part of the development of the golf club, 1.9km east of the subject site.

The hospital local centre is proposed to meet the needs of businesses, employees and visitors in this employment area, with the centre having the potential to include a small supermarket, takeaway food, cafés, some commercial floorspace such as a bank or gym, and community facilities such as childcare.

The golf club local centre will support the future residential population of the golf club with a limited convenience offer, however will not see development until residential development begins on the site. The certainty of any residential development occurring on the golf club site is currently low.

In general, local centres in the Latrobe City LGA comprise less than 1,000m² of retail floorspace, with these proposed centres likely to be of a similar size to existing local centres.

4 Retail Assessment

This Chapter estimates the potential market shares and sales that could be captured by retail at the subject site, and broadly assesses impacts to other nearby retail areas.

4.1 Supermarket Development Opportunity

A first step in assessing the capacity for retail at the subject site is to consider the potential for a supermarket. Supermarkets often act as the key anchor in neighbourhood activity centres, and specialty traders rely on capturing some proportion of the spending of the customer traffic generated by supermarket shoppers.

In Australia, approximately 75% of Food and Grocery (F&G) spending is directed to supermarkets, while this share of F&G spending to supermarkets can vary depending on socioeconomic characteristics and other factors. In this analysis, the national benchmark of 75% of F&G spending has been assumed to be directed to supermarkets.

A high-level assessment of supermarket sales at the subject site in 2031 is shown in Table 4.1.

Table 4.1: High Level Supermarket Market Share and Sales

	F&G Spending	SMKT Spending ¹	Retail Market Share	Retail SMKT Turnover
Trade Area	\$20.4m	\$15.3m	20%	\$3.1m
Non-F&G Turnover			5%	\$0.2m
Beyond Main Trade Area			20%	\$0.8m
Total Supermarket Turnover				\$4.1m

Source: Ethos Urban

1. Supermarket spending is calculated as 75% of food and grocery spending.

Based on this high-level assessment, a supermarket at the subject site is forecast to achieve sales in 2031 of \$4.1 million. This forecast assumes a small supermarket at the subject site achieves a market share of 20% in the trade area, meaning the store captures 20% of the trade area supermarket spending. The forecast market share reflects the small format nature of the store and the alternative retail options for trade area residents.

A nominal percentage of sales is assumed from outside of the supermarket spending market, being non-food and grocery items typically sold in supermarkets. The assessment also reflects 20% of sales to be captured from outside of the trade area, with this share reflecting the subject sites' location on the Princes Highway.

For years beyond 2031, supermarket sales at the site will depend on population growth as forecast, with supermarket sales growth particularly associated with continuing development of the subject site's residential components.

Assuming constant market share is achieved in the trade area, a small supermarket at the subject site could be expected to achieve sales of \$6.8 million by 2040 (expressed in constant \$2021).

Table 4.2 shows the potential growth of sales for a supermarket at the subject site, along with an indication of the supermarket floorspace supportable at the subject site based on these sales. This floorspace has been determined by applying sustainable sales density of approximately \$8,000/m² in 2021, with this figure increased to reflect real growth. Sales productivity of this level is considered supportable for a small format supermarket.

Table 4.2: Supportable Supermarket Floorspace, 2031 to 2040

Year	Total Sales \$m	Sustainable productivity (\$ per m ²)	Supportable supermarket floorspace (m ²)
2031	\$4.1m	\$8,410	490
2032	\$4.4m	\$8,450	520
2033	\$4.7m	\$8,490	550
2034	\$5.0m	\$8,540	580
2035	\$5.3m	\$8,580	620
2036	\$5.6m	\$8,620	650
2037	\$5.9m	\$8,660	690
2038	\$6.3m	\$8,710	720
2039	\$6.6m	\$8,750	750
2040	\$6.9m	\$8,800	790

Source: Ethos Urban

Based on this assessment, a small supermarket of 600m² to 800m² could be supported at the subject site in the medium term. This range of floorspace would not be suited to a full-line major supermarket tenant, such as Coles or Woolworths, however would suit a smaller format store, such as an IGA.

Other Retail

A small supermarket could potentially trade successfully, either alone or in conjunction with a small number of complementary specialty shops. Typical specialty shop provision with a small supermarket would only total 200m² to 400m² of floorspace, with specialty shop trading density likely to be in the vicinity of \$4,000 per m². As such, specialty retail provision of between 200m² and 400m² would generate a further \$0.8 million to \$1.7 million in sales in 2031.

4.2 Regional Trading Impacts

In broad terms, the trading impacts arising from the development of retail at the subject site will be due to the potential for the retail spending of consumers to be diverted from alternative shopping destinations.

A broad examination of the impact of retail at the subject site, incorporating the mix and achieving the trading levels identified in Section 4.1, is presented in Table 4.3. This Table shows how the proposed retail is expected to change the distribution of spending by trade area residents.

Table 4.3: General Trading Impacts, 2021 to 2036 (\$2021)

	2021	2031	2036
Retail Turnover from Trade Area (\$m) ¹		\$5.8m	\$7.3m
Trade Area Retail Spending (\$m)	\$29.3m	\$55.6m	\$78.0m
Trade Area T/O to Other Centres (\$m)	\$29.3m	\$49.9m	\$70.7m
Change in Turnover to Other Centres Relative to 2021 (\$m)		\$20.5m	\$41.4m

Source: Ethos Urban

1. Assumes constant market share.

2. Includes all retail other than subject site.

In 2021, trade area residents generate approximately \$29.3 million of retail spending. By 2031, with the development of retail at the subject site, approximately \$5.8 million of trade area retail spending will go to the retail at the subject site, including the small supermarket and potential specialty retailers. The balance of trade area spending, being \$49.9 million, will be available to other centres

and retailers. In 2031, this spending available to other centres and retailers will be approximately +\$20.5 million higher than current levels. By 2036, the increase in spending available to other centres will be +\$41.4 million.

Overall, development of retail at the subject site will not result in a lower level of trade area retail spending available to other centres and retailers compared to 2021 levels, with continued retail spending growth in the trade area driven by forecast population growth to continue to support existing centres.

4.3 Long Term Opportunities

Although the opportunity for retail floorspace at the subject site is limited in the short- to medium-term, it is important to consider the long-term opportunities for the subject site.

Population forecasts for the trade area include population growth generated through the development of the subject site, as well as nominal underlying population growth due to infill opportunities. However, in the longer term, additional population growth will be driven by both the development of the Traralgon golf club as well as through increased residential densities in the residential intensification area (as identified in Section 1.4). These population drivers have not been included in the population forecasts of Section 2.3 due to the lack of certainty around timing and the likelihood that they will occur further into the future. It is noted that the residential intensification area is yet to be rezoned to support increased densities.

As such, the capacity for residential in the trade area has been determined, assuming each of these development opportunities eventuate. This capacity is shown in Table 4.4, and includes the proposed development of the subject site, development of the golf course, increased residential densities in the residential intensification area, and existing trade area residential lots which will see no change. Lot capacity for the golf course and the residential intensification area have been sourced from the Traralgon West Structure Plan (2013) and should be used as a guide only pending updated capacity assessments.

In the long term, the trade area could support approximately 3,750 dwellings, with the current household size for Traralgon of 2.4 persons resulting in a total long-term population of over 9,000 persons. A population of this size would be likely to support a full line supermarket.

Table 4.4: Trade Area High Level Residential Capacity

Area	Lots	Population
Subject Site	638	1,530
Golf Course ¹	615	1,480
Intensifying Area ¹	1,933	4,640
No Change Residential Lots	565	1,360
Total	3,751	9,010

Source: Ethos Urban

1. Lot capacity for Golf Course and Intensifying Area from Traralgon West Structure Plan (2013). These numbers should be used as a guide only.

It is noted that this population figure is unlikely to be met until far into the future, if at all. The fragmented land ownership of the residential intensification area means that increased density in this area is reliant on individual landowners subdividing their properties, with the timing of these developments dependent on these individuals. It is also noted that there is uncertainty around the development of the golf course for residential uses.

The ability of the area to support a full line supermarket in the long term at residential capacity of the trade area becomes an important consideration in planning for the subject site, with a need to retain an appropriate level of land for this development. If the site is designed for only the floorspace supported in the medium term, as outlined in Section 4.1, then there will be no appropriate land available if and when a full line supermarket becomes supportable in the long term. However, retaining an appropriate level of land for a full line supermarket anchored Neighbourhood Activity Centre, as is envisioned for the area in the long term, will allow for this development in the future while still providing a level of supermarket provision appropriate for the trade area population in the medium term.

5 Economic Benefits

This Chapter provides an assessment of the economic benefit that is expected to flow from the proposed development at the subject site. This benefit relates to investment, construction jobs, on-going jobs, and other important benefits for the community.

5.1 Project Investment

The development at the subject site will require a capital investment for construction which will cover all demolition, construction and building works. An order of magnitude estimate of construction costs is in the order of \$5 million. Note this cost should be treated as a high-level estimate.

This investment will be of significant benefit to the trade and construction industries in Traralgon, Latrobe City, and their surrounds.

5.2 Construction Phase Employment

Site works and drainage, building construction, car park works and building fit-out will generate significant on-site employment during construction of the proposal, with this employment to continue throughout the time period during which construction occurs.

It is estimated that approximately \$450,000 in construction investment directly supports one full time equivalent (FTE) construction job for a year (one job year).

On this basis, the development of the subject site could support approximately 11 FTE direct construction job years.

In addition to direct jobs, indirect (or flow-on) jobs will also be generated throughout the wider economy. For every 10 direct FTE construction jobs created, a further 16 indirect jobs are supported, reflecting an employment multiplier of 2.6.

On this basis, the 11 direct FTE construction jobs would support a further 18 indirect FTE job years, resulting in a total of 29 FTE job years which would be created during the development of the subject site.

5.3 Ongoing Employment

Retail development at the subject site has the potential to accommodate the following ongoing jobs:

- Supermarket floorspace of 600m² to 800m² will accommodate an estimated 20 to 25 workers, taking into consideration an average floorspace ratio of 30m² per job for supermarket trade.
- Specialty retail floorspace of 200m² to 400m² will accommodate an estimated 8 to 16 workers, taking into consideration an average floorspace ratio of 25m² per job for specialty retail trade.

In total, retail at the subject site has the potential to support approximately 30 to 40 jobs when complete and fully occupied.

5.4 Other Benefits

In addition to contributing to investment and supporting job creation, the proposed development of the subject site would be expected to generate benefits including:

- Improved access for local residents to convenience retail products and services.
- New jobs for the local and wider labour force including indirect jobs.

In addition to this, development of the residential components of the subject site will further generate benefits beyond the retail elements, including:

- Additional construction and investment and jobs related to residential construction.
- More intensive use of an under-utilised location with access to the Princes Highway.
- Providing diverse housing options in an otherwise limited housing diversity area.