

Mirboo North Structure Plan

Economic Inputs

December 2016

Prepared by Tim Nott
for South Gippsland Shire Council

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The views expressed in this report are those of the author and are not necessarily endorsed by South Gippsland Shire Council.

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1 INTRODUCTION

1.1 This Report

Mirboo North is a small, vibrant town in South Gippsland. The South Gippsland Shire Council is refreshing the structure plan for the town. As part of this process Council has sought advice on the demographic and economic drivers of change for the town and how these will affect the demand for land. This present report provides that advice.

This report is organised as follows:

- Section 2 looks at the forecast population growth and demand for housing
- Section 3 provides an assessment of retail/commercial supply and demand
- Section 4 identifies potential demand for industrial land

Those looking for an executive summary of the report findings should skip to the end of each section under Suggestions.

1.2 Context

Mirboo North is located in the Strzelecki Ranges between Leongatha and the Latrobe Valley. The town has a number of economic roles:

- a rural service centre for surrounding farmland
- a small scale manufacturing centre with a brewery and two engineering firms as well as automotive services
- a tourism centre for people travelling on the Strzelecki Highway or the Grand Ridge Road or visiting the area
- an attractive commuter settlement for people who work in the larger settlements of Leongatha, Warragul and the Latrobe Valley

Each of these economic roles has shaped the town to some extent through the expansion of housing and the zoning of land for industry and commercial services.

Recent and forthcoming changes in the wider region are likely to have some impact on the Mirboo North economy. In particular, the closure of the Hazelwood mine and power-plant in the Latrobe Valley will likely affect population growth and the demand for housing and commercial services throughout the region (especially as this signifies just the beginning of disinvestment in coal-fired electricity generators in the region). On the other hand, regional compensation packages that focus on visitor infrastructure and rural production as ways of generating alternative jobs may well benefit a town such as Mirboo North that has the advantage of its attractive setting and small town heritage.

Maintaining and improving the attractiveness of the town – its setting, housing stock, commercial precincts and services – will be a crucial economic development function of the new structure plan.

2 POPULATION AND HOUSING

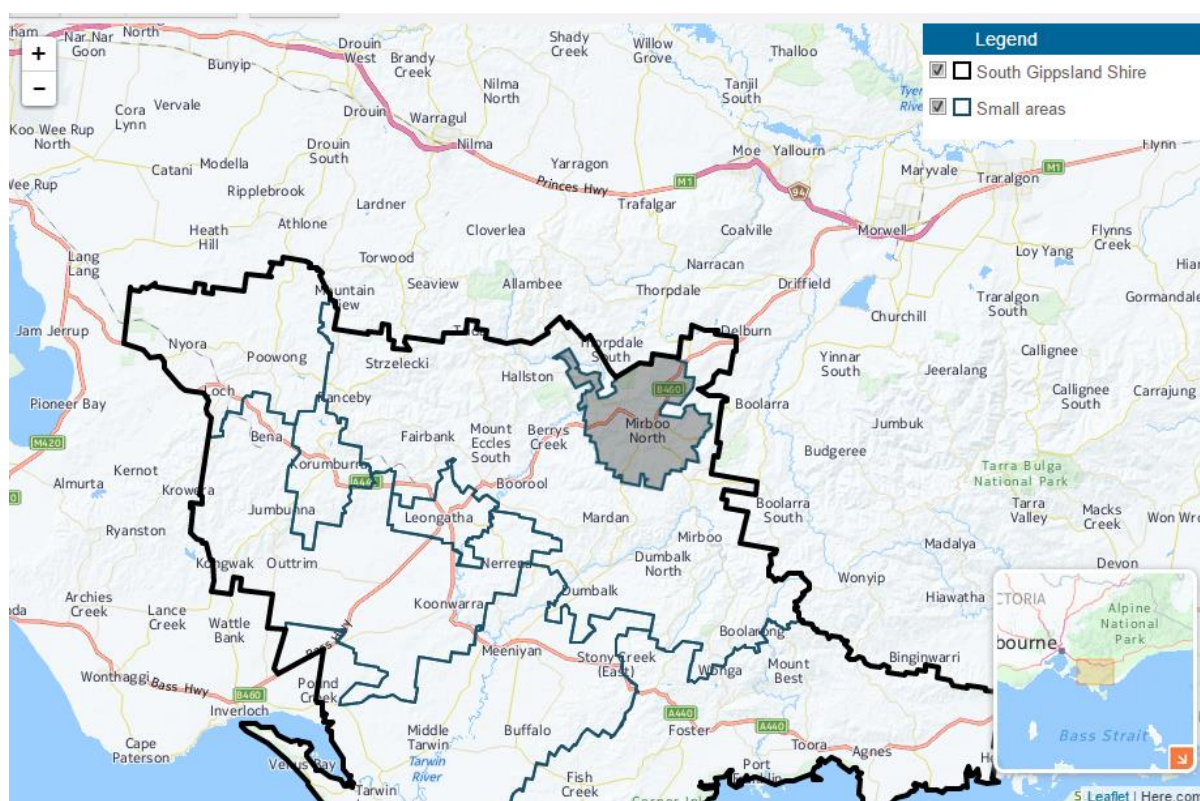
This section provides estimates of the demand for, and supply of housing lots of different types in the Mirboo North township.

2.1 Forecast Demand

Forecasts of population and housing for Mirboo North and surrounds have been prepared for Council by .id consulting (2016) and are used here for consistency with other Council work.

The current population of Mirboo North and district (see diagram below) is estimated at 2,296 in 2016. The number of dwellings is estimated at 995, of which around 9% are unoccupied – either in the process of turning over or kept as holiday or spare homes.

Figure 1: Mirboo North forecast area



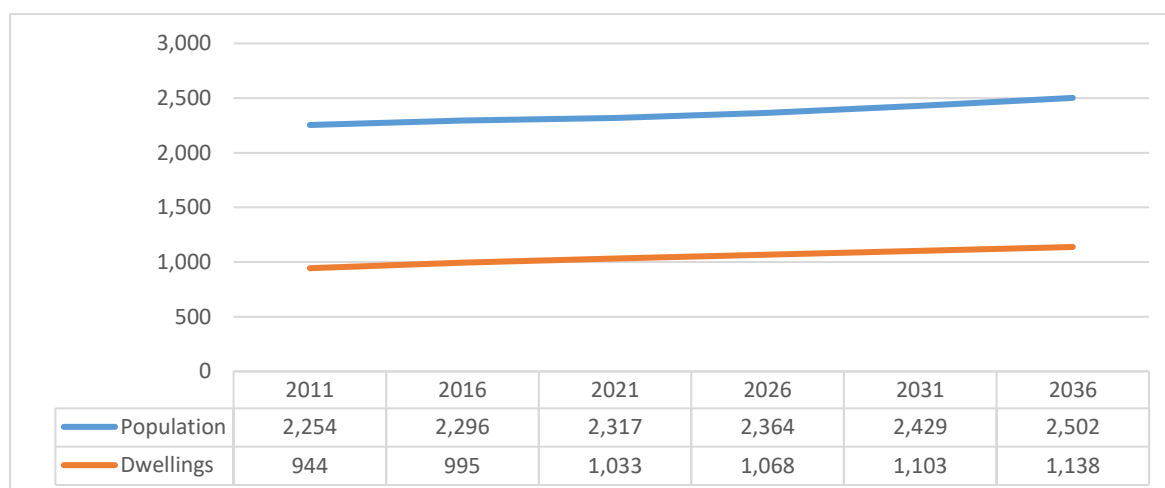
Source: .id consulting, 2016

The forecast is for modest growth over the period to 2036, as shown in the chart below.

Between 2016 and 2036,

- the population is forecast to grow by 206 people
- the number of dwellings is forecast to grow by 143

Figure 2: Forecast change in population and dwellings, 2011 to 2036



Source: .id consulting, 2016

This forecast anticipates a steady continuation of modest growth experienced in recent years. Although relatively few lots are available (see next section), there is no evidence of pent-up demand currently such as might be indicated by rapidly rising prices or strong agitation by land-owners for sub-division, for example. The small number of dwelling occupancy permits over the last three years appears to confirm this conclusion.

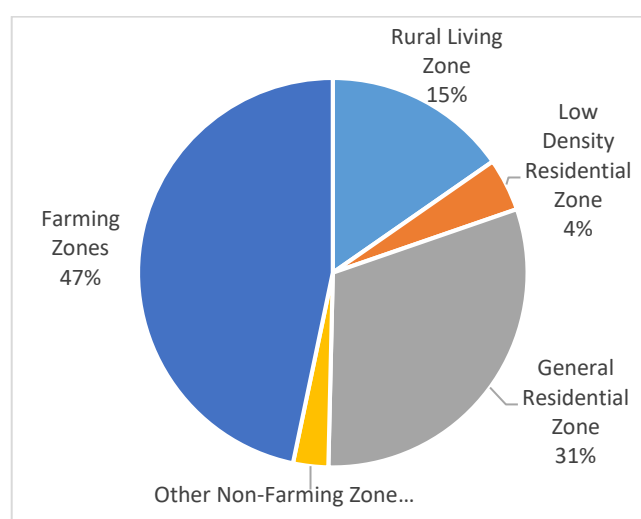
It should be acknowledged that the forecast growth in population and dwellings may be different to the actual outcome. Population growth in the wider region may decline dramatically as a result of the economic changes in the Latrobe Valley, for example, with impacts on housing demand in Mirboo North. On the other hand, a strong marketing push for a particular subdivision in the town may generate a long-lasting increase in the growth rate. Or new tourism developments in the area may increase the demand for holiday homes. The calculations presented here are based on the growth rate adopted by Council but the reader should bear in mind the potential for different outcomes.

2.2 Housing and Lot Types

At the time of the 2011 Census of Population and Housing, the dwelling stock in the urban centre of Mirboo North was overwhelmingly made up of separate houses, which constituted 94% of all dwellings. Terraces, townhouses, units and caretakers houses made up the remaining 6% of the stock (some 35 dwellings altogether).

Many of the separate houses are located on relatively large urban allotments. Much of the residential land in the town is zoned Low Density Residential (LDR) or Rural Living (RL), where lots are 4,000 square metres or larger.

Figure 3: Housing permits in postcode 3871, 2006 to 2016



Source: unpublished Council records

Even some parts of the General Residential (GR) zoned land have been subdivided to produce rural residential sized lots (4,000 square metres or more).

Analysis of planning permit data for postcode 3871 that contains Mirboo North (see chart) shows that, over the period from 2006 to 2016, around half of all new houses have been granted permission on farming land with the remainder on urban and rural residential land¹ in and immediately around the township. Of the houses granted permission in and around the township, around 60% have been on General Residential Zoned land (generally urban sized lots²) and 40% on rural residential zones.

The analysis area used by .id consulting is smaller than the postcode which is the geographic basis for the housing permit figures. In the following table, I have assumed that the share of new houses on Farming Zone land is only 20% of the total in the .id consulting area, with 48% on GRZ land and 32% on rural residential land. The table presents an estimate of how the forecast requirement for new dwellings will be allocated to different zones if the present pattern continues over the next 20 years. I have further assumed that one dwelling requires one lot.

Table 1: Forecast share and number of dwellings by zone, Mirboo North, 2016 to 2036

Zone type	Share of lots in each zone	Number of lots required	Average lots per year
General residential	48%	69	3.4
Rural residential	32%	46	2.3
Farming zones	20%	29	1.4
Total	100%	143	7.2

Source: Tim Nott

2.3 Housing Land Supply

Analysis by Council has provided the following information about vacant lots in Mirboo North.

Table 2: Vacant lot by zone, Mirboo North, 2016

Zone	Total Lots	Vacant lots
General Residential Zone	540	26
Low Density Residential Zone	68	15
Rural Living Zone	140	5
Other Zones	202	9
Total	950	55

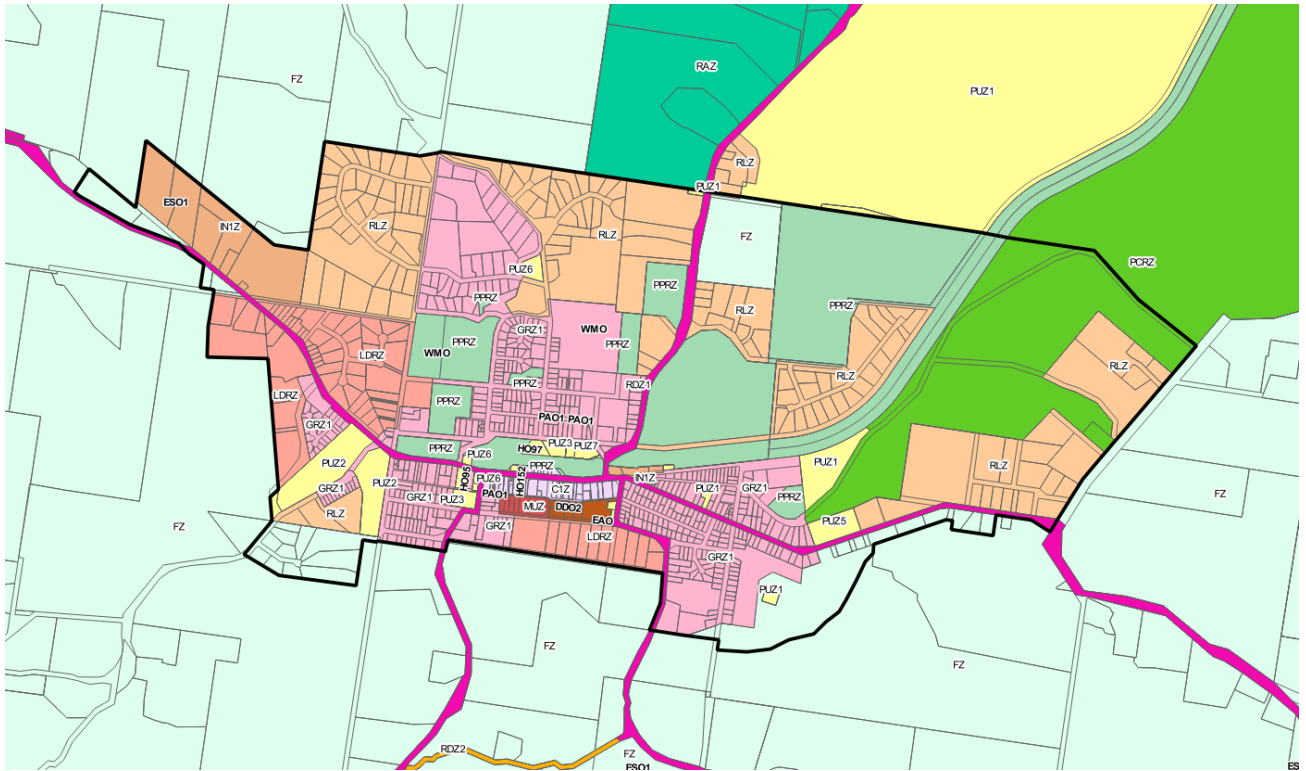
Source: unpublished Council records

¹ Throughout this report I have used the term “rural residential” to denote land zoned LDR or RL.

² I have assumed that the number of permissions for rural residential-sized lots on land zoned General Residential is balanced by the small number of multi-unit housing developments that have been counted as one permit.

The township has 46 vacant lots on residentially zoned land and 55 vacant lots altogether. The township boundary is shown on the map below.

Figure 4: Mirboo North allotment pattern and town boundary



Source: unpublished Council records

In reviewing the map above, it is clear that Mirboo North contains lots on residentially zoned land that remain unsubdivided or which could be subdivided further.

The following table reviews most of the larger vacant lots in the township and identifies, in a notional way, the potential number of lots that could result from further subdivision.

Table 3: Notional number of additional lots from further sub-division of selected lots, Mirboo North

Address	Zone	Area ha	Notional average lot size ha	Notional number of additional lots no.
52-56 Wells Road & 50 Balook Street	GR	8.7	0.06	97
36 Balding St	GR	7.6	0.06	84
17 Allen St	GR	1.2	0.06	10
2 Ogilvie St (previously 43-47 Couper St)	GR	0.4	0.06	5
1A Murray St and Railway Rd, Baromi*	GR	1.7	0.06	15
19 Murray St	GR	4.2	0.06	45
39 and 47 Grand Ridge Road East and 40 Murray St	GR	4.6	0.06	49
943- 945 Berrys Creek Road**	LDR/GR	4.2	0.06	35
2 Old Thorpedale Rd	RL	6.8	1	6
43,71, 79 and adjacent lot, Thorpedale Rd	RL	12	1	9
75 Old Darlimurla Rd	RL	6.5	1	6
Total		57.9		361
<i>Urban Residential Total</i>				340
<i>Rural Residential Total</i>				21

Source: Tim Nott

Notes

Notional average lot size is assumed to be 600 sqm for the General Residential Zone in keeping with the existing urban lot pattern in the more dense parts of the township; the sizes of the rural residential lots are assumed to be the minimum in the Planning Scheme. For most of the GR zoned lots, 70% of the land is assumed to be developable, allowing for topography, waterway and bushfire constraints, open space etc.

*This area would require a sewer pump station which would be fully funded by the developer; subdivision may not proceed because of the relatively low lot yield compared with the cost.

** This area is subject to a rezoning request (Planning Scheme Amendment C103) to GR zone with an indicative sub-division plan showing 35 lots.

This table identifies the potential addition of up to 360 housing lots through the re-subdivision of existing lots in the township – and this excludes the potential for multi-unit development on a single lot and further subdivision. However, it must be stressed that this is only a notional figure. There are a number of factors that indicate not all these lots will eventuate, at least within the timeframe being considered here:

- Some General Residential lots have been recently developed as rural lifestyle blocks and are unlikely to be redeveloped in the short to medium term
- Some land is difficult/expensive to service with reticulated water and sewerage
- Some land may have its carrying capacity affected by Wildfire or other Environmental Overlays
- Some land requires extensive initial headworks in order to accommodate housing; this may be cost-prohibitive in a situation where annual demand is relatively small

Nevertheless, there is potential for further subdivision to create a significant number of additional lots.

The lot pattern map also shows that in the North and West of the township, there appears to be little difference in the lot sizes in the different zones. That is, many of the lots in the Rural Living Zone are around 4,000 square metres, the same as those in the Low Density Residential Zone and the General Residential Zone. This is lower than the minimum subdivision size stipulated for RLZ in the Planning Scheme (1 hectare). If the Rural Living Zone in the area was reclassified as Low Density Residential Zone, that would create opportunities for finer subdivision of the remaining RL lots.

2.4 Balancing Housing Supply and Demand

Based on the .id consulting forecast, the demand for dwellings in the Mirboo North township over the period from 2016 to 2036 will be around 115 (see Table 1 – and this figure excludes the 29 dwellings estimated to be required on Farming Zone land). This equates to five or six lots per year on average. This demand is compared with the current and potential supply of vacant land given the current zoning in the table below.

Table 4: Current balance of supply and demand for housing lots, Mirboo North, 2016 to 2036

Land type	Demand for dwellings	Supply of existing vacant lots	Notional shortfall	Notional supply of additional lots
Urban residential	69	26	43	340
Rural residential	46	20	26	21
Total	115	46	69	361

Source: Tim Nott

Note: Urban residential refers mainly to those lots required on GRZ land; Rural residential refers to those larger lots in and around the township that require LDRZ and RLZ.

This table should be read with caution since, for example, the supply of existing vacant lots includes some lots that are very large and could be subdivided to meet the notional shortfall.

Although there is an apparent lack of appropriately sized lots at present, given further subdivision, there should be sufficient land to accommodate demand (this may require some urban residential land being developed at rural residential densities as these kinds of lots may run out towards the end of the forecast period).

Some of the urban dwellings could be townhouses to satisfy the demands of smaller households, especially older people who enjoy the small town lifestyle and want to remain close to their community but do not wish to maintain large properties. Given the potential to develop a number of townhouses on one lot, the demand for urban residential lots may be reduced somewhat.

The calculations presented in the table are based on the forecast demand. However, even if the demand should increase, for example, as a result of the marketing and promotion of significant new subdivisions, the potential supply of urban residential lots should be adequate for many years. The supply of rural residential lots on the other hand is relatively constrained and this may be a market niche that Mirboo North will not be able to grow beyond the study period.

Rural residential lots often ring small towns in Victoria, making it difficult to locate new urban-sized lots in proximity to the services of the town centre and reticulated infrastructure. The consensus

good planning practice is now to avoid developing so many rural lifestyle lots in order to allow towns to expand with an urban form that encroaches much less on productive agricultural land.

2.5 Suggestions to Meet Housing Demand

There appears to be sufficient land to accommodate housing demand over the next 20 years within the existing town boundaries; however, some reorganisation of zones may be required as well as the generation of land parcels that can be easily developed to meet the modest annual demand. My suggestions for Council would be:

1. Some further land could be zoned for urban residential purposes. In particular, land close to the schools on Berrys Creek Road and Castle Street has excellent access to services and could be rezoned from LDRZ and RLZ to GRZ, provided the land is not required for school expansion. (I understand that Amendment C103 seeks to rezone the land on Berrys Creek Road to enable a 35 lot subdivision.)
2. Existing Rural Living Zone land particularly around the northern and western parts of the township could be rezoned to Low Density Residential Zone in order to reflect the existing pattern of subdivision and to allow some of the larger parcels to be subdivided to create more lots.
3. Council could encourage the development of 17 Allen Street for urban housing by, for example, offering a low cost loan or constructing the roads (and possibly other infrastructure) and recouping the money through a levy on each lot sold. Such infrastructure would then also enable the incremental development of the large lot to the north (subject to a development plan)³.
4. In the northern part of the township, east of Balook Street, the Little Morwell River could be used as a general boundary between urban and rural residential land; this could involve maintaining the lot pattern that has emerged north of the Little Morwell River and rezoning some RLZ land (such as part of 2 Old Thorpedale Rd) for urban residential purposes. Using the Little Morwell River as a boundary would create a clear and sensible edge to the urban part of the township based on geographical features rather than arbitrary zoning.

These suggestions result in additional lots as estimated in the following table.

³ This suggestion is made in order to get over the high hurdle that infrastructure costs may be placing on the development of land and which may thereby be restricting the supply. A developer will not be able to make a return on the likely sale of only a few lots per year if the infrastructure costs are high. Council may be in a position to take a longer term view.

Table 5: Notional lot supply arising from suggestions

	Additional lots	
	Urban residential	Rural residential
943- 945 Berrys Creek Road**	35	-2
2 Old Thorpedale Rd	43	2
71, 79 and 85 Thorpedale Rd		11
43 Thorpedale Rd	30	
17 Allen St	10	
36 Balding St	84	
75 Old Darlimurla Rd		6
52-56 Wells Road & 50 Balook St		13
Remaining vacant lots	20	12
Total supply	222	42
Estimated demand	69	46
Net supply	153	-4

Source: Tim Nott

Note: This notional supply excludes lots created through subdivision of standard urban lots or dual occupancies.

These suggestions should result in the provision of sufficient lots to meet demand for urban residential lots and almost all rural residential demand over the coming 20 years. However, the environmental and infrastructure constraints, as described in the draft Structure Plan, will need to be resolved and the plan will need land-owner and community acceptance.

3 RETAIL AND COMMERCIAL

This section provides a forecast of the demand for additional commercial land in the Mirboo North town centre. It is based on an analysis of retail supply and demand and supplementary estimates of demand for non-retail activity.

3.1 Method

Mirboo North town centre contains a mix of retail, other commercial and community activities that generate demand for building space. There are several ways in which a forecast of future demand for building space can be developed. The forecast method chosen here is to focus first on the future demand for retail floorspace using well-established relationships between population, income, local spending and retail floor area. This makes use of the existing population forecasts prepared by .id consulting for Council. Future demand for other types of floorspace is then broadly estimated, taking into account the existing shares of retail to non-retail space. (Demand analysis for non-retail space is rather uncertain since it depends on a wide range of factors other than local population growth.)

The retail forecast steps are:

- Identify the existing commercial floorspace in the town centre
- Estimate the retail sales using industry standard sales per square metre (adjusted for local conditions)
- Identify the trade area for the centre and estimate its current and future population based on existing population forecasts
- Estimate the average retail spending per local resident and the total spending now and in the future
- Estimate the share of resident spending that flows to the Mirboo North town centre
- Estimate the visitor spending enjoyed by the town centre
- Using conservative assumptions about how spending patterns will change in the future, project forward spending in the town centre
- Translate spending to retail floorspace

This method is commonly used in planning for activity centres throughout Victoria.

3.2 Mirboo North Town Centre

Mirboo North town centre is the only commercial activity centre in Mirboo North. It provides retail, commercial and community services to residents of the district and visitors to the township. An aerial photo and zoning plan of the Mirboo North town centre is shown in the following diagram, along with the boundary used to define the centre for this report. Key features of the centre include:

- a small-to-medium sized IGA supermarket of around 650 square metres, which is the principal retail drawcard located in the centre of the retail strip
- the substantial public open space on the north side of the Ridgeway which hosts a variety of community services and visitor car-parking as well as regular weekend markets
- the Mixed Use and Industrial 3 Zones to the south of the commercial area forming an extension to the employment/service precinct of the town centre
- the Industrial 1 Zone to the east of the commercial area which accommodates the Grand Ridge Brewery and its associated hospitality functions as well as a large hardware outlet

- the civic and health precinct at the western end of the centre, comprising medical centre, child care, library, offices and meeting rooms

Figure 5: Mirboo North town centre – aerial photo and zoning plan



Source: South Gippsland Shire Council

The estimated building floorspace in the town centre devoted to different uses is shown in the following table. The table identifies floorspace in the Commercial Zone and the total centre.

Table 6: Floorspace in Mirboo North Town Centre, 2016

Activity	Total Floorspace	Commercial 1 Zone only
	sqm	sqm
Food, groceries and liquor	990	990
Non-food	2,078	1,218
Food catering	529	529
Retail services	84	84
Total retail	3,681	2,821
Professional services	1,022	722
Community and emergency services	7,072	1,070
Hotels and clubs	1,190	710
Manufacturing	850	0
Wholesale, telecommunications and storage	970	410
Automotive	1,599	519
Total activity	16,384	6,252
Vacant space	1,050	834
Total floorspace	17,434	7,086

Source: Tim Nott

This activity is in the area outlined in Figure 5 and includes Commercial, Industrial and Public Purposes Zones.

For the purposes of this report, retail activity comprises the following categories:

Food, groceries and liquor– supermarkets, general stores, liquor outlets, specialty food outlets (butchers, bakers, greengrocers etc)

Non-food goods, comprising

- **Clothing** – clothes, shoes, manchester
- **Household goods** – homeware, hardware, furniture, floor coverings, curtains and blinds, electronic goods etc
- **Recreational goods** - sporting goods, toys, bookshops, newsagents
- **Other goods** –, chemists, florists, jewellers, second hand goods etc

Food catering – cafes, restaurants and take-away food outlets

Retail services – hairdressers, beauty parlours, video rental, clothing and household goods repairs

In total, the Mirboo North town centre, including the surrounding industrial land and public purposes reserves has around 17,400 square metres of building area devoted to non-residential activities. This includes 3,700 square metres in retail space, 7,100 in community and emergency services, 1,200 in hotels and clubs and 3,400 in various industrial activities. Of the total space, 7,100 square metres is located in the Commercial Zone and 1,100 is vacant (including a total of 920 of shop space).

Of note, vacant shopfront floorspace amounts to 20% of the total available retail space. This is very high even for a traditional strip shopping centre where vacancy rates of around 5% to 10% are more indicative of a balance between supply and demand. The high vacancy rate is mainly a result of a vacant group of shops on the north side of the highway, including a former small supermarket.

3.3 Retail Sales

The following table provides a calculation of retail sales in the town centre using an estimate of sales per square metre that is achieved by the stores at the centre. This estimate is based on industry standards and adjusted for local conditions and the type of stores that are present.

Table 7: Estimate of retail sales in Mirboo North town centre, 2016

Activity	Floorspace sqm	Sales per square metre \$/sqm	Retail sales \$m
Food, groceries and liquor	990	\$7,800	\$7.7
Non-food	2,078	\$3,600	\$7.5
Food catering	529	\$4,000	\$2.1
Retail services	84	\$3,400	\$0.3
Total retail	3,681		\$17.6

Source: Tim Nott

Total retail sales in the town centre are estimated at \$17.6 million in 2016.

Mirboo North town centre serves two main retail functions:

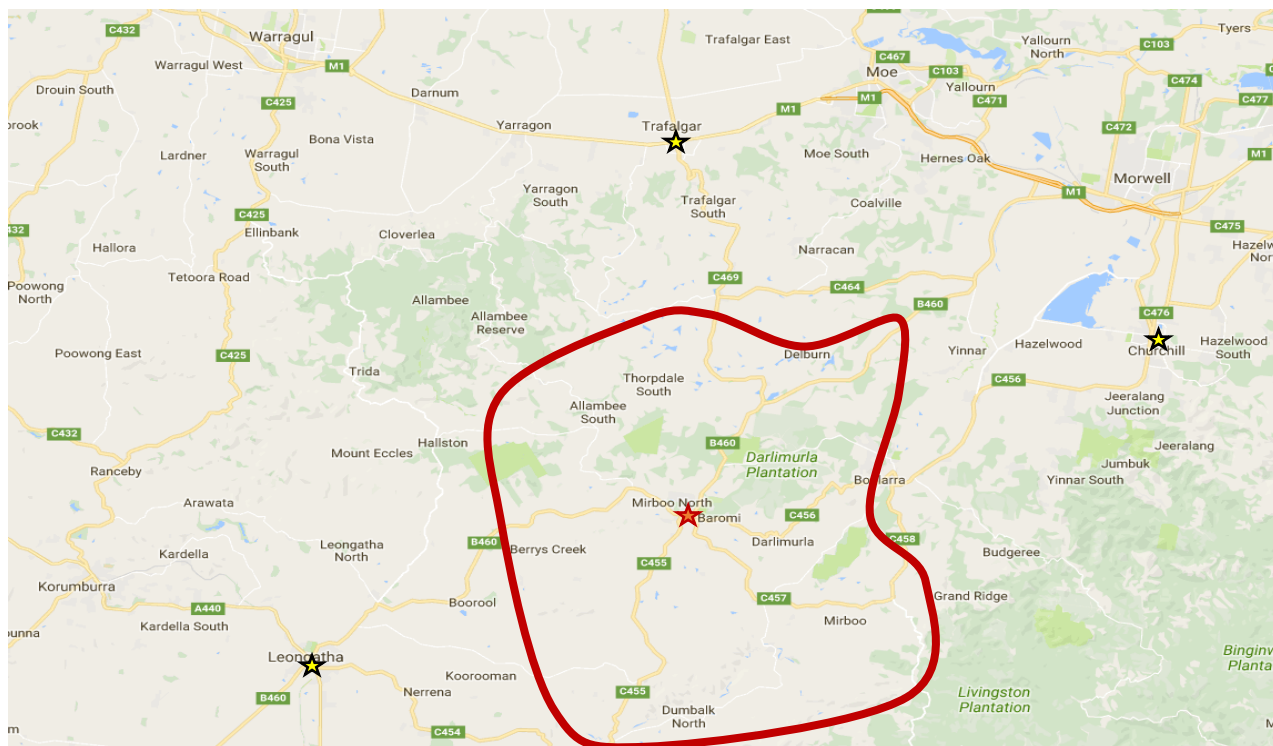
- It is a small neighbourhood centre providing food, groceries and convenience items for residents of the township and surrounds
- It is a visitor centre catering for significant numbers of visitors who come to the town each year from the surrounding region and from further afield

The visitors support a level of retail provision that is somewhat higher than would otherwise be found in a town of this size. This gives local residents access to, for example, a range of cafes and dining options that they would otherwise have to travel further afield for.

3.4 Trade Area

The trade area of an activity centre is the area from which residents naturally visit the centre to obtain particular goods and services. At the boundary of the trade area, residents may choose from two or more centres that provide equivalent services. The extent of a trade area is influenced mainly by the location of competing centres and the travel patterns of residents. The precise boundaries are usually set by the analyst to coincide with convenient statistical areas.

In this case, the trade area has been set with reference to the location of surrounding centres that have supermarkets and the boundaries of relevant Statistical Area 1s. The trade area is shown in the following diagram.

Figure 6: Mirboo North retail trade area

Source: base map from Google Maps

The Estimated Resident Population of this trade area is approximately 3,136 in 2016.

The characteristics of the trade area population at the last Census of Population and Housing are shown in the following table.

Table 8: Trade area population characteristics and comparisons, 2011

Area	Population (Census count)	Median Age	Average people per household	Median weekly household income	Median weekly household income per person
Mirboo North trade area	3,034	43	2.5	\$976	\$388
South Gippsland Shire	27,208	44	2.4	\$920	\$383
Country Victoria	1,345,715	41	2.4	\$945	\$394

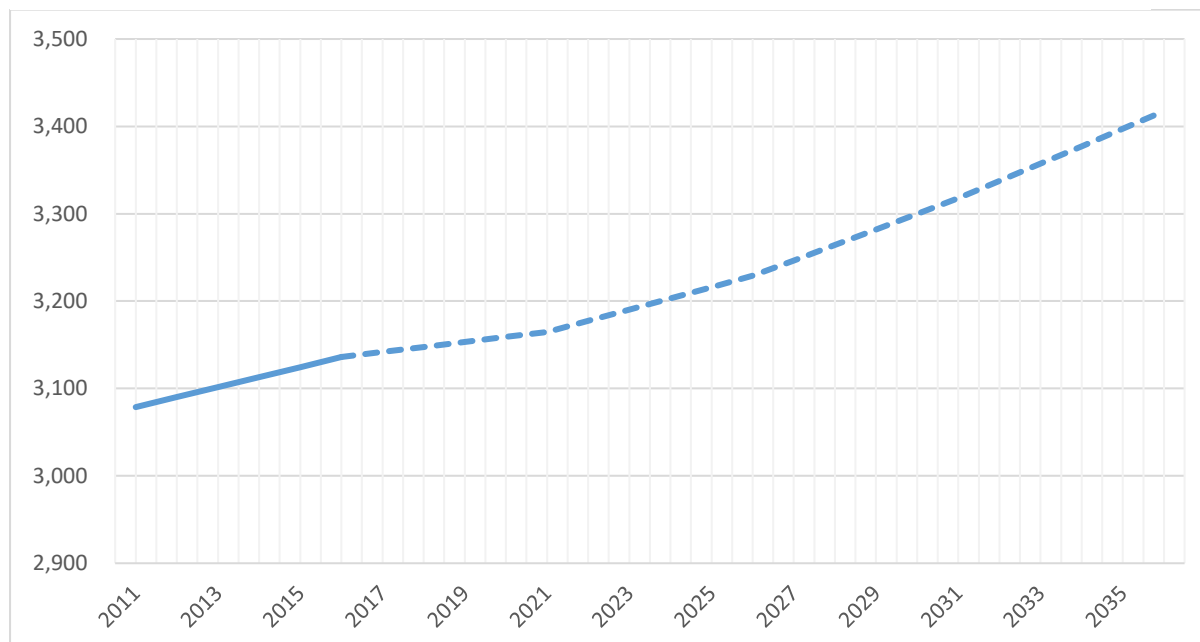
Source: ABS, Census of Population and Housing, 2011

The Mirboo North trade area has a similar household size and income profile to the Shire and to Country Victoria as a whole.

3.5 Population Forecast

A population forecast for the trade area has been prepared using relevant growth rates from the .id consulting work for Council. The growth trajectory of the area is shown in the figure below.

Figure 7: Population growth forecast, Mirboo North trade area, 2011 to 2036



Source: .id consulting; Tim Nott

Note: the growth rate of the Mirboo North area as defined and estimated by i.d consulting (see Figure 1) has been applied to the estimated resident population of the trade area in 2016.

The trade area population is forecast to grow from 3,136 in 2016 to 3,417 in 2036, a growth of 281 over the period at an average annual growth rate of 0.4%.

3.6 Retail Spending

The following table provides an estimate of the total retail spending by trade area residents. Estimates for regional Victoria have been sourced from Market info (a micro simulation model that provides estimates of spending in small areas based on data from the Census of Population and Housing and the Household Expenditure Survey), and adjusted for Mirboo North based on the difference in household income per person.

Table 9: Estimated annual retail spending, Mirboo North trade area residents, 2016

	Retail spending per person in Mirboo North trade area	Total retail spending
	\$	\$m
Food, groceries and liquor	\$5,940	\$18.6
Non-food	\$6,240	\$19.6
Food catering	\$960	\$3.0
Retail services	\$430	\$1.3
Total retail spending	\$13,570	\$42.6

Source: Tim Nott

Overall, trade area residents are estimated to have annual retail expenditure of \$42.6 million in 2016.

3.7 Balance of Spending in Mirboo North

Not all of retail spending by trade area residents is spent locally. The majority of spending is directed to larger centres that provide more comprehensive supermarket shopping and a wide variety of non-food goods. However, because Mirboo North caters for visitors, residents are also able to spend more money locally (with more dining options, for example). This enables Mirboo North town centre to capture a much higher proportion of the available spending of trade area residents – up to around 30% when 20% might be more normal for a trade area of this size.

The following table provides an estimate of how much of the retail sales at Mirboo North town centre are attributable to residents and how much to visitors.

Table 10: Balance of spending at Mirboo North town centre, 2016

	Sales		Sales to visitors		Sales to trade area residents	Total spending by residents	Share of resident spending to Mirboo North
	\$m	%	\$m	%	\$m	\$m	%
Food, groceries and liquor	\$7.7	25%	\$1.9	25%	\$5.8	\$18.6	31%
Non-food	\$7.5	25%	\$1.9	25%	\$5.6	\$19.6	29%
Food catering	\$2.1	40%	\$0.8	40%	\$1.3	\$3.0	42%
Retail services	\$0.3	10%	\$0.0	10%	\$0.3	\$1.3	19%
Total retail	\$17.6	27%	\$4.7	27%	\$12.9	\$42.6	30%

Source: Tim Nott

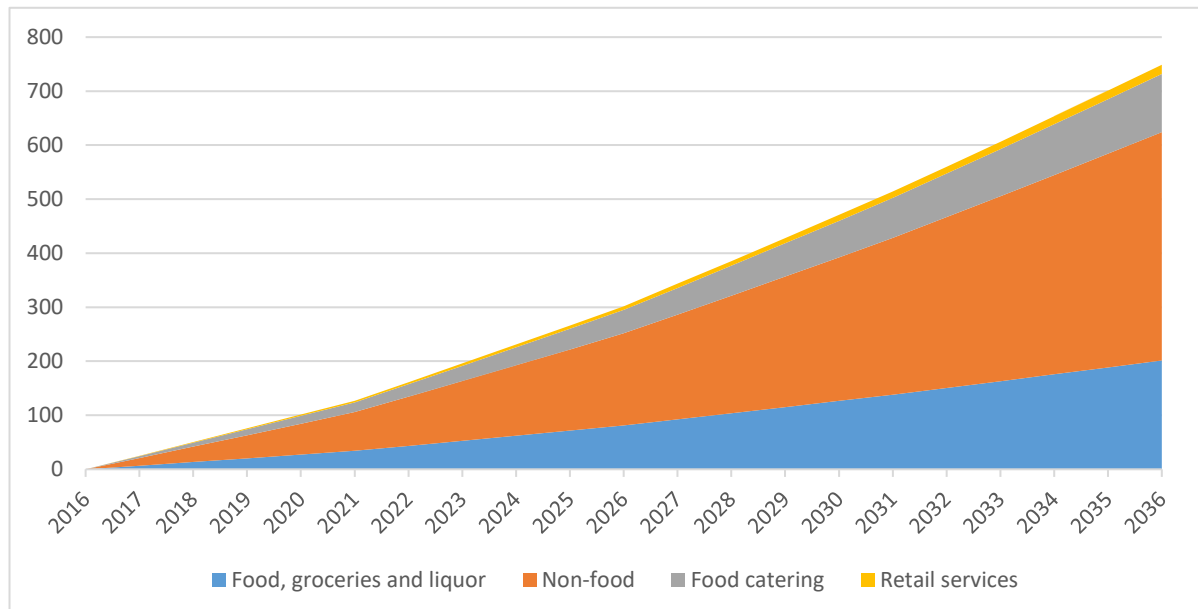
3.8 Forecast Demand for Retail Floorspace

Armed with the preceding analysis, and making several further assumptions, it is possible to develop a forecast of the demand for retail floorspace over the coming period. The forecast below makes a series of conservative assumptions about the future (that is, that existing trends will continue):

- The trade area residents will experience real growth in retail spending of 1% per year on average over the period. This has been the average growth in retail spending since the early 1980s.
- The share of retail spending by trade area residents flowing to Mirboo North town centre will remain constant at 30%.
- The share of sales to visitors remains constant at 27% of the total. This implies that sales to visitors will grow at the same rate as sales to residents (This appears to be well within the bounds of possibility given that Tourism Research Australia is currently forecasting that growth in domestic visitation will grow by 2.6% per year for the ten year period until 2024-25.)
- Retail sales per square metre increase by 0.5% per year as retailers become more efficient
- The balance of spending on different retail types will remain the same over the period
- The capacity of Mirboo North town centre to accommodate the predicted growth in building area and the resulting car-parking is more or less unfettered.

The forecast should be considered a scenario based on the assumptions outlined above. The following chart highlights the forecast growth in the floorspace of the various retail categories.

Figure 8: Forecast growth in retail floorspace, Mirboo North town centre, 2016 to 2036



Source: Tim Nott

The forecast predicts growth of 750 square metres of additional retail floorspace over 20 years including:

- 200 square metres of food, groceries and liquor
- 430 square metres of non-food

Most of this additional space would likely be located in the type of small stores which are already in the centre. However, the additional food and grocery space could be provided as an extension to the existing supermarket.

It should be stressed that the forecast provided here is a scenario based on the continuation of existing conditions and trends. The real outcome will undoubtedly be different in its particulars. For example, growth of internet shopping could generate reduced demand for non-food and even food retailing. On the other hand, the township could be successful in attracting new investment in tourism activity, building on the brewery, the markets and the surrounding countryside, creating additional retail demand from visitors. Nevertheless, I expect the forecast is of the right order of magnitude given the relatively modest population growth forecast in the trade area. **In order to provide a margin for error, in the remaining calculations I have assumed that the retail space will grow by 1,500 square metres (or twice the amount anticipated in the forecast) over the period to 2036.**

3.9 Forecast Demand for All Non-Residential Space

A forecast for all non-residential space has been prepared using the (enhanced) growth in retail space as a base. I have assumed that demand for all activities will grow in proportion to their current share of total space except for community and emergency services, which is already very substantial in the town centre and seems unlikely to grow further. The following table provides an overall forecast for growth.

Table 11: Forecast for all non-residential floorspace, Mirboo North town centre, 2036

Activity	Floorspace in	Share in	Floorspace	Growth in
	2016	2016	in 2036	floorspace
	sqm	%	sqm	2016 to
				2036
				sqm
Total retail	3,681	22%	5,200	1,500
Professional services	1,022	6%	1,400	400
Community and emergency services	7,072	43%	7,100	-
Hotels and clubs	1,190	7%	1,700	500
Manufacturing	850	5%	1,200	400
Wholesale, telecommunications and storage	970	6%	1,400	400
Automotive	1,599	10%	2,300	700
Total activity	16,384	100%	20,300	3,900

Source: Tim Nott; rounding errors may be apparent.

The total space requirement in the town centre precinct is likely to be, at most, 3,900 square metres. However, 1,500 square metres will be in industrial activities that could be located on industrial land either in the town centre or elsewhere in the township. Growth in traditional town centre activities – retailing, professional services, hotels and clubs etc – is likely to be no more than 2,400 square metres over the period. Taking into account the existing 900 square metres of vacant shop space, there is demand for an **additional 1,500 square metres** for town centre activities.

In addition to the building area, space will be required for the resulting car-parking. The following table identifies the total land area required to accommodate growth in traditional town centre activities over the period to 2036. The table assumes that the existing vacant shop space of 900 square metres is occupied in preference to new buildings being developed.

Table 12: Scenario of total land required to accommodate growth in town centre activities, Mirboo North, 2016 to 2036

Activity type	Net growth in floorspace	Parking ratio	Car spaces required	Land for parking	Total land requirement
	sqm	car spaces/100sqm	no	sqm	sqm
Retail	600	3.5	18	630	1,230
Other	900	3	27	945	1,845
Total	1,500		45	1,575	3,075

Source: Tim Nott

Note: the “Net growth in floorspace” assumes that the existing vacant shop space of 900 square metres is occupied in preference to the development of new buildings, and that these existing buildings require no further car-parking

This scenario generates demand for 3,100 square metres of land (0.31 hectares) in the town centre.

3.10 Accommodating Growth in Town Centre Activities

Options for accommodating growth in town centre activities include:

- Occupation of existing vacant space
- Development of vacant land or existing housing in the centre
- Redevelopment of existing commercial buildings to generate a net increase in floorspace
- Displacement of activities that do not require a shop-front in the commercial centre
- Reducing the requirement for additional car-parking for new developments
- Encouraging double storey development to provide room for non-retail activities to locate above shops

The following map of the centre indicates where growth in the building and parking area could be generated.

Figure 9: Potential locations for growth, Mirboo North



Source: Intramaps

Notes:

1. Vacant site of 779 square metres. This former petrol station site has a planning permit approval. It will require assessment for potential contamination but may be usable for non-residential purposes.
2. Potential extension of visitor car-parking subject to further community consultation
3. Vacant site of 1,985 square metres – former petrol station site, will require assessment for potential contamination, but may be usable for non-residential purposes
4. Room to extend the existing supermarket if required
5. Potential to use these sites for town centre car parking or ancillary commercial uses, although may require subdivision and appropriate zoning to preserve the land for non-residential purposes
6. Potential to intensify the commercial development on existing under-utilised lots
7. Potential for existing houses on the main street to be used or redeveloped for commercial purposes

3.11 Suggestions to Meet Demand in the Town Centre

Given the relatively slow growth in demand and the existing stock of vacant commercial buildings in the town centre, there is no urgent requirement to find more space at present. For the most part, the town centre appears to have clear options for expansion, including two vacant sites in good positions on the main street (Ridgeway) totalling 2,764 square metres. This land, along with the vacant shop spaces may well be enough to accommodate demand over the forecast period. However, in order preserve growth options for the medium and long term, the following actions are recommended:

1. Rezone at least the most easterly two lots of the Mixed Use Zone on Burchell Lane to Commercial 1 or 2 in order to enable future expansion of the town centre. This zoning will

prevent further residential development that would stymie expansion (particularly if a larger supermarket becomes viable).

2. Consider reducing the car-parking requirement for most new developments

4 INDUSTRIAL

4.1 Industrial Precincts

There are three industrial precincts in Mirboo North, as shown in the following diagram

Figure 10: Industrial precincts in Mirboo North



Source: IntraMaps

Precinct 1: Grand Ridge Brewery and associated hospitality, Mirboo North Hardware; this three lot precinct of 0.6 hectares is fully occupied; includes uses that are an extension of the town centre

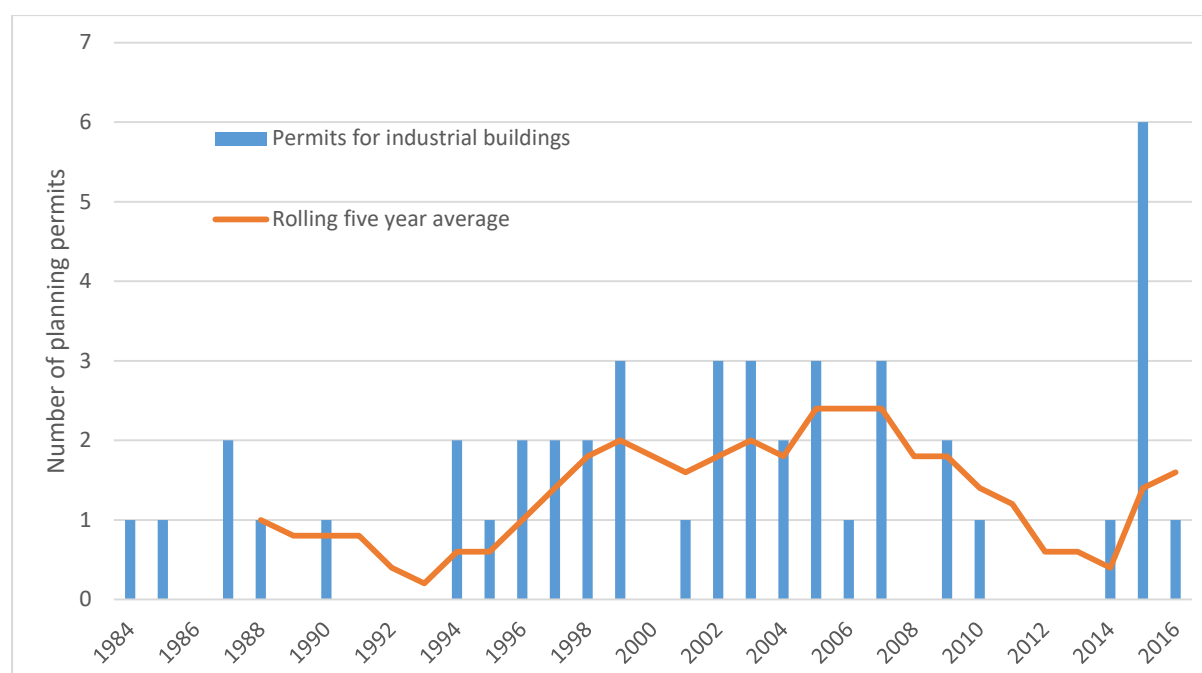
Precinct 2: Light industrial precinct of 1.7 hectares with six lots accommodating a small group of diverse uses including automotive, community services and storage; one property is vacant but others are relatively sparsely occupied, with potential for some intensification

Precinct 3: two high-skill engineering firms and several farm buildings and rural houses; much of this six lot precinct remains as farmland and may or may not be available for industrial development; one vacant and appropriately zoned parcel at 86 Grand Ridge Road West is around 2.95 hectares; one parcel with a farmhouse at 66 Grand Ridge Road West is around 6.4 hectares

4.2 Recent Demand for Industrial Land

The following chart provides data on the number of new industrial buildings that have been granted planning permission in Mirboo North between 1984 and the present.

Figure 11: Number of planning permits for industrial buildings in Mirboo North, 1984 to 2016



Source: South Gippsland Shire Council

The average number of permits over the last 10 years (and over the entire data series) has been 1.4 permits per year. I have estimated the average annual land take by making the following assumptions based on the planning permit data and the lot pattern:

- That all planning permits result in development
- Around half of all permits are for buildings on new land, with the remainder on lots with existing industrial buildings
- Each building occupies a parcel of industrial land with an average size of 1,000 square metres

These assumptions result in the following calculation:

- | | |
|---|---------------------|
| • Average number of industrial buildings per year | 1.4 |
| • New land parcels required per year | 0.7 |
| • Average land take per building | 1,000 square metres |
| • Average annual land take | 700 square metres |

4.3 Future Industrial Land Requirement

Future industrial land requirements in a town such as Mirboo North are fundamentally uncertain. Too much depends on the willingness and capacity of individual investors, on the skills of local workers and on the changing nature of global markets, technology and techniques. Nevertheless, some estimate of future demand must be made in order to allow for the orderly development of land. A common approach, taken here, is to look back at recent demand, review any likely changes and project forward accordingly, allowing some leeway for unexpected or larger-scale investments which might be unlikely but which should ideally be accommodated if possible to improve local employment prospects.

The future economic prospects, and the demand for industrial land in Mirboo North, are likely to be influenced by the following factors:

- Council's economic development strategy (South Gippsland Shire Council, 2014) expects that the current economic strengths of food production and tourism will continue to drive the local economy.
- The area around Mirboo North has a diverse set of agricultural products including horticulture (mainly potatoes), dairy and beef production. Most food production, including some processing, will continue to be undertaken on farms, although there may be some scope for further investment in larger scale processing in centralised sites on industrial land in the area. Any intensification of local farming (vegetable and fruit crops or intensive livestock production) will generate demand for supplies that could be satisfied through wholesalers located on industrial land in Mirboo North.
- Natural gas is not expected to be provided to Mirboo North. This may rule out investment by energy intensive food processors for the foreseeable future (at least until gas prices begin to be less competitive).
- Mirboo North is connected to the NBN. This provides advantages for firms that make extensive use of large digital files such as CAD drawings or video including, for example, engineers, precision equipment manufacturers or high end furniture makers. Attracting such investors would also depend on having attractive industrial land available (amongst other factors).
- The rise of internet retailing has created demand for warehouse spaces of all sizes to cater for order fulfilment and logistics. Some growth in demand for industrial land could be expected as a result, even in relatively small settlements such as Mirboo North.
- Private indoor sports halls and gyms have been a significant occupier of industrial land in general over recent years. There may be some demand for this kind of facility in Mirboo North. Such uses would probably be more suited to the industrial precincts close to the town centre.
- The two existing precision engineering firms in Mirboo North have been expanding, with recent construction of new premises. These firms may attract new investors in the same or similar industries – as service partners or to take advantage of the skills of the local labourforce. The emergence of a well-known and successful local engineering cluster could significantly increase the demand for land.
- Increasing capital intensity in manufacturing, construction and logistics is reducing the need for land – fewer workers means less car-parking and smaller building footprints
- Driverless vehicles will reduce the need for vehicle parking, and the need to work the vehicle fleet more efficiently will likely lead to centralisation of administration and servicing.

Whilst substantial changes in the industrial economy are underway or in the pipeline there are few indications that Mirboo North will be affected more or less than other places. The town does have some advantages – NBN and a strong food and tourism economy; but it also has disadvantages – the lack of natural gas or a substantial existing industrial economy and the relatively small local labourforce. On balance, I would expect that the uptake of industrial land will continue at the levels experienced recently, ***if land is available***.

If the average annual land requirement continues at 700 square metres per year over the 20 years to 2036, a total of 1.4 hectares of industrial land will be required. Even if we allow, say, another five hectares for a major enterprise or an unexpected growth in small businesses, there appears to be

sufficient industrial land in the township for the period, bearing in mind the two vacant parcels in precinct 3 totalling more than nine hectares. The question remains, though, whether these parcels are available. If these parcels are not available for development in the near future, the township may experience a shortage of industrial land as the vacant and under-utilised land in precinct 2 is used up.

4.4 Suggestions to Meet Industrial Demand

At present, there appears to be little need to rezone more land to accommodate demand for industrial activities in the Mirboo North township. However, it is not clear whether the vacant land which is appropriately zoned on the Grand Ridge Road West is actually available for development. Certainly there are no small serviced lots for sale in that precinct that would enable new firms to quickly buy into the area; and existing small lots close to the town centre are almost all occupied.

In order to enable future industrial investment, new small lots need to be developed. The logical location for these is in the zoned land on the Grand Ridge Road West (precinct 3). In the first instance a small subdivision of two or three serviced lots would likely be sufficient, but allowing for sensible provision of a more extensive industrial estate over time. It may be that one of the existing property owners will consider this a worthwhile investment. However, given the uncertainties of demand and the potentially long time-frame over which land would need to be held prior to sale, it may be that Council might consider measures to actively facilitate the development of the land. A portion of the Korumburra industrial precinct was developed on this basis.

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